
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-38496

Canopy Growth Corporation

(Exact name of registrant as specified in its charter)

Canada

(State or other jurisdiction of
incorporation or organization)

1 Hershey Drive
Smiths Falls, Ontario

(Address of principal executive offices)

N/A

(I.R.S. Employer
Identification No.)

K7A 0A8

(Zip Code)

Registrant's telephone number, including area code: (855) 558-9333

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, no par value	CGC	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately \$7.980 billion as of September 30, 2019 (the last business day of the registrant's most recently completed second fiscal quarter), based on the closing sale price of the common shares on the New York Stock Exchange on that date.

As of May 28, 2020, there were 369,939,400 common shares of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this annual report on Form 10-K incorporates certain information by reference from the registrant's definitive proxy statement with respect to its 2020 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the close of the registrant's fiscal year.

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Unless otherwise noted or the context indicates otherwise, references in this Annual Report on Form 10-K (the “Annual Report”) to the “Corporation”, “Canopy Growth”, “we”, “us” and “our” refer to Canopy Growth Corporation, its direct and indirect wholly owned subsidiaries and, if applicable, its joint ventures and investments accounted for by the equity method; the term “cannabis” means the plant of any species or subspecies of genus *Cannabis* and any part of that plant, including all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers; and the term “U.S. hemp” has the meaning given to term “hemp” in the U.S. Agricultural Improvement Act of 2018 (the “2018 Farm Bill”), including hemp-derived cannabidiol (“CBD”).

This report contains references to our trademarks and trade names and to trademarks and trade names belonging to other entities. Solely for convenience, trademarks and trade names referred to in this report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies’ trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us or our business by, any other companies.

All currency amounts in this Annual Report are stated in Canadian dollars, which is our reporting currency, unless otherwise noted. All references to “dollars” or “CDN\$” are to Canadian dollars and all references to “US\$” are to U.S. dollars.

PART I

Special Note Regarding Forward-Looking Statements

This Annual Report contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which involve certain known and unknown risks and uncertainties. Forward-looking statements predict or describe our future operations, business plans, business and investment strategies and the performance of our investments. These forward-looking statements are generally identified by their use of such terms and phrases as “intend,” “goal,” “strategy,” “estimate,” “expect,” “project,” “projections,” “forecasts,” “plans,” “seeks,” “anticipates,” “potential,” “proposed,” “will,” “should,” “could,” “would,” “may,” “likely,” “designed to,” “foreseeable future,” “believe,” “scheduled” and other similar expressions. Our actual results or outcomes may differ materially from those anticipated. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Forward-looking statements include, but are not limited to, statements with respect to:

- the uncertainties associated with the COVID-19 pandemic, including our ability to continue operations, the ability of our suppliers and distribution channels to continue to operate, and the use of our products by consumers, and disruptions to the global and local economies due to related stay-at-home orders, quarantine policies and restrictions on travel, trade and business operations and a reduction in discretionary consumer spending;
- laws and regulations and any amendments thereto applicable to our business and the impact thereof, including uncertainty regarding the application of U.S. state and federal law to U.S. hemp (including CBD) products and the scope of any regulations by the U.S. Federal Drug Administration (the “FDA”), the U.S. Federal Trade Commission (the “FTC”), the U.S. Patent and Trademark Office (the “USPTO”), the U.S. Department of Agriculture (the “USDA”) and any state equivalent regulatory agencies over U.S. hemp (including CBD) products;
- expectations regarding the regulation of the U.S. hemp industry in the U.S., including the promulgation of regulations for the U.S. hemp industry by the USDA;
- expectations regarding the potential success of, and the costs and benefits associated with, our acquisitions, joint ventures, strategic alliances and equity investments;
- the plan of arrangement (the “Acreage Arrangement”) with Acreage Holdings, Inc. (“Acreage”), including the consummation of such acquisition upon the occurrence or waiver of changes in U.S. federal law to permit the general cultivation, distribution and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States and our intention to waive such condition as soon as the policies of the New York Stock Exchange (the “NYSE”) and/or the Toronto Stock Exchange (the “TSX”) permit completion of the acquisition, provided that completion of the acquisition would not violate any third-party agreements, including those entered into by us with Constellation Brands, Inc. (“CBI”) and its affiliates (together, the “CBI Group”);
- the grant, renewal and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- our international activities and joint venture interests, including required regulatory approvals and licensing, anticipated costs and timing, and expected impact;
- the ability to successfully create and launch brands and further create, launch and scale cannabis-based products and U.S. hemp-derived consumer products in jurisdictions where such products are legal and that we currently operate in;
- the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, including CBD and other cannabinoids;
- the anticipated benefits and impact of the CBI Group Investments (as defined below);
- the potential exercise of the CBG Warrants (as defined below) held by the CBI Group, pre-emptive rights and/or top-up rights in connection with the CBI Group Investments, including proceeds to us that may result therefrom or the potential conversion of Canopy Notes (as defined below) held by the CBI Group in connection with the CBI Group Investments;
- expectations regarding the use of proceeds of equity financings, including the proceeds from the CBI Group Investments;
- the legalization of the use of cannabis for medical or recreational in jurisdictions outside of Canada, the related timing and impact thereof and our intentions to participate in such markets, if and when such use is legalized;
- our ability to execute on our strategy and the anticipated benefits of such strategy;
- the ongoing impact of the legalization of additional cannabis product types and forms for recreational use in Canada, including federal, provincial, territorial and municipal regulations pertaining thereto, the related timing and impact thereof and our intentions to participate in such markets;
- the ongoing impact of developing provincial, territorial and municipal regulations pertaining to the sale and distribution of cannabis, the related timing and impact thereof, as well as the restrictions on federally regulated cannabis producers participating in certain retail markets and our intentions to participate in such markets to the extent permissible;
- the future performance of our business and operations;
- our competitive advantages and business strategies;
- the competitive conditions of the industry;

- the expected growth in the number of customers using our products;
- our ability or plans to identify, develop, commercialize or expand our technology and research and development (“R&D”) initiatives in cannabinoids, or the success thereof;
- expectations regarding revenues, expenses and anticipated cash needs;
- expectations regarding cash flow, liquidity and sources of funding;
- expectations regarding capital expenditures;
- the expansion of our production and manufacturing, the costs and timing associated therewith and the receipt of applicable production and sale licenses;
- the expected growth in our growing, production and supply chain capacities;
- expectations regarding the resolution of litigation and other legal proceedings;
- expectations with respect to future production costs;
- expectations with respect to future sales and distribution channels;
- the expected methods to be used to distribute and sell our products;
- our future product offerings;
- the anticipated future gross margins of our operations;
- accounting standards and estimates;
- expectations regarding our distribution network; and
- expectations regarding the costs and benefits associated with our contracts and agreements with third parties, including under our third-party supply and manufacturing agreements.

Certain of the forward-looking statements contained herein concerning the industries in which we conduct our business are based on estimates prepared by us using data from publicly available governmental sources, market research, industry analysis and on assumptions based on data and knowledge of these industries, which we believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. The industries in which we conduct our business involve risks and uncertainties that are subject to change based on various factors, which are described further below.

The forward-looking statements contained herein are based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including: (i) management’s perceptions of historical trends, current conditions and expected future developments; (ii) our ability to generate cash flow from operations; (iii) general economic, financial market, regulatory and political conditions in which we operate; (iv) the production and manufacturing capabilities and output from our facilities and our joint ventures, strategic alliances and equity investments; (v) consumer interest in our products; (vi) competition; (vii) anticipated and unanticipated costs; (viii) government regulation of our activities and products including but not limited to the areas of taxation and environmental protection; (ix) the timely receipt of any required regulatory authorizations, approvals, consents, permits and/or licenses; (x) our ability to obtain qualified staff, equipment and services in a timely and cost-efficient manner; (xi) our ability to conduct operations in a safe, efficient and effective manner; (xii) our ability to realize anticipated benefits, synergies or generate revenue, profits or value from our recent acquisitions into our existing operations; (xiii) our ability to continue to operate in light of the COVID-19 pandemic and the impact of the pandemic on demand for, and sales of, our products and our distribution channels; and (xiv) other considerations that management believes to be appropriate in the circumstances. While our management considers these assumptions to be reasonable based on information currently available to management, there is no assurance that such expectations will prove to be correct.

By their nature, forward-looking statements are subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, including known and unknown risks, many of which are beyond our control, could cause actual results to differ materially from the forward-looking statements in this Annual Report and other reports we file with, or furnish to, the Securities and Exchange Commission (the “SEC”) and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf. Such factors include, without limitation, the risk that the COVID-19 pandemic may disrupt our operations and those of our suppliers and distribution channels and negatively impact the use of our products; consumer demand for cannabis and U.S. hemp products; that cost savings and any other synergies from the CBI Group Investments may not be fully realized or may take longer to realize than expected; future levels of revenues; our ability to manage disruptions in credit markets or changes to our credit rating; future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses; the success or timing of completion of ongoing or anticipated capital or maintenance projects; business strategies, growth opportunities and expected investment; the adequacy of our capital resources and liquidity, including but not limited to, availability of sufficient cash flow to execute our business plan (either within the expected timeframe or at all); the potential effects of judicial or other proceedings on our business, financial condition, results of operations and cash flows; volatility in and/or degradation of general economic, market, industry or business conditions; compliance with applicable environmental, economic, health and safety, energy and other policies and regulations and in particular health concerns with respect to vaping and the use of cannabis and U.S. hemp products in vaping devices; the anticipated effects of actions of third parties such as competitors, activist investors or federal, state, provincial, territorial or local

regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; changes in regulatory requirements in relation to our business and products; and the factors discussed under the heading “Risk Factors” in this Annual Report. Readers are cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

Forward-looking statements are provided for the purposes of assisting the reader in understanding our financial performance, financial position and cash flows as of and for periods ended on certain dates and to present information about management’s current expectations and plans relating to the future, and the reader is cautioned that the forward-looking statements may not be appropriate for any other purpose. While we believe that the assumptions and expectations reflected in the forward-looking statements are reasonable based on information currently available to management, there is no assurance that such assumptions and expectations will prove to have been correct. Forward-looking statements are made as of the date they are made and are based on the beliefs, estimates, expectations and opinions of management on that date. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking statements, except as required by law. The forward-looking statements contained in this Annual Report and other reports we file with, or furnish to, the SEC and other regulatory agencies and made by our directors, officers, other employees and other persons authorized to speak on our behalf are expressly qualified in their entirety by these cautionary statements.

Item 1. Business.

Introduction

Canopy Growth is a leading cannabis company with operations in countries throughout the world. We produce, distribute and sell a diverse range of cannabis and hemp-based products for both recreational and medical purposes under a portfolio of distinct brands in Canada pursuant to the *Cannabis Act*, SC 2018, c 16 (the “Cannabis Act”), and globally pursuant to applicable international and Canadian legislation, regulations and permits. Our core operations are in Canada, the United States, Germany, and the UK, with developing opportunity markets in Australia, Denmark, Peru and Brazil.

We intend to maintain a leading position in the cannabis and related industries and expand the reach of our products worldwide. From product and process innovation to market execution and everything in between, we are driven by a passion for leadership, a commitment to drive the industry forward, and above all else, providing medical and recreational cannabis consumers the best possible experience.

We have a strong focus on, and investment in, brand, market and product differentiation as well as maintaining a quality cannabis supply through our cannabis production platform. We believe that this will create a dominant global business with the potential to generate a significant and sustained return on invested capital over the long-term. Our distinct cannabis brands include Tweed, Tokyo Smoke and Twd. on the recreational side, Spectrum Therapeutics, our medical brand, and First & Free, our line of lifestyle CBD products. Our curated cannabis varieties include dried flower, oil, soft-gel capsules, edibles, vapes and beverages as well as a wide range of cannabis accessories. In addition, our strategic acquisitions which include Storz & Bickel GmbH & Co., KG (“Storz & Bickel”), TWP UK Holdings Limited (“This Works”) and BioSteel Sports Nutrition Inc. (“BioSteel”) provide complementary and innovative product offerings. Finally, our initiatives in public education are designed to help patients and customers safely, effectively and responsibly use cannabis.

Canopy Growth was incorporated pursuant to the provisions of the *Canada Business Corporations Act* on August 5, 2009 under the name LW Capital Pool Inc. The Corporation changed its name to Tweed Marijuana Inc. on March 26, 2014, and later to Canopy Growth Corporation on September 17, 2015. Prior to completing our qualifying transaction on April 3, 2014, Canopy Growth was a “capital pool company” under Policy 2.4 of the TSX Venture Exchange (“TSXV”) Corporate Finance Manual. As a capital pool company, Canopy Growth had no assets other than cash and did not carry on any operations. On July 26, 2016, Canopy Growth graduated from the TSXV to the TSX. On February 1, 2017, the trading symbol for the common shares on the TSX was changed to “WEED”. On May 24, 2018, the common shares commenced trading on the NYSE with the trading symbol “CGC.”

Our principal executive offices are located at 1 Hershey Drive, Smiths Falls, Ontario, K7A 0A8. We conduct our business both through wholly owned subsidiaries as well as through a variety of joint ventures and other entities.

Business Segments

We operate in two reportable segments:

- (1) Cannabis, hemp and other consumer products, which encompasses the production, distribution and sale of a diverse range of cannabis, hemp-based and other consumer products in Canada and internationally pursuant to applicable international and domestic legislation, regulations and permits; and
- (2) Canopy Rivers Inc. (“Canopy Rivers”), a publicly traded company in Canada, through which Canopy Growth provides growth capital and strategic support in the global cannabis sector, where federally lawful.

For the three years ended March 31, 2020, the Canopy Rivers segment did not generate any revenue. For the Cannabis, Hemp and Other Consumer Products segment, we report gross and net revenue by channel, as follows:

	Year ended March 31,		Year ended March 31,		Year ended March 31,	
		% of gross revenue		% of gross revenue		% of gross revenue
(CDN \$000's)	2020		2019		2018	
Cannabis, Hemp and Other Consumer Products						
Recreational revenue						
Business-to-business	\$ 157,254	36%	\$ 117,388	46%	\$ -	0%
Business-to-consumer	52,044	12%	23,144	9%	-	0%
	209,298	48%	140,532	55%	-	0%
Medical revenue						
Canadian	56,852	13%	68,759	27%	70,617	90%
International	67,975	15%	10,091	4%	3,732	5%
	124,827	28%	78,850	31%	74,349	95%
Other revenue	105,501	24%	34,049	14%	3,599	5%
Gross revenue	439,626	100%	253,431	100%	77,948	100%
Excise taxes	40,854		27,090		-	
Net revenue	\$ 398,772		\$ 226,341		\$ 77,948	

Cannabis, Hemp and Other Consumer Products

We are a leader in the legal cannabis, hemp and other consumer products segment, which includes the production, distribution and sale of a diverse range of cannabis, hemp-based and other consumer products in Canada, the United States, select European markets, Australia, South America and the Caribbean, pursuant to applicable international and domestic legislation, regulations and permits.

Canopy Rivers

Canopy Rivers is a reportable segment of Canopy Growth in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Canopy Rivers is a venture capital and strategic support platform that pursues investment opportunities in the global cannabis sector. Canopy Rivers identifies counterparties seeking financial and/or operating support and aims to provide investor returns through dividends, interest, rent, royalties and capital appreciation. Canopy Rivers did not generate revenue in the three years ended March 31, 2018, 2019 and 2020. Canopy Rivers has direct or indirect investments in 10663522 Canada Inc. (d/b/a Herbert), 10831425 Canada Ltd. (d/b/a Greenhouse Juice Company), Agripharm Corp., BioLumic Ltd., CanapaR Corp., Civilized Worldwide Inc., Dynaleo Inc., Eureka 93 Inc., Headset, Inc., High Beauty, Inc., James E. Wagner Cultivation Corporation, LeafLink Services International ULC, Vert Mirabel (as defined below), PharmHouse Inc., Radicle Cannabis Holdings Inc., TerrAscend Corp. ("TerrAscend"), TerrAscend Canada Inc., Tweed Tree Lot Inc., YSS Corp. and ZeaKal, Inc.

Strategy

Our overall strategy is to advance the full potential of cannabis, capture sizable market share in focus categories and markets and execute a path to profitability to build sustainable, long-term shareholder value. We strive to become a leading consumer insights and product development company that matches products and consumer preferences in the cannabis space. To achieve this, we are focused on the following:

- Becoming a relentlessly consumer-centric organization by building world-class consumer insights and analytic capability, coupled with focused, leading-edge R&D and innovation to produce a differentiated product portfolio that will delight consumers. We will bring these products to the hands of our consumers through best-in-class sales execution.
- Markets and product categories with the highest and most tangible profit opportunities in the near term. Core markets will be Canada, the United States and Germany, with industry focus on recreational and over-the-counter medical. To capture future opportunities in emerging markets and categories outside the core, we will deploy a resource-light

approach that leverages local suppliers for raw materials and Procaps S.A.S (“Procaps”), a global company based in Colombia, for formulation and encapsulation activities.

- Driving quality in all aspects of our operation and be positioned to deliver the right product at the right time at the right price from the right facility.
- Continuing to lead the industry and set industry standards. This includes spearheading the next phase of the cannabis industry evolution and shaping how the industry evolves. We will continue to give back to neighbors and communities through our Grow Good Together initiatives.

We expect fiscal 2021 to be a transition year as we re-set our strategic focus, roll out a new organizational design and implement a comprehensive operational improvement program.

The CBI Group Investments

In November 2017, June 2018 and November 2018, we completed certain transactions with the CBI Group, whereby the CBI Group invested CDN\$245 million, CDN\$200 million and CDN\$5.079 billion, respectively (the “CBI Group Investments”). As part of certain governance rights granted to the CBI Group in connection with certain of the CBI Group Investments, the CBI Group is entitled to, and has appointed, four directors to our board and has partnered with us as CBI’s exclusive global cannabis partner. One of the board appointees, Jim Sabia, is a board observer, and his appointment to the board of directors is contingent upon security clearance from the Department of Health Canada (“Health Canada”). See “Risk Factors—Risks Relating to Competition, Performance and Operations—We are dependent on our senior management.” in Item 1A of this Annual Report. The CBI Group Investments provided Canopy Growth with significant funding needed to build scale in countries pursuing federally permissible medical cannabis programs, while establishing the foundation needed to supply new recreational markets as cannabis becomes legal in markets around the world. See “—The CBI Group Investments” for more information on the CBI Group Investments and related agreements.

Canada

Recreational and Medical Cannabis Markets

Our initial investment phase in Canada is complete, and we have begun pivoting to a focused execution phase while defining our path to profitability and positive cash flows. Our strategy in Canada includes:

- Continuing the launch of our portfolio of innovative Cannabis 2.0 products across Canada, which began with the introduction of our cannabis-infused craft chocolates and vape pen power sources in January 2020 and continued in March 2020 with our first cannabis-infused beverages, vape pen and vape cartridge products coming to the Canadian recreational cannabis market. Additional Cannabis 2.0 products have been subsequently introduced into the Canadian recreational cannabis market, and new products will continue to be rolled-out in the coming months.
- Strengthening our connection with our consumers by offering brands and products that delight our consumers. This includes leveraging our consumer insights, intellectual property and product innovation capability, and cultivation and production infrastructure to consistently develop the highest-quality product at each consumer price point. A key aspect of this strategy is the continued build-out of our branded Tweed and Tokyo Smoke retail store network where permissible across Canada, which will allow us to educate consumers, build brand awareness and recognition, and establish direct connections with our customers.
- Increasing our medical cannabis network and solidifying our position as a trusted leader in the Canadian medical cannabis market by offering a wide range of cannabis products across a variety of brands, formats and strains that serve the needs of our medical customers. In April 2020, we announced that our Storz & Bickel Volcano Medic 2 was issued a medical license by Health Canada as an advanced cannabis vaporizer for medical use. As a result of this license, we can now distribute to medical institutions, clinics and patients in Canada, including distribution through Spectrum Therapeutics, our medical cannabis division.

Retail Store Strategy

The Cannabis Act provides provincial, territorial and municipal governments in Canada with the authority to prescribe regulations regarding retail and distribution of recreational cannabis. As such, the distribution model for recreational cannabis is prescribed by provincial and territorial regulations and differs in each jurisdiction. Some provinces have government-run retailers, while others have government-licensed retailers, and some have a combination of the two. All of our recreational sales are conducted according to the applicable provincial and territorial legislation and through applicable local agencies. We continue to monitor the developing legislation to identify opportunities for our brands.

As of May 29, 2020, we have 34 cannabis retail stores operating under the Tweed or Tokyo Smoke banner, of which 22 are corporate-owned stores and the balance are independently operated. Tweed has 16 corporate-owned locations selling cannabis across

Newfoundland and Labrador, Manitoba and Saskatchewan and has a branded e-commerce presence in Newfoundland and Labrador, Manitoba, Saskatchewan and Nunavut. Tokyo Smoke operates six corporate-owned retail cannabis stores and an e-commerce platform in Manitoba. However, as a result of the COVID-19 pandemic, many retail cannabis stores across the country were temporarily closed (either voluntarily or by government order), including all of our corporate owned stores in Newfoundland and Labrador, Manitoba and Saskatchewan. As of May 29, 2020, many retail locations across Canada have begun to reopen with reduced hours and curbside pickup services. Please refer to “Risk Factors” under Item 1A and “Part 1 – Business Overview—Update on COVID-19” under Item 7 of this Annual Report for further discussion.

Further, we have received licenses, rights to licenses or permits to apply for licenses to operate cannabis retail stores in four provinces:

- Newfoundland and Labrador – licenses for up to 7 stores;
- Manitoba – licenses for up to 12 stores;
- Saskatchewan – licenses for up to 5 stores; and
- Alberta – development permits for 17 cannabis retail store locations.

In Ontario, we have entered into multi-year licensing agreements to enable license holders to open an additional three new Tokyo Smoke-branded stores. We anticipate that all of these stores will be open by August 2020. In addition, we are in the process of developing our Tweed farm gate store in Smiths Falls and have received our retail operator license from the Alcohol and Gaming Commission of Ontario. We are continuing to explore additional opportunities to expand the Tokyo Smoke and Tweed retail banners across the province. We are also pursuing cannabis retail licenses in British Columbia through the provincial retail licensing processes.

After a restricted lottery-based retail rollout, the government of Ontario announced on December 12, 2019 changes to the cannabis licensing regulations under the Cannabis License Act, 2018. The government of Ontario announced several changes to the licensing rules governing private cannabis retail stores in Ontario that will have an immediate positive impact on Ontario’s access to the regulated recreational market. We believe the province of Ontario can support upwards of 1,000 retail stores within the province, and we anticipate the retail store authorizations will focus on the greater Toronto area and southern Ontario, which has a significantly higher population density. Additionally, on February 10, 2020, the government of Ontario initiated public consultations on providing consumers with more choice and convenience on cannabis, including consumption venues.

European Medical Cannabis Market

Our primary strategy in the European medical cannabis market is to increase access to our medical cannabis products for medical customers in countries where it is federally permissible to do so, and to position ourselves as a trusted market leader in those countries.

Our Spectrum Therapeutics medical division is a global leader in medical cannabis. Spectrum Therapeutics produces and distributes a diverse portfolio of medical cannabis products to healthcare practitioners and medical customers in Canada, and in several other countries where it is federally permissible to do so. Through our global Spectrum Therapeutics brand, our strategy encompasses:

- Providing a diverse portfolio of cannabis-based products for medical customers and best-in-class education and support programs to medical customers and healthcare practitioners. We are in the process of integrating Cannabinoid Compound Company (“C3”), which we acquired in April 2019. C3 is Europe’s largest cannabinoid-based pharmaceuticals company and a leading manufacturer of dronabinol, a registered active pharmaceutical ingredient in four European countries. The addition of dronabinol has allowed us to expand our portfolio of medical cannabis offerings.
- Strengthening the European supply chain. We recently completed the construction of the required infrastructure, and obtained the necessary regulatory approvals, to enable the cultivation and processing of cannabis in Denmark to complement our existing import model. Our acquisition of C3 also added two facilities that specialize in natural extraction and synthetic cannabinoid production to our European footprint.

Australian and South American Cannabis Markets

We are still working to develop markets in Australia and certain countries in South America by focusing on an asset-light model which emphasizes use of third-party licenses. Through our global Spectrum Therapeutics brand, our strategy encompasses:

- Continuing the medical sales that began in Australia in May 2019 and supporting Australian patients through imports until our domestic facilities are fully operational. In Australia, we are driven by a strong focus on quality, evidence, safety and education.

- Moving to an asset-light model in Colombia. In April 2020, we signed a supply deal for medical cannabis by pairing with Clever Leaves, a multinational cannabis company.

Commercialization Activities in the United States

The key elements of our U.S. commercialization strategy include:

- In June 2019, we executed an arrangement agreement with Acreage (the “Acreage Arrangement Agreement”), a leading United States multi-state cannabis operator, that provides us the right and obligation, in accordance with the Acreage Arrangement, to acquire all of the issued and outstanding securities of Acreage upon the occurrence (or waiver) of changes in U.S. federal law to permit the general cultivation, distribution and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States. The acquisition of Acreage, if completed, will provide a pathway into cannabis markets in the United States; however, Canopy Growth and Acreage will continue to operate as independent companies until completion of the Acreage Arrangement. See “—U.S. Regulatory Framework—The Acreage Arrangement.”
- In December 2019, we launched a line of hemp-derived CBD oils and softgels under the First & Free brand in certain U.S. states where not prohibited under state law. We expect the scope of our U.S. CBD business to increase beginning in the first half of fiscal 2021, as we expand our distribution network, product formats (including topical creams, beverages and edibles) and brand portfolio. In April 2020, we launched our first line of topical products in certain U.S. states where not prohibited under state law.
- Building recognition of our Tweed and Tokyo Smoke brands in advance of the potential future permissibility of cannabis in the United States. In connection with the Acreage Arrangement Agreement, Canopy Growth and Acreage executed a licensing agreement which provides Acreage with the ability to use Canopy Growth’s brands, along with other intellectual property, on a no-fee basis. In accordance with this licensing agreement, in December 2019, Acreage began selling certain Tweed-branded cannabis products at select dispensaries in Illinois, Maine, Massachusetts and Oregon. We, together with Acreage, plan on expanding the number of Tweed-branded product offerings into additional U.S. states in the second half of 2020. Any products sold by Acreage under the Tweed brand in the United States are cultivated and processed by Acreage at its facilities in the respective states in the United States where permissible under state laws.

Developing Intellectual Property and Innovative New Products

We have long believed that a significant opportunity exists to expand our total addressable market and create new consumer segments by developing innovative new recreational products that include cannabis and cannabinoids as ingredients. We have been continuously focused on conducting research and development of intellectual property related to:

- Innovation and new product development, including the Cannabis 2.0 products that have been or will be rolled-out across Canada.
- With the recent acquisitions of BioSteel and This Works, we have added platforms that can be leveraged for infusing CBD in sports nutrition and hydration beverages, and in beauty, wellness and sleep products in states where not prohibited under state law. In the fourth quarter of fiscal 2020, BioSteel launched a range of CBD-infused sports nutrition beverages in certain U.S. states, with products available at approximately 500 Vitamin Shoppe retail locations. This Works is developing a new line of skincare and sleep solutions infused with CBD, which were launched in early 2020.
- Creating evidence-based, protectable medical product formulations and driving these products through robust clinical studies towards the creation of new cannabis-based medicines. Our pre-clinical and clinical research includes elements of product design and ingredient selection, delivery systems, safety and efficacy testing. Human clinical trials are currently being planned or are ongoing in the areas of sleep, pain, mood, anxiety and spasticity and multiple sclerosis. Additionally, research programs are under development with our regional partners, and clinical trials are currently in the planning phase, ongoing or completed for companion animal anxiety, and pharmacokinetics dosage and safety.

Our intellectual property portfolio has increased to over 130 issued patents and over 290 patent applications as of May 29, 2020 (including 90 U.S. provisional patents) covering plant genetics, post-growth processing (e.g. extraction, isolation and purification), equipment, synthetic chemistry (e.g. new chemical entities and synthetic pathways), formulations, human and animal health, edibles, packaging and vape devices.

Our Products

Cannabis

We produce and sell various cannabis products, including dried cannabis flower, oils & concentrates and softgel capsules. Our cannabis products are sold both in the direct-to-patient markets for medicinal use, as well as in the recreational market following the enactment of the Cannabis Act. Our cannabis products are sold under a variety of brand names described under “Brand Portfolio” below, and are intended to position us as a leader in both the medical and recreational markets.

Medical cannabis has been available for sale in Canada since 2001, and we initially operated in the medical cannabis business. As a result of the legalization of recreational cannabis products in 2019, we subsequently expanded into manufacturing and selling adult use products.

Our cannabis products include:

- **Dried Flower:** we pride ourselves on growing high quality cannabis, which is packaged for sale as dried flower and pre-rolled joints. We sell dried flower in both the medical and recreational markets.
- **Oils & Concentrates:** using high-quality inputs, we produce cannabis extracts using state-of-the-art supercritical fluid CO2 extraction technologies to create cannabis oil products with different ratios of THC and CBD in order to meet the unique medical needs of our customers.
- **Softgel Capsules:** these capsules offer a convenient, precise and discrete dosing solution for those interested in consuming their cannabis in pill form, and are available in a variety of concentrates, from micro to full doses.

Cannabis 2.0 Products

The legalization and regulation of Cannabis 2.0 products in Canada was announced by the federal government on October 17, 2019 pursuant to certain amendments to the regulations under the Cannabis Act. We began shipping certain of our products in late December 2019, with the first wave of our cannabis-infused chocolates being available at retail locations in early January 2020. The first of our cannabis-infused beverage offerings were made available to consumers in March 2020. We introduced our vape pen power sources to customers in January 2020, with product availability varying based on provincial regulations. Additional vape products, including vape cartridges, were launched in March 2020 in participating provinces. Additional Cannabis 2.0 products have been subsequently introduced into the Canadian recreational cannabis market, and new products will continue to be rolled-out in the coming months. Our Cannabis 2.0 product offerings include:

- **Cannabis-infused beverages**, which are being produced in our licensed 150,000 square foot beverage facility in Smiths Falls. Through our extensive research and development efforts, we have developed a proprietary process that distills whole flower cannabis into a clear liquid that we refer to as “Distilled Cannabis,” which is used as an active ingredient in our THC and CBD infused beverages. Our beverage portfolio is planned to include 10 ready-to-drink products, pre-mixed with Distilled Cannabis, and three Distilled Cannabis beverage mixer products that can be combined with non-alcoholic beverages. We plan to offer our beverages in a variety of flavors and sizes under the Tweed, Quatreau, Houseplant and Deep Space brands. We believe that cannabis-infused beverages that offer sophisticated taste and dose control with a rapid onset and shorter duration can be tailored to meet specific outcomes across a variety of consumption occasions, while avoiding such things as weight gain, “hangover” effects and interactions with traditional pharmaceutical medications. While our products will contain THC, CBD or a combination of the two, up to the limit of 10 milligrams of THC per package, in accordance with the regulations under the Cannabis Act, we believe a standard serving of two milligrams of THC is ideal for consumers and allows for more control for the user, and therefore most of our cannabis-infused beverages will be available at this potency.
- **Cannabis-infused craft chocolates**, which are being produced in the same factory in Smiths Falls where Hershey Canada made chocolates for over 50 years. We have worked with award-winning chocolate maker, Hummingbird Chocolate, to build and refine our chocolate manufacturing process and are selling three distinct products under the Tweed, Tokyo Smoke and Bean & Bud brands. We have taken a “bean-to-bar” approach to our chocolates, sourcing our beans from Peru, the Dominican Republic and Colombia, and then roasting them onsite in Smiths Falls to achieve optimal flavor. Similar to our beverages, our chocolates contain specific amounts of specifically formulated cannabis up to a limit of 10 milligrams of THC per package.
- **Cannabis vapes**, including a range of proprietary hardware designed to bring reliable technology to the vaping category. We are offering rechargeable and compact batteries under the JUJU Power brand, designed for compatibility with our 510-threaded cannabis concentrate vape cartridges. Our “510” vape concentrate cartridges will be available in a variety of Tweed, Van der Pop and Twd. strains, and with a range of THC and CBD levels. Our JUJU Joints line includes ready-to-go vape pens containing Tweed cannabis concentrate and terpenes, and feature several convenient safety capabilities. Finally, we are offering Tokyo Smoke Luma rechargeable batteries and vape pods using our precise ceramic heating technology. Some of our devices will feature Bluetooth connectivity, allowing users to lock, locate and set specific temperatures from their Android smartphones.

Recent reports on vape safety in North America underscore the importance of Canadian federal regulation for vape pen devices. We are committed to a high standard for cannabis extracts without the use of polyethylene glycol, vegetable glycerin or vitamin E acetate. Our vape cartridges use surgical-grade steel and specialized glass to ensure the reduction of heavy metal poisoning and contaminants leaching into the extract. Our vape products are produced using UL 8139 Certified Safe Manufacturing standards,

meaning that each component of our hardware has been certified by UL (Underwriters Laboratories), or undergoing the review process with certification expected in advance of product on-sale dates. UL is a world leader in product safety testing and certification, and developed industry standard UL 8139 to help manufacturers address lithium battery hazards for vaping devices. UL 8139 evaluates the safety of the electrical, heating, battery and charging systems of these products. Further, our vapes are tamper-resistant, serialized, traceable and adhere to Health Canada's regulations. We are continually reviewing and testing all inputs to ensure the highest quality and reliability of cannabinoids, terpenes, tamper-resistance and product serialization features.

Hemp-Derived CBD Isolate Products

Our branded, hemp-derived CBD isolate products that have been brought to market in certain U.S. states where not prohibited under state law include: (i) our First & Free line of hemp-derived CBD isolate products, including oils and softgels, which we launched in December 2019, and topical creams, which we launched in April 2020; (ii) BioSteel's line of "CBD for Sport" nutrition beverages, which we launched in early March 2020 through a partnership with the Vitamin Shoppe and which will bring our products to approximately 500 retail locations; and (iii) This Works' range of clinically-proven and 98% natural skincare boosters expertly blended with 1% pure hemp-derived CBD isolate, which we launched in the United Kingdom in April 2020 on This Works' e-commerce platform and with third-party online retailers, including Amazon. Customers in Ireland, Germany and the United States are also able to purchase this line of products on This Works' e-commerce platform.

Developed as a result of our investments in technology and testing, First & Free's products were created by extracting and isolating derivatives from the hemp plant to produce consistent CBD formulations that are packaged in easy-to-use formats. BioSteel's CBD for Sport product line was developed in close partnership with Canopy Growth, with the two companies collaborating to build a line of CBD isolate-infused sports nutrition products backed by scientific advancements in cannabinoid research and development. All CBD for Sport products are manufactured in the United States, contain 99% pure CBD isolate and less than 0.3% THC. This Works' CBD is extracted to a 100% pure isolate form and is tested at three stages throughout our product development process, which ensures the product is pure, legal and highly effective. We are committed to selling high quality, tested and reliable products, and ensuring we make no claims unless clinically validated. This means selling First & Free, BioSteel CBD for Sport and This Works products only in U.S. states where we believe such sales are permissible under state law in order to ensure compliance with state consumer protection mandates and following the most stringent state laws regarding the sale of CBD.

In order to build our brand awareness in hemp-derived CBD products, we have entered into strategic arrangements, including an arrangement with Martha Stewart in an advisory role to assist in developing a new line of CBD-based products in multiple categories including animal health and wellness.

Devices and Delivery Technology

In addition to the vape pens and cartridge products that we are rolling-out as part of our Cannabis 2.0 offerings, through Storz & Bickel we manufacture and sell medical cannabis delivery devices. Storz & Bickel has developed a factory that is certified internationally for the production of medical devices, and exports medically approved vaporizers and other similar devices to 50 markets around the world. In April 2020, Health Canada issued a medical device license for Storz & Bickel's new "Volcano Medic 2," an advanced vaporizer device for medical use. This license permits distribution of the Volcano Medic 2 to medical institutions, clinics and patients in Canada, including distribution through Spectrum Therapeutics in Australia and Germany.

Brand Portfolio

We pride ourselves in a diverse brand platform making it possible for us to effectively reach varying target demographics. Our brands include brands that we own, as well as certain brands that we license from others and call our "affiliated brands" for use in certain jurisdictions:

Core Brands	Beverage and Edible Brands	Affiliated Brands	Technology Brands	Retail Platforms
<ul style="list-style-type: none"> •Tweed •Tokyo Smoke •Van der Pop •Spectrum Therapeutics •First & Free •DOJA •TWD •This Works •BioSteel 	<ul style="list-style-type: none"> •Quatreau⁽¹⁾ •Deep Space⁽¹⁾ •Bean & Bud Craft Cannabis Company 	<ul style="list-style-type: none"> •Houseplant •More Life Growth Company •DNA Genetics •LBS 	<ul style="list-style-type: none"> •Storz & Bickel •JUJU Technologies 	<ul style="list-style-type: none"> •Tweed •Tokyo Smoke

(1) To be launched.

Core Brands

Tweed – Tweed is our flagship recreational brand, which carries some of our leading strains including Houndstooth, Bakerstreet and Penelope. It is the most prominent of our brands with the widest presence throughout Canada.

Tokyo Smoke – Tokyo Smoke is an award-winning cannabis brand delivering immersive, innovative experiences to consumers through cannabis products, accessories and retail stores.

Van der Pop – With a focus on education, empowerment and community building, Van der Pop is our female-focused cannabis brand. Van der Pop provides products and platforms for women to explore using cannabinoids for self-care in a way that is nuanced and respects stigma-free living.

Spectrum Therapeutics – Our international medical brand that serves as our physician and patient-facing identity across all federally permissible jurisdictions where we operate. “Spectrum” in the name refers to the trademarked color-coded cannabis strain classification system. Spectrum Therapeutics is positioned as a rational voice in the medical cannabis space, with a focus on high-quality research, healthcare professional education and quality products for medical customers with pain, mood and sleep conditions.

First & Free – Our therapeutic CBD-based brand designed for consumers that are proactive about their health and advocates of self-care. We believe in taking care of you first, so you can be free to be you. Only First & Free combines years of cannabinoid research and development and clinical expertise with purified, hemp-derived CBD technologies that currently include oils and softgels.

DOJA – DOJA is based in British Columbia's Okanagan Valley, where DOJA grows premium, hand-crafted flower. DOJA represents celebrating the freedom from convention and a respect for the West Coast community and land from which it came from.

TWD – TWD is our basic line of safe and affordable cannabis products from Tweed.

This Works – Founded in 2004, London, England-based This Works offers a range of high-quality natural skincare and sleep solution products with a customer base spanning 35 countries. Through their unique approach of formulating solutions that work in harmony with the 24-hour body clock, This Works has evolved its product lines beyond a traditional viewpoint to a more complete regiment.

BioSteel – BioSteel is a sports nutrition brand that was built on the mandate of providing a safe, healthy and effective line of nutritional products. Originally formulated for the best athletes in the world, BioSteel's line of nutritional products have become adopted by the masses through authentic partnerships with our #TEAMBIOSTEEL athletes.

Beverage and Edibles Brands

Quatreau – Quatreau will be a line of deliciously refreshing cannabis-infused, naturally flavored sparkling water beverages available in CBD-only and THC/CBD balanced varieties. Quatreau believes in making daily situations a little simpler, enabling consumers to reset and recharge before tackling what's next.

Deep Space – Deep Space will be a mysterious and full flavored cannabis-infused spiced cola beverage with a higher dose of THC than other offerings across our portfolio, with 10 milligrams of THC per serving offered in an easy-travel 222 milliliter mini can,

Bean & Bud Craft Cannabis Company – Bean & Bud is a line of premium, bean to bar cannabis-infused dark chocolate with five milligrams of THC per serving, handcrafted by the award-winning chocolate makers at Hummingbird Chocolates and made in small batches.

Affiliated Brands

Houseplant – Through our minority ownership in N49AROW Global Ventures ULC, Canopy Growth has partnered with Houseplant to scale quickly and support Houseplant's long-term success. Houseplant is an elevated Canadian cannabis company founded by Seth Rogen and Evan Goldberg and launched in 2019, Houseplant is rooted in commitment, authenticity and education. Their love affair with cannabis has spanned a lifetime, and they believe it should be treated with the reverence it deserves.

More Life Growth Company – A wellness-based cannabis company and joint venture with entertainment star and founder Aubrey “Drake” Graham. In connection with the launch of the More Life brand, a previously wholly-owned subsidiary of Canopy Growth, issued shares to certain entities that are controlled by Drake. Following the issuance of the shares, Drake indirectly holds approximately a 60% ownership interest in More Life Growth Company ULC, with Canopy Growth retaining the remaining approximately 40% ownership.

DNA Genetics – Pursuant to a licensing agreement, Canopy Growth and DNA Holding, LLC entered into an agreement to provide Canopy Growth access to a wealth of unique, genetically-diverse cannabis strains that it then incorporated into its Canadian product lines. The licensing agreement was amended in order to extend the term until 2024 and expanded the geographic scope beyond Canada and Jamaica in order to include Europe. Working with DNA Genetics, Canopy Growth breeds new strains for customers that are simply not available anywhere else in the world, bringing the best of existing DNA Genetics to Canopy Growth customers, bred and grown to DNA standards.

LBS – Pursuant to a licensing agreement, Canopy Growth and LBC Holdings, Inc. entered into an agreement to provide Canopy Growth with the right to use the brand name LBS in connection with various cannabis offerings in Canada. LBS is a premier cannabis brand by entertainment icon Snoop Dogg available in the United States and licensed by Canopy Growth in Canada.

Technology Brands

Storz & Bickel – Based in Tuttlingen, Germany, Storz & Bickel are designers and manufacturers of medically approved vaporizers, most notably the Volcano Medic and the Mighty Medic. Storz & Bickel is widely recognized as a global leader in vaporizer design and manufacturing.

JUJU Technologies – JUJU seeks to be at the cutting edge of cannabis technology. Available in a variety of products ranging from premium, ready-to-go vape pens (under our JUJU Joints line), to cutting-edge cannabis vape battery systems (under our JUJU Power line), to an advanced app that enables control over a user's vape experience. JUJU believes in sharing positive energy and vibes with the world.

Our Operations

Canadian Operations

We have built, and now operate, a Canada-wide supply chain including a balanced portfolio of licensed indoor and greenhouse cultivation facilities, and outdoor cannabis and hemp growing operations. We believe that our production capability is sufficient to meet the diverse needs of our recreational and medical cannabis consumers in Canada, from cost-effective, high-yield input material for our oils, softgels, Cannabis 2.0, and CBD products to sophisticated finished product and dried cannabis flower.

We have also invested in large-scale cannabinoid extraction capability to process our outdoor hemp and cannabis output and other raw materials from our indoor and greenhouse cultivation facilities, in support of our innovation. This includes a licensed cannabis and hemp biomass processing and extraction facility in close proximity to our large-scale outdoor hemp and cannabis growing operations in Saskatchewan, and a licensed extraction facility in Smiths Falls.

Our licensed infrastructure in Canada also includes advanced manufacturing for products such as vape pens and cartridges, softgel encapsulation, a 150,000 square foot beverage production facility, and a bean-to-bar chocolate manufacturing facility. In addition, we have secured additional cannabis production capacity through offtake agreements with other licensed producers.

Direct-to-Patient. Under the Cannabis Act, license holders are only able to distribute medical cannabis through the mail to registered customers. Through the Spectrum Therapeutics website, customers who have successfully registered with Tweed in accordance with the Cannabis Act are able to purchase products online and have them shipped directly to the address indicated on their registration document. We have also developed an income-tested Compassionate Pricing Program whereby eligible low-income patients may obtain a 20% discount off regular prices of medical cannabis.

A key focus has been to develop a multifaceted approach to reach doctors through direct and indirect outreach. We have established a presence at certain major physician focused conferences, and an exclusive presence at certain accredited physician education events. We have established a medical advisory board with several key opinion leaders, which acts as a valuable resource for the medical outreach team who will interface directly with physicians at a rate of approximately 28,000 office calls throughout Canada annually.

In our effort to promote brand recognition without advertising our products directly to the public, we continue to hold community events (to the extent allowable within the regulatory environment), in order to build relationships and visibility for our brands.

Recreational. In October 2018, Canada became the first G7 country and the second country in the world to legalize cannabis sales for recreational adult-use at a federal level. The classes of cannabis which could be sold in the Canadian recreational and medical cannabis markets as of that date included cannabis plants, seeds, dried flower and ingestible cannabis oil (including softgels). In October 2019, the classes of products which could be sold across the country was expanded to include cannabis edibles (products which can be eaten or drunk), topicals and extracts for vaporizing. Some provinces, such as Quebec, have opted to impose more stringent restrictions which had the effect of banning the sale of certain types of products in that jurisdiction (i.e. the sale of cannabis

infused chocolate in Quebec is prohibited). In addition, some provinces such as the provinces of Quebec and Newfoundland have suspended the sale of cannabis extracts for vaporizing on an interim basis while data relating to product safety and public health is under review.

We are currently selling cannabis seeds, dried flower (including pre-rolled format), cannabis extract (for ingesting and inhalation), as well as cannabis edibles under various brands. In terms of cannabis for vaping, we have opted to sell extract cartridges as well as batteries under its brand names.

As our supply chain grows, and as a result of the effectiveness of Further Regulations (as defined herein), which permitted the sale of cannabis extracts, edibles and topicals in December 2019, we intend to increase penetration within existing markets in Canada. The rate of our expansion of distribution remains subject to factors that are beyond our control, including evolving regulations, the development of sufficient supply chain and manufacturing infrastructure and development of distribution and retail channels across Canada.

Canadian Cannabis Production – Partner Capacity Offtake

We have established several programs designed to help sector partners, both license applicants and license holders, establish and/or grow their licensed operations and achieve greater success faster. Through these programs, additional cannabis production capacity is expected to be secured for sale to customers.

- Tweed curated CraftGrow line – Created to introduce high quality cannabis grown by a diverse set of producers to customers. CraftGrow partners all have different growing styles and approaches to cannabis. Cannabis grown by AB Laboratories Inc. and James E. Wagner Cultivation Ltd. is available on Spectrum Therapeutic's on-line medical store.
- Agripharm – 40% owned by Canopy Growth under a collaborative agreement with Green House Seeds and Organa Brands. Pursuant to the agreement, we have the right to purchase all the cannabis products produced by Agripharm, subject to the right of Agripharm to sell up to 25% of its products directly in its own physical retail locations.
- PharmHouse – In May 2019, we signed an offtake agreement with PharmHouse, a 49%-owned joint venture of Canopy Rivers, which owns a 1.3 million square foot greenhouse growing facility. Under the terms of the agreement, subject to receipt of a cultivation license, PharmHouse has agreed to allocate cannabis flower from an additional 20% of the flowering space available at its Leamington, Ontario facility over the next three years, bringing the total flowering space committed to Canopy Growth to 30%.

Global Operations

In recent years, the actions of governments around the world have signaled a significant change in attitudes towards cannabis, have either formally legalized medical cannabis access or established government efforts to explore the legalization of medical cannabis access. Therefore, opportunities continue to exist for Canopy Growth to operate in jurisdictions where governments have established, or are actively moving towards, a legal framework.

Europe

Our investment in our European infrastructure is complete. We have recently commenced commercial-scale cultivation and processing at our facility in Denmark and we expect to begin shipping the cannabis harvested and processed by the Danish facility to European markets in early fiscal 2021. Through C3, we also operate two manufacturing facilities specializing in natural extraction and synthetic cannabinoid production. Our infrastructure is expected to supply the growing demand for our medical cannabis products across the continent, where permissible, and support our objective of offering a greater range of medically validated cannabinoid products and therapies to healthcare professionals and patients.

United States

We will only conduct business activities related to growing or processing cannabis in jurisdictions when it is federally permissible to do so. Canopy Growth is not considered a U.S. Marijuana Issuer (as defined in the Canadian Securities Administrators Staff Notice 51-352 – Issuers with U.S. Marijuana-Related Activities (the “Staff Notice”)) nor do we have material ancillary involvement in the U.S. cannabis industry in accordance with the Staff Notice. While we have several arrangements with U.S.-based companies that may themselves participate in the U.S. cannabis market, these relationships do not violate the federal laws of the United States respecting cannabis and in no manner involve Canopy Growth in any activities in the United States respecting cannabis. Where a non-controlled affiliate has expressed an intent to enter the U.S. cannabis market, we have taken steps to insulate ourselves from all economic and voting interests until such time as there are changes to the federal laws of the United States related to cannabis related activities. See “—U.S. Regulatory Framework—The Acreage Arrangement” and “Other United States Holdings” for further discussion.

Immediately following passage of the 2018 Farm Bill, we began investing in our footprint across the United States. New York State granted a hemp license to Canopy Growth in January 2019, which allowed us to establish operations in the state, which included the purchase of a 308,000 square foot facility in Kirkwood, New York. Due to an abundance of hemp produced in the 2019 growing season, in April 2020, we announced the closure of our Waterpoint Hemp Farm in Springfield, New York, which represented over 1,000 acres of former dairy farmland, and which we bought in early 2019.

We also own an industrial-scale facility in Batavia, Illinois that has been registered with the FDA and licensed by the state of Illinois for hemp processing. Our facility in Batavia, together with third-party contract manufacturers, is critical in processing the extract required to supply and sustain the broad portfolio of hemp-derived CBD products that we introduced to the U.S. market in December 2019 through the brand - First & Free. First & Free is a state-of-the art CBD Isolate product that comes in a variety of formats, including: soft gels capsules, oils drops and new line of CBD creams derived from 100% U.S.-grown hemp. Each 1.76 oz. tube contains 2500 mg of CBD, making First & Free the highest strength hemp-derived CBD topical cream on the U.S. market.

United Kingdom

In May 2019, we acquired This Works, an England-based company offering a range of natural skincare and sleep solution products. In addition, in October 2019, Spectrum Therapeutics received the necessary government licenses to store and distribute medical cannabis products in the United Kingdom, reducing prescription delivery times and allowing the importation of medical cannabis from our European and global networks. Also in October 2019, we completed the acquisition of the outstanding, unowned interest in Beckley Canopy Therapeutics ("BCT"), including the joint commercial venture Spectrum Biomedical UK Limited ("Spectrum UK"). BCT will be integrated into the broader Spectrum Therapeutics organization to continue our clinical research being pursued in the area of cannabis-based medicines.

Latin America

As the regulatory landscape in Latin America and the Caribbean continues to evolve, our strategy for the region remains focused on advancing a position of industry leadership while evolving the business model to achieve near term commercial objectives.

In Colombia, we recently announced the end of operations at our Neiva, Colombia cultivation site. We also announced a supply agreement to purchase third party produced extracts which, combined with our ongoing agreement with Procaps for formulation and extraction, represents the ongoing and successful implementation of an asset-light model for the Latin American region

In Brazil and Peru, initial commercialization activities continue in the lead up to product availability and sales. This includes the necessary actions to support product registration and distribution agreements. Finally, we continue to actively monitor legislative and regulatory advancements in Mexico, however due to COVID-19, the timeline for regulated access has been extended.

Asia/Pacific

Early in fiscal 2018, we launched our Australian operations and Spectrum Therapeutics began selling medical cannabis to doctors prescribing its products. On March 25, 2020, Canopy Growth Australia received its ODC Licenses for Manufacturing and Cultivation. Construction of a Victoria-based greenhouse and processing facility is currently underway, with completion expected in late September 2020. This will enable domestic cultivation and production of medical cannabis for customers while serving as a planned distribution hub for other jurisdictions in Asia/Pacific. Spectrum Therapeutics will continue supporting Australian medical customers through imports until the facility is operational. The Victoria-based facility will also operate as our Asia/Pacific research and development center, supporting the ongoing research collaboration between Canopy Growth and the Victoria state government on furthering innovations in medical cannabis.

Government Contracts

In Canada, we sell cannabis and cannabis products to cannabis control authorities in all of the provinces and territories in Canada (other than Saskatchewan), where each such cannabis control authority is the sole wholesale distributor and in certain provinces, the sole retailer, of cannabis and cannabis products in the relevant province. We sell these products to the various cannabis control authorities under supply agreements that are subject to terms that allow for renegotiation of sale prices and termination at the election of the applicable cannabis control authority. In particular, the cannabis control authorities may in the future choose to stop purchasing our products, may change the prices at which they purchase our products, may return our products to us and, in certain circumstances, may cancel purchase orders at any time including after products have been shipped. For the year ended March 31, 2020, we had approximately CDN\$141.7 million in sales to cannabis control authorities and no single one accounted for at least 10% of our net consolidated revenue.

Research and Development Activities and Intellectual Property

Intellectual Property

In addition to our medical and recreational brands as detailed above, the proprietary nature of, and protection for, our products, technologies and processes are a key aspect to our business. We rely on a combination of patents (utility and design), trademarks, copyrights and know-how to establish and protect our intellectual property. Our intellectual property portfolio has increased to over 130 issued patents and over 290 patent applications as of May 29, 2020 (including 90 U.S. provisional patents) covering plant genetics, post-growth processing (e.g. extraction, isolation and purification), equipment, synthetic chemistry (e.g. new chemical entities and synthetic pathways), formulations, human and animal health, edibles, packaging and vape devices. We have established and will continue to build proprietary positions in all key aspects of our business. We invest heavily in our intellectual property and consider it to be one of the pillars of our value. The duration of the protection afforded by our registered intellectual property varies by the nature of the registration, but we manage renewals and notices on an on-going basis to ensure that our intellectual property is protected to the full extent possible under applicable law.

We have long believed that a significant opportunity exists to expand our total addressable market and create new consumer segments by developing innovative new recreational products that include cannabis and cannabinoids as ingredients. We have been continuously focused on conducting research and development of intellectual property related to:

- Innovation and new product development, including the Cannabis 2.0 products that have been or will be rolled-out across Canada.
- With the recent acquisitions of BioSteel and This Works, we have added platforms that can be leveraged for infusing CBD in sports nutrition and hydration beverages, and in beauty, wellness and sleep products in states where not prohibited under state law. In the fourth quarter of fiscal 2020, BioSteel launched a range of CBD-infused sports nutrition beverages in certain U.S. states, with products available at approximately 500 Vitamin Shoppe retail locations. This Works has also developed a new line of skincare and sleep solutions infused with CBD, which were launched in early 2020.
- Creating evidence-based, protectable medical product formulations and driving these products through robust clinical studies towards the creation of new cannabis-based medicines. Our pre-clinical and clinical research includes elements of product design and ingredient selection, delivery systems, safety and efficacy testing. Human clinical trials are currently being planned or are ongoing in the areas of sleep, pain, mood, anxiety and spasticity and multiple sclerosis. Additionally, research programs are under development with our regional partners, and clinical trials are currently in the planning phase, ongoing or completed for companion animal anxiety, and pharmacokinetics dosage and safety.

Clinical Trials

We conduct clinical research across several of our product segments in order to further develop and enhance our technical capacity and expertise.

Under the Spectrum Therapeutics brand, we have established a medical division that acts as a cannabis research incubator, focusing on developing and researching cannabis drug formulations and dose delivery systems. This division acts as our pre-clinical and clinical research arm, which includes elements of product design and ingredient selection, formulation and safety and efficacy testing for the support and development of standardized cannabis drug formulations and dose delivery systems across a range of products. Spectrum Therapeutics is focused on furthering the science of cannabinoids, building upon our robust portfolio of intellectual property and providing evidence by way of clinical trials on what conditions medical cannabis can treat. One ongoing study aims to evaluate the use of one of our CBD-only formulations for reducing anxiety associated with test taking and performance in partnership with Dr. Jessica Irons at James Madison University.

Spectrum Therapeutics is also exploring areas such as neurodegenerative disorders by partnering with NEEKA Health Canada and the NHL Alumni Association to examine the efficacy of CBD-based therapies as part of a mitigation of persistent post-concussion symptoms. Recently acquired C3 is also progressing a clinical trial for the use of dronabinol to treat spasticity due to multiple sclerosis. This study continues to progress with the aim of supporting registration of dronabinol within Germany.

Additionally, Spectrum Therapeutics is supporting four third-party investigator-initiated trials of cannabinoid-based therapies, totaling over 300 patients. More than 1,800 patients are also participating in the EQUAL program (Evaluation of Quality of Life) that aims to investigate the quality of life of patients before and after treatment with medical cannabis. In addition, Spectrum Therapeutics is supporting two real world evidence studies with a combined total target enrollment of 3,500 patients.

Pharmacovigilance

In the interest of patient safety and good pharmacovigilance practices, we have implemented a unique global pharmacovigilance program to capture, document and evaluate adverse events reported from the worldwide use of our medical cannabis products and our Canadian recreational cannabis brands, including Tweed, DNA Genetics and our CBD product line.

Pharmacovigilance, also known as drug safety, is the science and activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problems.

The global pharmacovigilance program ensures that all employees are trained on how to identify and report adverse events. Data collected from various sources (including, but not limited to, spontaneous reporting, clinical trials, literature and health authorities databases) is processed and analyzed in a centralized global safety database by our pharmacovigilance team, in compliance with global and local regulatory requirements.

Collected data is then used to perform signal detection activities (routinely, monthly and quarterly) and prepare periodic aggregate safety reports to evaluate the benefit-risk profile of our products.

Canopy Rivers Business Segment

Our Canopy Rivers business segment comprises our ownership interest in Canopy Rivers Inc., which is a publicly traded company in Canada.

Canopy Rivers is a venture capital firm specializing in cannabis. Canopy Rivers' business strategy is to create shareholder value through the continued deployment of strategic capital throughout the global cannabis sector. Canopy Rivers identifies counterparties seeking financial and/or operating support and aims to provide investor returns through dividends, interest, rent, royalties and capital appreciation. Canopy Growth owns 36,468,318 Multiple Voting Shares of Canopy Rivers, representing 100% of the issued and outstanding Multiple Voting Shares. Canopy Growth also owns 15,223,938 Subordinated Voting Shares of Canopy Rivers, representing 9.78% of the issued and outstanding Subordinated Voting Shares. The Subordinated Voting Shares are listed for trading on the TSX and each Subordinated Voting Share entitles the holder thereof to one vote per Subordinated Voting Share, whereas each Multiple Voting Share entitles the holder thereof to 20 votes per Multiple Voting Share on all matters upon which shareholders are entitled to vote. In the aggregate, Canopy Growth owns approximately 26.9% of the issued and outstanding shares in the capital of Canopy Rivers and approximately 84.1% of the voting rights attached to the outstanding shares of Canopy Rivers as of May 29, 2020.

Canopy Rivers has engaged in transactions with companies licensed under the Canadian national regulatory framework for cannabis cultivation, processing and sale (currently, the Cannabis Act for recreational and medical cannabis and, prior to October 17, 2018, the ACMPR (as defined below) for medical cannabis), license applicants under the Cannabis Act and ACMPR, retail distribution license holders in various provinces across Canada and ancillary businesses related to the cannabis industry. To date, Canopy Rivers has made investments through a variety of financial structures in twenty companies, including seven with international operations.

As of March 31, 2020, Canopy Rivers had direct or indirect investments in 20 entities, with CDN\$214.7 million invested.

Canopy Rivers Investment Policy

While the nature and timing of Canopy Rivers' investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to Canopy Rivers, the principal investment objectives of Canopy Rivers include: (i) identification of early stage investment opportunities with attractive economics relative to the risks; (ii) identification of high-return investment opportunities by investing in strategic, high-performing counterparties; (iii) investment in counterparties in various segments of the cannabis industry value chain that will integrate well into Canopy Rivers' existing investee ecosystem, so that the counterparty, the existing investee ecosystem, and shareholders can benefit and maximize the potential of this ecosystem; (iv) preservation of capital and limiting the downside risk of its capital; (v) achievement of a reasonable and sustainable rate of capital appreciation; (vi) achievement of a reasonable and sustainable rate of cash flow generation; (vii) mitigation of the risks associated with investments to the extent possible; and (viii) seeking of liquidity in its investments where warranted.

In pursuing its investment strategy and in realizing the investment objectives outlined above, Canopy Rivers carefully reviews a number of factors relating to investment candidates, including but not limited to the following: (i) quality of the management team's background and experience; (ii) alignment of interests with management through equity ownership; (iii) stage of the potential investee's life cycle and extent of operating history; (iv) business and geography of the potential investee, including any unique and/or differentiated element; (v) regulatory and legal environment in which the potential investee operates in order to ensure compliance with applicable laws, regulations and stock exchange requirements as well as long-term growth opportunities; (vi) form of investment structure, including equity, debt, royalty, joint venture and/or profit-sharing agreements with a view to providing shareholders with stability and predictable cash flows with equity-linked upside; (vii) ability for ongoing engagement with the potential investee; and (viii) extent of potential return on investment.

Government Regulation

Canadian Regulatory Framework

On October 17, 2018, the *Cannabis Regulations* under the *Cannabis Act* came into force, and set out the following classes of licenses that authorized activities in relation to cannabis:

- a license for cultivation;
- a license for processing;
- a license for analytical testing;
- a license for sale for medical purposes;
- a license for research; and
- a cannabis drug license.

Prior to October 17, 2018, cannabis was governed by the Controlled Drug and Substances Act (Canada) (“CDSA”). Under the CDSA, the Access to Cannabis for Medical Purposes Regulations (“ACMPR”) set out a framework to provide individuals with access to cannabis for medical purposes and was the governing legislation in respect of the production, sale and distribution of medical cannabis and related oil extracts in Canada. Although the ACMPR were repealed, the regulatory framework applicable to cannabis for medical purposes was substantially reproduced within the *Cannabis Act* with minimal changes.

Pursuant to the transitional provisions outlined in the *Cannabis Act*, we transitioned all licenses held under the ACMPR regulatory framework to the new *Cannabis Act*; therefore all licenses remain active due to the regulatory change that occurred on October 17, 2018.

As such, all licenses held by our licensed subsidiaries for the production of fresh or dried cannabis or cannabis plants or seeds now hold a license for cultivation. All licensed subsidiaries that held a license authorizing the production of cannabis oil or cannabis resin, now hold a license for processing. The license for 2605837 Ontario Inc. has conditions that do not permit all activities permitted for a license for processing meaning it is unable to sell cannabis oil that is a cannabis product. All licensed subsidiaries that held a license authorizing the sale of cannabis products to a registered client, now hold a license for sale for medical purposes. Tweed formerly held a dealer’s license under the Narcotics Control Regulations; however, this license was transitioned to a cannabis drug license and a license for analytical testing under the *Cannabis Act*.

At the end of each term of their respective licenses, a license holder must submit an application for renewal to Health Canada containing information prescribed by the *Cannabis Act*.

The *Cannabis Act* legalized recreational cannabis use nationwide in Canada. It creates a legal framework for controlling the production, distribution, sale and possession of cannabis across Canada for both medical and recreational purposes. Subject to provincial or territorial restrictions, adults who are 18 years of age or older are legally able to:

- possess up to 30 grams of legal cannabis, dried or equivalent in non-dried form in public;
- share up to 30 grams of legal cannabis with other adults;
- buy dried or fresh cannabis and cannabis oil from a provincially-licensed retailer;
- grow, from licensed seed or seedlings, up to four cannabis plants per residence for personal use; and
- make cannabis products, such as food and drinks, at home as long as organic solvents are not used to create concentrated products.

Further, the current regime for medical cannabis will continue to allow access to cannabis to people who have the authorization of their healthcare provider.

Under the *Cannabis Act*, license holders are only able to distribute medical cannabis through the mail to registered customers. The *Cannabis Act* also provides provincial and municipal governments with the authority to prescribe regulations regarding retail and distribution of recreational cannabis, as well as the ability to alter some of the existing baseline requirements, such as increasing the minimum age for purchase and consumption. As the distribution and sale of cannabis for recreational purposes is regulated under the individual authority of each provincial and territorial government, regulatory regimes vary from jurisdiction to jurisdiction. In each of the provinces and territories, except for Saskatchewan, a provincial distributor is responsible for purchasing cannabis from producers and selling products to its regulated retail distribution channels.

In addition, in each province and territory, other than Saskatchewan and Manitoba, the provincial distributor is solely responsible for online sales. However, as a result of the COVID-19 pandemic, many retail cannabis stores across the country were temporarily closed (either voluntarily or by government order), including all of our corporate owned stores in Newfoundland and Labrador, Manitoba and Saskatchewan. As of May 29, 2020, retail locations across the country have begun to reopen offering reduced

hours as well as curbside pick-up and delivery services. Please refer to “Risk Factors” under Item 1A and “Part 1 – Business Overview—Update on COVID-19” under Item 7 of this Annual Report for further discussion.

With respect to retail sales of cannabis, other than online sales, the provincial and territorial regulations in Prince Edward Island, Nova Scotia, Quebec and the Northwest Territories allow only for government-run cannabis stores, while the provincial and territorial regulations in Ontario, Manitoba, Saskatchewan, Alberta and Yukon leave the retail sale of cannabis, other than online sales, to the private sector. In Newfoundland, British Columbia and Nunavut, provincial and territorial regulations allow for a hybrid model in which both public and private stores can operate. In New Brunswick, the provincial regulations currently allow only for government-run cannabis stores, however, the provincial government issued a request for proposals for a single, private operator to “undertake the operation, distribution and sales of recreational cannabis in New Brunswick.” We have submitted a response to the request for proposal, which the province has announced will be evaluated based on a number of criteria, including experience in the sale of recreational cannabis, financial capacity, a viable plan to combat the illegal market, price competitiveness and product diversity, and a strong financial offer for the sales rights of cannabis.

The *Cannabis Act* also includes several measures to help prevent youth from accessing cannabis, including both age restrictions and restrictions on the promotion of cannabis. Regulations under the *Cannabis Act* include the following labeling and branding requirements:

- plain packaging, including a standardized cannabis symbol on every label;
- mandatory health warning messages (including specifics regarding size, placement and appearance);
- a limit of one brand element aside from the brand name;
- no other image or graphic;
- backgrounds need to be a single, uniform color;
- use of fluorescent or metallic colors is prohibited;
- labels and packaging cannot have any coating or embossing; and
- no inserts can be included.

The *Cannabis Act* also discourages youth cannabis use by prohibiting products that are appealing to youth, packaging or labeling cannabis in a way that makes it appealing to youth, selling cannabis through self-service displays or vending machines, or promoting cannabis, except in narrow circumstances, where young people cannot see the promotion. The new legislation also helps protect public health by creating strict safety and quality regulations.

In connection with the new framework for regulating cannabis in Canada, the Canadian federal government has introduced new penalties under the *Criminal Code* (Canada), including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offense.

In the initial stage of the regulated recreational cannabis market, products available for sale were the same as those permitted in the medical cannabis market (dried flowers, oils and soft-gel and pre-rolled cannabis products). On October 17, 2019, the second phase of recreational cannabis products, specifically, ingestible cannabis, cannabis extracts, and cannabis topical products, was legalized pursuant to certain amendments to the regulations under the *Cannabis Act* and according to such amendments, these products would be permitted for sale no earlier than December 16, 2019. Ingestible cannabis, cannabis extracts, and cannabis topical products, which are now available for sale, are subject to additional regulatory requirements that include supplemental marketing and advertising rules, further restrictions on labelling and packaging, rules relating to ingredients of ingestible cannabis and cannabis extracts, limits on THC content, and added facility requirements.

U.S. Regulatory Framework

On February 8, 2018, the Canadian Securities Administrators revised their previously released the Staff Notice which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state’s regulatory framework. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

In addition, on October 16, 2017, the TSX provided clarity regarding the application of Sections 306 (Minimum Listing Requirements) and 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the “TSX Requirements”) to applicants and TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSX Requirements. These business activities may include:

- direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the United States,

- commercial interests or arrangements with such entities,
- providing services or products specifically targeted to such entities, or
- commercial interests or arrangements with entities engaging in providing services or products to U.S. cannabis companies.

The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the TSX Requirements, the TSX has the discretion to initiate a delisting review.

Unlike in Canada, which has uniform federal legislation governing the cultivation, distribution, sale and possession of cannabis under the *Cannabis Act*, in the United States, cannabis is regulated at both the federal and state levels. Notwithstanding the permissive regulatory environment of cannabis in some states, cannabis continues to be categorized as a Schedule I controlled substance under the Controlled Substances Act (“CSA”), making it illegal under federal law in the United States to cultivate, distribute, or possess cannabis. This means that while state law in certain U.S. states may take a permissive approach to medical and/or recreational use of cannabis, the CSA may still be enforced by U.S. federal law enforcement officials against citizens and businesses of those states for activity that is legal under state law.

As a result of the conflicting views between state legislatures and the U.S. federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was first addressed in August 2013 when then Deputy Attorney General James Cole authored a memorandum (the “Cole Memorandum”), addressed to all U.S. district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several U.S. states have enacted laws relating to cannabis.

The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, then U.S. Attorney General Jeff Sessions issued a memorandum (the “Sessions Memorandum”) that rescinded the Cole Memorandum. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of U.S. attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution and the cumulative impact of particular crimes on the community.

As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and therefore it is uncertain how active federal prosecutors will be in relation to such activities. Due to the ambiguity of the Sessions Memorandum, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Please refer to “Risk Factors” under Item 1A of this Annual Report for further discussion.

On January 15, 2019, U.S. Attorney General nominee William P. Barr intimated a markedly different approach to cannabis regulation than his predecessor during his confirmation hearing before the Senate Judiciary Committee. Mr. Barr stated that his approach to cannabis regulation would be not to upset settled expectations that have arisen as a result of the Cole Memorandum, that it would be inappropriate to upset the current situation as there has been reliance on the Cole Memorandum and that he would not be targeting companies that have relied on the Cole Memorandum and are complying with state laws with respect to the distribution and production of cannabis. While he did not offer support for cannabis legalization, Mr. Barr did emphasize the need for the U.S. Congress to clarify federal laws to address the untenable current situation which has resulted in a backdoor nullification of federal law.

Additionally, under U.S. federal law it may, under certain circumstances, be a violation of federal money laundering statutes for financial institutions to accept any proceeds from cannabis sales or any other Schedule I controlled substances. Certain Canadian banks are similarly reluctant to transact business with U.S. cannabis companies, due to the uncertain legal and regulatory framework characterizing the industry at present. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to U.S. cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan or any other service could be found guilty of money laundering or conspiracy. Despite these laws, in February 2014, the Financial Crimes Enforcement

Network (“FCEN”) of the U.S. Treasury Department issued a memorandum (the “FCEN Memo”) providing instructions to banks seeking to provide services to cannabis-related businesses. The FCEN Memo states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo.

While we have several arrangements with U.S.-based companies that may themselves participate in the United States cannabis market, these relationships do not violate the federal laws of the United States respecting cannabis and in no manner involve Canopy Growth in any activities in the United States respecting cannabis. As discussed below, certain entities in which we hold securities may operate in the United States cannabis industry, however, our investment in such entities has been structured such that we hold non-participating, non-voting securities that are only exercisable or exchangeable upon cannabis becoming legal or permissible in the United States under federal law. Further, we have developed specific plans related to establishing business operations in the United States in the event cannabis becomes federally permissible which are discussed below.

On December 20, 2018, the 2018 Farm Bill was signed into law in the United States. The 2018 Farm Bill, among other things, defines industrial hemp, removes industrial hemp and its cannabidiols, including CBD derived from industrial hemp but excluding THC, from the CSA and allows for industrial hemp production and sale in the United States. The FDA has retained authority over the addition of CBD to products that fall within the Food, Drug and Cosmetic Act (the “FDCA”). In late November 2019, the FDA released a consumer update, the purpose of which was to warn consumers about CBD products. Specifically, the FDA stated that (a), to date, it has approved only one CBD product (a prescription drug to treat two forms of epilepsy), (b) it has seen only limited data about CBD safety and the data it has seen points to risks that need to be considered before taking CBD for any reason, (c) some CBD products are being marketed with unproven medical claims and are of unknown quality and (d) it is currently illegal to market CBD by adding it to a food or labeling it as a dietary supplement. On the same day, the FDA issued warning letters to 15 companies for illegally selling CBD products in violation of the FDCA and indicated that it cannot conclude that CBD is “generally recognized as safe” among qualified experts for its use in human or animal food.

There can be no assurance that the FDA will approve CBD as an additive to products under the FDCA. Additionally, the 2018 Farm Bill does not legalize CBD derived from “marijuana” (as such term is defined in the CSA), which is and will remain a Schedule I controlled substance under the CSA. The FDA has expressed a willingness to take a flexible regulatory approach to foster the development of hemp-derived products such as CBD; however, the FDA has indicated that those actions will have to fit under the confines of current law and further legislation will likely be required. Multiple legislative reforms related to cannabis are currently being considered by the federal government in the United States. Examples include the Strengthening the Tenth Amendment Through Entrusting States Act, the Marijuana Opportunity, Reinvestment and Expungement Act and the Secure and Fair Enforcement Banking Act. There can be no assurance that any of these pieces of legislation will become law in the United States.

The passage of the 2018 Farm Bill has allowed us to advance our hemp interests in the United States. In New York State, Governor Andrew M. Cuomo’s leadership at the state level has led to the creation of the Hemp Research Pilot Program which was made possible by the passage of the 2018 Farm Bill, giving us the federal guidance we needed to make a significant investment in New York. On January 14, 2019, we were granted a hemp processing and production license by New York State in order to establish commercial hemp operations in the United States. The intention is for Canopy Growth to establish large-scale production capabilities focused on hemp extraction and product manufacturing within the hemp industrial park. Canopy Growth intends to invest between US\$100 million and US\$150 million in its New York operations. The vision is to build the infrastructure necessary to support hemp-derived cannabinoid extraction and related manufacturing together with providing an opportunity for participation by other business in the hemp industry.

Acquisition of ebbu, Inc.

Prior to the passage of the 2018 Farm Bill, on November 23, 2018, we acquired the assets of ebbu, Inc. (“ebbu”), a leader in hemp research and innovation. ebbu is a leader in hemp research and innovation, and the intellectual property and the research and development advancements achieved by ebbu’s team apply directly to our hemp and THC-rich cannabis genetic breeding program and its cannabis infused beverage capabilities. Additionally, ebbu’s intellectual property portfolio will contribute to the clinical formulations program executed by Spectrum Therapeutics. By applying ebbu’s intellectual property, we have the potential to vastly reduce the cost of CBD production.

The Acreage Arrangement

On June 27, 2019, Canopy Growth and Acreage implemented the Acreage Arrangement pursuant to the Acreage Arrangement Agreement, which grants Canopy Growth the right (the “Acreage Call Option”) and the requirement to acquire all of the issued and outstanding securities of Acreage contingent on the occurrence or waiver of the changes in U.S. federal law to permit the general cultivation, distribution and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States (the “Triggering Event”). Pursuant to the Acreage Arrangement Agreement, upon the

implementation of the Acreage Arrangement, shareholders of Acreage and certain other securityholders received an upfront payment of US\$300 million. Following the occurrence (or waiver) of the Triggering Event and the satisfaction (or waiver) of the conditions to completion of the acquisition of Acreage, shareholders of Acreage will receive 0.5818 of a Canopy Growth common share for each Acreage share held at the effective time, subject to adjustment in certain circumstances in accordance with the terms of the Acreage Arrangement (the “Exchange Ratio”). The value of the consideration payable to Acreage shareholders may change up to closing of the acquisition, as the value is based on the Exchange Ratio. The acquisition of Acreage, if completed, will provide a pathway into cannabis markets in the United States; however, Canopy Growth and Acreage will continue to operate as independent companies until the acquisition of Acreage is completed.

In connection with the Acreage Arrangement, Canopy Growth and Acreage executed a licensing agreement which provides Acreage with the ability to use Canopy Growth’s brands, along with other intellectual property, on a no-fee basis. In accordance with this licensing agreement, in December 2019 Acreage began selling certain Tweed-branded cannabis products at select dispensaries in Illinois, Maine, Massachusetts and Oregon. Any products sold by Acreage under the Tweed brand in the United States are cultivated and processed by Acreage at its facilities in the respective states in the United States where permissible under state laws.

Other U.S. Holdings

While we do not engage in activities in the United States relating to cultivating and distributing cannabis so long as cannabis remains illegal under United States federal law, certain companies that we have invested in may operate in the United States cannabis industry, provided that the securities held by Canopy Growth are non-participating and non-voting securities that are only convertible, exercisable, or exchangeable for common shares upon cannabis becoming legal or permissible in the United States under federal law. For instance, TerrAscend and SLANG Worldwide Inc. (“SLANG”) have interests in cannabis-related business in the United States, we have undertaken steps to structure our security holdings in these entities to insulate Canopy Growth from engaging in any unlawful United States cannabis-related activities.

Canopy Growth holds conditionally exchangeable shares in the capital of TerrAscend. These shares are not entitled to voting rights, dividends or other rights upon dissolution of TerrAscend but are convertible into common shares of TerrAscend upon receipt of the approval of the stock exchanges upon which Canopy Growth’s securities are listed and following either changes in United States federal laws regarding the cultivation, distribution or possession of cannabis or changes in the policies of the stock exchanges upon which Canopy Growth’s securities are listed with respect to such activities. The exchangeable shares do not provide (and there are no related contractual rights that would otherwise provide) us with any right to dividends, entitlements upon dissolution of TerrAscend, cash flow or other current economic entitlements, voting rights or any form of control over the business, affairs, operation or financial condition of TerrAscend.

Additionally, Canopy Growth directly and indirectly (through its ownership interest in Canopy Rivers) holds conditionally exercisable warrants in the capital of TerrAscend (the “TerrAscend Warrants”). The TerrAscend Warrants are only exercisable following changes in United States federal laws regarding the cultivation, distribution or possession of cannabis or approval of the various securities exchanges upon which the securities of the holder of the TerrAscend Warrants are listed.

Similarly, Canopy Growth holds conditionally exercisable warrants in the capital of SLANG. Canopy Growth is not permitted to exercise the warrants without, among other things, receipt of the approval of the stock exchanges upon which Canopy Growth’s securities are listed and following the date that the growth, cultivation, production, sale, use and consumption of cannabis and cannabis-related products are permitted in the United States for any and all purposes (including medical, therapeutic and recreational) under all applicable federal laws of the United States, including the CSA.

We may also acquire rights, options or other securities in entities that are currently engaged in activities in the United States related to cultivating and distributing cannabis that are only exercisable, convertible, or exchangeable for common shares following the date that the federal laws in the United States in regards to cannabis are amended and/or, if applicable, the date that the stock exchange(s) upon which the common shares are listed permit the investment in an entity that is involved in the cultivation or distribution of marijuana in the United States, provided that we (i) do not provide funds to such entities, and (ii) are not entitled to voting rights, dividends, or other rights upon dissolution in connection with the holding of such rights, options, or other securities. We may also invest in or loan funds to subsidiaries of entities that are currently engaged in activities in the United States related to cultivating and distributing cannabis, provided that (i) such subsidiaries do not engage in activities in the United States related to cultivating and distributing cannabis, and (ii) the funds invested or loaned to such entity are only used for lawful purposes and not in connection with activities in the United States related to cultivating and distributing cannabis.

We monitor the activities of TerrAscend, SLANG and other entities in which we are invested for compliance with United States cannabis laws and would make similar arrangements, if necessary, to ensure our ongoing compliance with United States federal laws.

There is a risk that our interpretation of laws, regulations and guidelines, including, but not limited to, the Cannabis Act, the associated regulations, various United States state regulations and applicable stock exchange rules and regulations may differ from those of others, including those of government authorities, securities regulators and stock exchanges. In addition, we have and will endeavor to cause the entities that we invest in, to only conduct business and invest in entities in federally legal jurisdictions

by including appropriate representations, warranties and covenants in our agreements with such entities. Any violation of these terms would result in a breach of the applicable agreement between such entity and us and, accordingly, may have a material adverse effect on our business, operations and financial condition. In particular, we may be required to divest its interest in an entity or risk significant fines, penalties, administrative sanctions, convictions, settlements or delisting from the TSX and/or NYSE and there is no assurance that any divestiture will be completed on terms favorable to us, or at all. Please refer to “Risk Factors” under Item 1A of this Annual Report for further discussion.

Competition

Health Canada only issues a limited number of licenses to cultivate, process and/or sell cannabis under the *Cannabis Act*. As of May 22, 2020, 391 licenses have been issued by Health Canada for cultivating, processing or selling cannabis. Each license issued by Health Canada is connected to a specific entity and a specific property, so to commence a new production site, an entity must apply for a new license. With the demand for legal cannabis increasing and given the early stage of the recreational cannabis market, as more Cannabis 2.0 products are launched, we expect that new competitors will enter the market. In the recreational market, we compete on the basis of quality, price, brand recognition, consistency and variety of cannabis products whereas these same competitive factors apply in the medical market as well as physician familiarity.

In addition, there are illegal growers and retailers of cannabis, operating in the black market that, while operating illegally, still act as competitors to us by either diverting customers away due to product choice or price point, or for those individuals who choose to continue to purchase their cannabis from the black market as it may be perceived as being more convenient, and they have grown accustomed to the quality and supply of their product.

In regards to industrial hemp and hemp-derived CBD, with the increased interest in CBD in Canada, the United States and internationally, the industrial hemp market will likely continue to expand. Market entrants in Canada and the United States face regulatory hurdles which may impede access to the market, as well as regulatory uncertainty surrounding the treatment of CBD.

Internationally, the capacity of cannabis companies to operate is limited to those countries which have legalized aspects of the production, distribution, sale and use of cannabis. We have been at the forefront of cannabis activity in those jurisdictions which have legalized such aspects of the cannabis business and continue to seek out opportunities internationally by engaging with local cannabis and business experts.

The CBI Group Investments

On November 2, 2017, Greenstar Canada Investment Limited Partnership (“Greenstar”), a wholly-owned subsidiary of CBI, invested CDN\$245 million in Canopy Growth in exchange for (i) 18,876,901 common shares; and (ii) 18,876,901 common share purchase warrants exercisable at an exercise price per common share of CDN\$12.9783 (the “Greenstar Warrants”). The Greenstar Warrants were exercised on May 1, 2020 for aggregate gross proceeds of approximately CDN\$245 million.

In connection with our offering of 4.25% convertible senior notes due 2023 (the “Canopy Notes”) pursuant to an indenture dated June 20, 2018, among Canopy Growth, GLAS Trust Company LLC and Computershare Trust Company of Canada, Greenstar purchased CDN\$200 million worth of Canopy Notes, which are convertible in certain circumstances and subject to certain conditions into an aggregate of 4,151,540 common shares.

On November 1, 2018, CBG Holdings LLC (“CBG”), a wholly-owned subsidiary of CBI, invested CDN\$5.079 billion in Canopy Growth in exchange for (i) 104,500,000 common shares at a price of CDN\$48.60 per common share, and (ii) 139,745,453 common share purchase warrants (the “CBG Warrants”), of which 88,472,861 CBG Warrants (the “Tranche A Warrants”) had an exercise price of CDN\$50.40 and were exercisable until November 1, 2021 and the remaining 51,272,592 CBG Warrants (the “Tranche B Warrants”) had an exercise price based on the five-day volume weighted average price of the common shares on the TSX at the time of exercise and will become immediately exercisable only following the exercise of the Tranche A Warrants.

In connection with the Acreage Arrangement Agreement, Canopy Growth and CBG entered into a consent agreement dated April 18, 2019 (the “Consent Agreement”) pursuant to which Canopy Growth agreed to (a) the extension of the expiry date of the Tranche A Warrants from November 1, 2021 until November 1, 2023, (b) the extension of the expiry date of the Tranche B Warrants from November 1, 2021 until November 1, 2026; and (c) the amendment of the exercise price for 38,454,444 of the Tranche B Warrants, such that 38,454,444 Tranche B Warrants will be exercisable to acquire one common share at a price of CDN\$76.68 rather than the five-day volume weighted average trading price of the common shares at the time of exercise.

As of May 29, 2020, the CBI Group holds, in the aggregate, 142,253,802 common shares, 139,745,453 CBG Warrants and CDN\$200 million principal amount of Canopy Notes. The common shares held by the CBI Group represent approximately 38.6% of the issued and outstanding common shares. Assuming full exercise of the CBG Warrants and full conversion of the Canopy Notes, the CBI Group would hold 286,150,795 common shares, representing approximately 55.8% of the issued and outstanding common shares (assuming no other changes in Canopy Growth’s issued and outstanding common shares), calculated in accordance with applicable securities laws.

Investor Rights Agreement

Canopy Growth and the CBI Group also entered into the Second Amended and Restated Investor Rights Agreement dated April 18, 2019 among CBG, Greenstar and Canopy Growth (the “New Investor Rights Agreement”), which amended the first amended and restated investor rights agreement dated November 1, 2018 between CBG, Greenstar and Canopy Growth, pursuant to which the CBI Group has certain governance rights which are summarized below.

Pursuant to the New Investor Rights Agreement, the CBI Group is entitled to designate four nominees for election or appointment to our board of directors for so long as the CBI Group holds a specified number of common shares or securities convertible into common shares (the “Target Number of Shares”). Additionally, under the New Investor Rights Agreement, the CBI Group has certain pre-emptive rights as well as certain top-up rights in order to maintain its pro rata equity ownership position in Canopy Growth in connection with any offering or distribution of securities by Canopy Growth (subject to certain exceptions).

The New Investor Rights Agreement provides that so long as the CBI Group continues to hold at least the Target Number of Shares, our board of directors will not: (i) propose or resolve to change the size of the board, except where otherwise required by law, or with the consent of CBG; or (ii) present a slate of board nominees to shareholders for election that is greater than or fewer than seven directors. In addition, the New Investor Rights Agreement provides that, subject to certain conditions, so long as the CBI Group continues to hold at least the Target Number of Shares, the CBI Group will adhere to certain non-competition restrictions including that we will be their exclusive strategic vehicle for cannabis products of any kind anywhere in the world (subject to limited exceptions. Further, the CBI Group agreed, for a limited period of time and subject to certain exceptions, to certain post-termination, non-competition restrictions, which include not pursuing other cannabis opportunities and not directly or indirectly participating in a competing business anywhere in the world.

Pursuant to the New Investor Rights Agreement, for so long as the CBI Group continues to hold at least the Target Number of Shares, we will not, without the prior written consent of CBG, among other things, (a) consolidate or merge into or with another person or enter into any other similar business combination, including pursuant to any amalgamation, arrangement, recapitalization or reorganization, other than a consolidation, merger or other similar business combination of any wholly-owned subsidiary or an amalgamation or arrangement involving a subsidiary with a another person in connection with a permitted acquisition; (b) acquire any shares or similar equity interests, instruments convertible into or exchangeable for shares or similar equity interests, assets, business or operations with an aggregate value of more than CDN\$250 million, in a single transaction or a series of related transactions; (c) sell, transfer, lease, pledge or otherwise dispose of any of its or any of its subsidiaries’ assets, business or operations (in a single transaction or a series of related transactions) in the aggregate with a value of more than CDN\$20 million; or (d) make any changes to our policy with respect to the declaration and payment of any dividends on the common shares.

In accordance with the New Investor Rights Agreement, CBI Group will be permitted, prior to the exercise or expiry of all of the CBG Warrants, to purchase up to 20,000,000 common shares (subject to customary adjustments for share splits, consolidations or other changes to the outstanding share capital of a similar nature): (i) on the TSX, the NYSE or any other stock exchange, marketplace or trading market on which the common shares are then listed; or (ii) through private agreement transactions with existing holders of common shares, provided that CBG must promptly notify Canopy Growth of any acquisition of common shares.

The New Investor Rights Agreement will terminate upon the earlier of: (i) the mutual consent of the parties; (ii) the date on which the CBI Group owns less than 33,000,000 common shares; and (iii) the date of a non-appealable court order terminating the New Investor Rights Agreement under certain circumstances.

Consent Agreement

In addition to the amendments to the CBG Warrants, pursuant to the Consent Agreement, we agreed that without the prior written consent of CBG, such consent not to be unreasonably withheld, we will not (i) exercise our right to acquire all of the issued and outstanding shares of Acreage prior to the Triggering Event; (ii) amend, modify, supplement or restate the Acreage Arrangement Agreement; or (iii) waive any terms, covenants or conditions set forth in the Acreage Arrangement Agreement.

In addition, we agreed that, in the event that CBG exercises the Tranche A Warrants in full, we will purchase the lesser of (i) 27,378,866 common shares, and (ii) common shares with a value of CDN\$1,582,995,262, during the period commencing on April 18, 2019 and ending on the date that is 24 months after the date that CBG exercises all of the Tranche A Warrants. If, for any reason, we do not purchase for cancellation the common shares within such period, we are required to pay to CBG an amount (the “Credit Amount”), as liquidated damages, equal to the difference between: (i) CDN\$1,582,995,262; and (ii) the actual purchase price we paid in purchasing common shares pursuant to the Consent Agreement. The Credit Amount will reduce the aggregate exercise price otherwise payable by CBG upon each exercise of the Tranche B Warrants (including those Tranche B Warrants reclassified as tranche C warrants).

We also agreed that if the CBI Group receives any notification or communication of any violation or contravention of applicable law or any liability to the CBI Group under applicable law or any notification or communication that would be expected to result in a violation or contravention of applicable law or any actual liability to the CBI Group under applicable law, as a result of the license agreement between us and Acreage, CBG has the right to direct and cause us to terminate the license agreement in accordance with its terms, provided that we will have an opportunity to cure any such violation, contravention or liability and CBG will be required to take all commercially reasonable efforts to assist us in addressing such violation, contravention or liability.

Employees

As of March 31, 2020, we had 4,434 total employees, including 3,374 full-time employees in Canada. As of March 31, 2020, we had 1,060 employees outside of Canada, including in the United States.

Website Access to Reports

We maintain a website at www.canopygrowth.com. We are providing the address to our website solely for the information of investors. The information contained on our website is not a part of, nor is it incorporated by reference into this Annual Report. Through our website, we make available, free of charge, our annual proxy statement, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish them to the SEC. The SEC maintains a website that contains these reports at www.sec.gov.

Item 1A. Risk Factors.

An investment in us involves a number of risks. In addition to the other information contained in this Annual Report and in other filings we make, investors should give careful consideration to the following risk factors. Any of the matters highlighted in these risk factors could adversely affect our business, results of operations and financial condition, causing an investor to lose all, or part of, its, his or her investment. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of our securities could be materially and adversely affected.

Risks Relating to Regulation and Compliance

We operate in highly regulated industries where the regulatory environments are rapidly developing and we may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Our operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Health Canada and analogous provincial and local regulatory agencies and, in the U.S., the FDA, the USDA, DEA and FTC and analogous state agencies) relating to, among other things, the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis, U.S. hemp and cannabis-based products, and also including laws, regulations and guidelines relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment (including relating to emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes). Our operations may also be affected in varying degrees by government regulations with respect to, but not limited to, price controls, export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Laws, regulations and guidelines, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services.

Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the production, storage, transportation, sale, import and export, as applicable, of our products. The cannabis and U.S. hemp industries are still new industries and, in Canada, in particular the Cannabis Act, is a new regime that has no close precedent in Canadian law. Similarly, outside of Canada, the regulatory environments in jurisdictions legalizing the import, cultivation, production and sale of cannabis and cannabis products are new and are still being developed without close precedent in such jurisdictions. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition and results of operations. For example, in the U.S., registered federal trademark protection is only available for goods and services that can be lawfully used in interstate commerce; the U.S. Patent and Trademark Office ("USPTO") is not currently approving any trademark applications for cannabis, or certain goods containing U.S. hemp-derived CBD (such as dietary supplements and food) until the FDA and the USDA provides clearer guidance on the regulation of such products.

The regulatory environment for our products is rapidly developing, and the need to build and maintain robust systems to comply with different and changing regulations in multiple jurisdictions increases the possibility that we may violate one or more applicable requirements. While we endeavor to comply with all relevant laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations could subject us to negative consequences, including, civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, asset seizures, revocation or imposition of additional conditions on licenses to operate our business, the denial of regulatory applications (including, in the U.S., by other regulatory regimes that rely on the positions of the DEA, FDA and USDA in the application of their respective regimes), the suspension or expulsion from a particular market or jurisdiction or of our key personnel, or the imposition of additional or more stringent inspection, testing and reporting requirements, any of which could materially adversely affect our business and financial results. In the United States, failure to comply with FDA and USDA requirements (and analogous state agencies) may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm our reputation, require us to take, or refrain from taking, actions that could harm our operations or require us to pay substantial amounts of money, harming our financial condition. Increasingly, communication and coordination among regulators has led in other industries to coordinated responses to regulatory and licensure applications. To the extent that regulators coordinate responses to license applications and regulatory conditions, limitations or denials of licenses in one jurisdiction may lead to denials in other jurisdictions. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources, negatively impact our future growth plans and opportunities or have a material adverse impact on our business, financial condition and results of operations.

If our U.S. hemp business activities are found to be in violation of any of U.S. federal, state or local laws or any other governmental regulations, in addition to the items described above:

- we may be subject to “Warning Letters,” fines, penalties, administrative sanctions, settlements, injunctions, product recalls and/or other enforcement actions arising from civil, administrative or other proceedings initiated that could adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance;
- the profits or revenues derived therefrom could be subject to money laundering statutes, including the Money Laundering Control Act, which could result in significant disruption to our U.S. hemp business operations and involve significant costs, expenses or other penalties; and
- our suppliers, service providers and distributors may elect, at any time, to breach or otherwise cease to participate in supply, service or distribution agreements, or other relationships, on which our operations rely.

We and our joint ventures and strategic investments are reliant on required licenses, authorizations, approvals and permits for our ability to grow, process, store and sell cannabis which are subject to ongoing compliance, reporting and renewal requirements and we may also be required to obtain additional licenses, authorizations, approvals and permits in connection with our business.

We are dependent on our existing licenses from Health Canada in order to grow, store and sell cannabis. These licenses are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of these licenses or failure to maintain these licenses could have a material adverse impact on our business, financial condition and operating results. There can be no guarantee that a license will be extended or renewed or, if extended or renewed, that it will be extended or renewed on terms that are favorable to us or that Health Canada will not revoke the licenses. Should we fail to comply with requirements of the licenses, should Health Canada not extend or renew the licenses, should we renew the licenses on different terms (including not allowing for anticipated capacity increases) or should the licenses be revoked, our business, financial condition and results of the operations will be materially adversely affected.

In addition, our ability to grow our business is dependent on securing and maintaining certain new licenses, particularly retail licenses and licenses in international jurisdictions. Failure to comply with the requirements of any license application or failure to obtain and maintain the appropriate licenses with the relevant authorities would have a material adverse impact on our business, financial condition and results of operations. There can also be no guarantees that regulatory authorities will issue the required licenses to us.

Changes in the laws, regulations and guidelines governing cannabis and U.S. hemp may adversely impact our business.

Our current operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Health Canada and, in the U.S., the FDA, the USDA, DEA, FTC and USPTO) relating to the marketing, acquisition, manufacture, packaging/labeling, management, transportation, storage, sale and disposal of cannabis or U.S. hemp but also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment (including relating to emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes). Additionally, our growth strategy continues to evolve as regulations governing the cannabis industry in the jurisdictions in which we operate become more fully developed. Interpretation of these laws, rules and regulations and their application to our operations is ongoing. No assurance can be given that new laws, regulations and guidelines will not be enacted or that existing laws, regulations and guidelines will not be amended, repealed or interpreted or applied in a manner which could require extensive changes to our operations, increase compliance costs, give rise to material liabilities or a revocation of our licenses and other permits, restrict the growth opportunities that we currently anticipate or otherwise limit or curtail our operations. Amendments to current laws, regulations and guidelines governing the production, sale and use of cannabis and cannabis-based products, more stringent implementation or enforcement thereof or other unanticipated events, including changes in political regimes or political instability, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation, changing political conditions and governmental regulations relating to foreign investment and the cannabis business more generally, and changes in attitudes toward cannabis, are beyond our control and could require extensive changes to our operations, which in turn may result in a material adverse effect on our business, financial condition and results of operations.

While the production of cannabis in Canada is under the regulatory oversight of the Canadian federal government, the distribution of recreational cannabis in Canada is the responsibility of the provincial and territorial governments. The impact of the legislation regulating recreational cannabis passed in such provinces and territories on the cannabis industry and on our business plans and operations is uncertain. Certain Canadian provinces and territories have announced certain restrictions that are more stringent than the federal rules or regulations such as bans on cannabis edibles, raising minimum age of purchase and flavor restrictions. For example, Quebec, Newfoundland and Labrador and Prince Edward Island do not currently permit sales of cannabis vaporizers. In addition, the distribution and retail channels and applicable rules and regulations in the provinces continue to evolve and our ability to distribute and retail cannabis and cannabis products in Canada is dependent on the ability of the provinces and territories of Canada to establish licensed retail networks and outlets. There is no guarantee that the applicable legislation regulating the distribution and sale of cannabis for recreational purposes will create or allow for the growth opportunities we currently anticipate.

Furthermore, additional countries continue to pass laws that allow for the production and distribution of cannabis in some form or another. We have some subsidiaries and strategic alliances in place outside of Canada and the United States, which may be affected if more countries legalize cannabis. See “Business—U.S. Regulatory Framework—The Acreage Arrangement.” Increased international competition and limitations placed on us by Canadian regulations might lower the demand for our products on a global scale. We also face competition in each jurisdiction outside of Canada and the United States where we have subsidiaries and strategic alliances with local companies that have more experience, more in-depth knowledge of local markets or applicable laws, regulations and guidelines or longer operating histories in such jurisdictions.

We are subject to certain restrictions of the TSX and the NYSE which may constrain our ability to expand our business internationally.

Our common shares are listed on the TSX and the NYSE. We must comply with the TSX and NYSE requirements or guidelines when conducting business, especially when pursuing international opportunities in the United States.

On October 16, 2017, the TSX provided clarity regarding the application of Section 306 (Minimum Listing Requirements), Section 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the “TSX Requirements”) to TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSX Requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the TSX Requirements, the TSX has the discretion to initiate a delisting review. Although we do not conduct any operations in the United States with respect to cannabis, failure to comply with the TSX Requirements could have a material adverse effect on our business, financial condition and results of operations.

While the NYSE has not issued official rules specific to the cannabis or hemp industry, stock exchanges in the United States, including the NYSE, have historically refused to list certain cannabis related businesses, including cannabis retailers, that operate primarily in the United States. Failure to comply with any requirements imposed by the NYSE could result in the delisting of our common shares from the NYSE or denial of any application to have additional securities listed on the NYSE which could have a material adverse effect on the trading price of our common shares.

We are constrained by law in our ability to market and advertise our products.

Our marketing and advertising are subject to regulation by various regulatory bodies in the jurisdictions we operate. In Canada, the development of our business and related results of operations may be hindered by applicable regulatory restrictions on sales and marketing activities. For example, the regulatory environment in Canada limits our ability to compete for market share in a manner similar to other industries. If we are unable to effectively market our products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for our products, our sales and results of operations could be adversely affected. See “Business—Canadian Regulatory Framework.”

In the United States, our advertising is subject to regulation by the FTC under the Federal Trade Commission Act as well as the FDA under the Federal Food, Drug, and Cosmetic Act and USDA, including as amended by the Dietary Supplement Health and Education Act of 1994, and by state agencies under analogous and similar state and local laws. In recent years, the FTC, the FDA, USDA and state agencies have initiated numerous investigations of food and dietary supplement products both because of their CBD content and based on allegedly deceptive or misleading marketing claims and have, on occasion, issued “Warning Letters” due to such claims. Some U.S. states also permit content, advertising and labeling laws to be enforced by state attorneys general, who may seek civil and criminal penalties, relief for consumers, class action certifications, class wide damages and recalls of products sold by us. There has also been a recent increase in private litigation that seeks, among other things, relief for consumers, class action certifications, class wide damages and recalls of products. We could become a target of such private class action litigation. Any actions against us by governmental authorities or private litigants could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

We could be adversely affected by violations of the Corruption of Foreign Public Officials Act (Canada), the U.S. Foreign Corrupt Practices Act and other similar anti-bribery laws.

Our business is subject to the Corruption of Foreign Public Officials Act (Canada) and the U.S. Foreign Corrupt Practices Act (“FCPA”) and other similar laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, we are or will be subject to the anti-bribery laws of any other countries in which we conduct business now or in the future. Our employees or other agents may, without our knowledge and despite our efforts, engage in conduct prohibited under our policies and procedures and under anti-bribery laws, for which we may be held responsible. Our policies mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that our internal control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by our affiliates, employees, contractors or agents. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Cannabis is a controlled substance in the United States and therefore subject to the Controlled Substances Import and Export Act.

We are indirectly involved in ancillary activities related to the cannabis industry in jurisdictions in the United States where local state law permits such activities and, by virtue of, among other transactions, the Acreage Arrangement and our holding of Exchangeable Shares of TerrAscend, we may be indirectly associated with the cultivation, processing or distribution of cannabis in the United States. In the United States, cannabis is regulated at both the federal and state levels. To our knowledge, there are to date a total of 33 states, and the District of Columbia, that have now legalized cannabis in some form, including California, Nevada, New York, New Jersey, Washington and Florida. Although several states allow the sale of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the CSA and, as such, cultivation, distribution, sale and possession of cannabis violates federal law in the United States. The inconsistency between federal and state laws and regulations may result in a loss of the value of our investments and alliances in these businesses.

As a result of the Sessions Memorandum, federal prosecutors have prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities and, as a result, it is uncertain how active federal prosecutors will be in relation to such activities. There can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

On January 15, 2019, U.S. Attorney General William P. Barr intimated a markedly different approach to cannabis regulation than his predecessor during his confirmation hearing before the Senate Judiciary Committee. Mr. Barr stated that his approach to cannabis regulation would be not to upset settled expectations that have arisen as a result of the Cole Memorandum, that it would be inappropriate to upset the current situation as there has been reliance on the Cole Memorandum and that he would not be targeting companies that have relied on the Cole Memorandum and are complying with state laws with respect to the distribution and production of cannabis. While he did not offer support for cannabis legalization, Mr. Barr did emphasize the need for the U.S. Congress to clarify federal laws to address the untenable current situation which has resulted in a backdoor nullification of federal law.

While state law in certain U.S. states may take a permissive approach to medical and/or recreational use of cannabis, the CSA may still be enforced by U.S. federal law enforcement officials against individuals and companies operating in those states for activity that is legal under state law. If the Department of Justice opted to pursue a policy of aggressively enforcing U.S. federal law against financiers or equity owners of cannabis-related businesses, then both Acreage and TerrAscend, for instance, could face (i) seizure of their cash and other assets used to support or derived from their business activities; and/or (ii) the arrest of its employees, directors, officers, managers and/or investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. In addition, under such an aggressive enforcement policy, the Department of Justice could allege that we and our board of directors, and potentially our shareholders, “aided and abetted” violations of federal law as a result of the Acreage Arrangement or other transactions involving us. In these circumstances, we may lose our entire investment and directors, officers and/or our shareholders may be required to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on us, including our reputation and ability to conduct business, the listing of our securities on the TSX, NYSE or other exchanges, our financial position, operating results, profitability or liquidity or the market price of our listed securities. Overall, an investor’s contribution to and involvement in our activities may result in federal civil and/or criminal prosecution, including forfeiture of his or her entire investment.

We are subject to a number of federal, state, and foreign environmental and safety laws and regulations that may expose us to significant costs and liabilities.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Accordingly, we will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in costs for corrective measures, penalties or restrictions on our production operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition and results of operations.

We received a notice from the Ontario Ministry of the Environment indicating that in order to be in compliance with the Canadian Environmental Protection Act and related regulations, we must obtain an Environmental Compliance Approval under Section 9 of the Canadian Environmental Protection Act. We filed an application for an Environmental Compliance Approval within the time required by the Ontario Ministry. On May 8, 2017, we received notice that the Ontario Ministry has begun their technical review of the application and as of the date of this Annual Report, it is still under review.

Our employees or investors could face detention, denial of entry or lifetime bans from United States for their business associations with us.

Cannabis remains illegal under U.S. federal law. Individuals employed at or investing in cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis businesses. Entry to the United States is granted at the sole discretion of the U.S. Customs and Border Protection (“CBP”) officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers that previous use of cannabis, or any substance prohibited by U.S. federal laws, could result in denial of entry to the United States. Business or financial involvement in the cannabis industry in Canada or in the United States could also be reason enough for CBP officers to deny entry. On September 21, 2018, CBP released a statement outlining its position with respect to enforcement of the laws of the U.S. It stated that Canada’s legalization of cannabis will not change CBP enforcement of U.S. laws regarding controlled substances and because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the cannabis industry in U.S. states or Canada may affect admissibility to the United States. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible. Employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in Canada or the United States (such as us), who are not U.S. citizens, face the risk of being barred from entry into the United States for life. Despite the fact that our U.S. hemp activities are legal pursuant to the 2018 Farm Bill, due to the nature of the business as a whole, individuals employed by or investing in us could face a such a ban.

Anti-money laundering and other banking laws and regulations can limit our ability to access financing and hamper our growth.

We are subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of our operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations or investments were found to be in violation of money laundering legislation, such transactions may be viewed as proceeds of crimes under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while we have no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that proceeds obtained by us could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

In February 2014, the FCEN of the U.S. Department of the Treasury issued the FCEN Memo. The FCEN Memo states that in some circumstances, it may not be appropriate to prosecute banks that provide services to marijuana-related businesses for violations of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on Cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo. Under U.S. federal law, banks or other financial institutions that provide a Cannabis-related business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy. As a result, we may have limited or no access to banking or other financial services in the United States. The inability or limitation on our ability to open or maintain bank accounts in the United States, to obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct our business as planned in the United States.

Risks Relating to Our Products

There is limited long-term data with respect to the efficacy and side effects of our products and future clinical research studies on the effects of cannabis, hemp and cannabinoids and cannabis-based products may lead to conclusions that dispute or conflict with our understanding and belief regarding their benefits, viability, safety, efficacy, dosing and social acceptance.

Research in Canada, the United States and internationally regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, U.S. hemp or isolated cannabinoids (such as CBD and THC) in dietary supplements, food or cosmetic products remains in early stages. There have been relatively few clinical trials on the benefits of cannabis, U.S. hemp or isolated cannabinoids and there is limited long-term data with respect to efficacy, side effects and/or interaction of these substances with human or animal biochemistry. As a result, our products could have unexpected side effects or safety concerns, the discovery of which could lead to civil litigation, regulatory actions and even possibly criminal enforcement actions. In addition, if the products we sell do not or are not perceived to have the effects intended by the end user, this could have a material adverse effect on our business, financial condition and results of operations. See also “—We may be subject to, or prosecute, litigation in the ordinary course of

business.”, “—We may be subject to product liability claims.” and “—Our products have in the past and may in the future be subject to recalls.”

The statements made by us, including in this Annual Report, concerning the potential benefits of cannabis, U.S. hemp and isolated cannabinoids are based on published articles and reports and therefore are subject to the experimental parameters, qualifications and limitations in such studies that have been completed. Although we believe that the existing public scientific literature generally supports our beliefs regarding the benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, U.S. hemp and cannabinoids, future research and clinical trials may cast doubt or disprove such beliefs, or could raise or heighten concerns regarding, and perceptions relating to, cannabis, U.S. hemp and cannabinoids, which could have a material adverse effect on the demand for our products with the potential to lead to a material adverse effect on our business, financial condition and results of operations. Given these risks, uncertainties and assumptions, undue reliance should not be placed on such literature. In particular, the FDA has raised several questions regarding the safety of CBD and gaps in the public scientific literature supporting the use of CBD by the general population.

Required clinical trials of cannabis-based medical products and treatments are novel terrain with very limited or non-existent clinical trials history; we face a significant risk that any trials will not result in commercially viable products and treatments.

We are required to conduct clinical trial of our products under applicable laws. Clinical trials are expensive, time consuming and difficult to design and implement. Regulatory authorities may suspend, delay or terminate any clinical trials we commence at any time, may require us, for various reasons, to conduct additional clinical trials, or may require a particular clinical trial to continue for a longer duration than originally planned. Clinical trials face many risks, including, among others:

- lack of effectiveness of any formulation or delivery system during clinical trials;
- discovery of serious or unexpected toxicities or side effects experienced by trial participants or other safety issues;
- slower than expected subject recruitment and enrollment rates in clinical trials;
- delays or inability in manufacturing or in obtaining sufficient quantities of materials for use in clinical trials due to regulatory and manufacturing constraints;
- delays in obtaining regulatory authorization to commence a trial, including licenses required for obtaining and using cannabis for research, either before or after a trial is commenced;
- unfavorable results from ongoing pre-clinical studies and clinical trials;
- patients or investigators failing to comply with study protocols;
- patients failing to return for post-treatment follow-up at the expected rate;
- sites participating in an ongoing clinical study withdraw, requiring us to engage new sites; and
- third-party clinical investigators declining to participate in our clinical studies, not performing the clinical studies on the anticipated schedule, or acting in ways inconsistent with the established investigator agreement, clinical study protocol or good clinical practices.

Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

The current controversy surrounding vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation.

There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaporizer devices and/or products used in such devices (such as vaporizer liquids). The focus is currently on the vaporizer devices, the manner in which the devices were used and the related vaporizer device products - THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaporizer products. Some states, provinces, territories and cities in Canada and the United States have already taken steps to prohibit the sale or distribution of vaporizers, restrict the sale and distribution of such products or impose restrictions on flavors or use of such vaporizers. This trend may continue, accelerate and expand.

Cannabis vaporizers in Canada are regulated under the Cannabis Act and Cannabis Regulations. Negative public sentiment may prompt regulators to decide to further limit or defer industry’s ability to sell cannabis vaporizer products, and may also diminish consumer demand for such products. For instance, Health Canada has proposed new regulations that would place stricter limits on the advertising and promotion of vaping products and make health warnings on vaping products mandatory, although such regulations explicitly exclude cannabis and cannabis accessories. The provincial governments in Quebec, Alberta and Newfoundland have imposed provincial regulatory restrictions on the sale of cannabis vape products. These actions, together with potential deterioration in the public’s perception of cannabis containing vaping liquids, may result in a reduced market for our vaping products. There can be no assurance that we will be able to meet any additional compliance requirements or regulatory restrictions, or remain competitive in face of unexpected changes in market conditions.

This controversy could well extend to non-nicotine vaporizer devices and other product formats. Any such extension could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance. Litigation pertaining to vaporizer products is accelerating and that litigation could potentially expand to include our products, which would materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

Future research may lead to findings that vaporizers, electronic cigarettes and related products are not safe for their intended use.

Vaporizers, electronic cigarettes and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long-term health effects. If the scientific or medical community were to determine conclusively that use of any or all of these products pose long-term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation, reputational harm and significant regulation. Loss of demand for our product, product liability claims and increased regulation stemming from unfavorable scientific studies on cannabis vaporizer products could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks and uncertainty regarding our U.S. hemp operations.

A small part of our business involves products containing U.S. hemp. There is substantial uncertainty concerning the legal status of U.S. hemp and U.S. hemp products containing U.S. hemp-derived ingredients, including CBD. The status of products derived from the cannabis or hemp plant, under both federal and state law depends on the THC content of the plant or derivative (including whether the plant meets the statutory definition of “industrial hemp” or “hemp”), the part of the plant from which an individual or entity produces the derivative (including whether the plant meets the statutory definition of “marijuana” under the CSA), whether the cultivator, processor, manufacturer or product marketer engages in cannabis-related activities for research versus purely commercial purposes, as well as the form and intended use of the product. The mere presence of a cannabinoid (such as CBD) is not dispositive as to whether the product is legal or illegal. The FDA, for instance, has approved drugs containing synthetic THC, though not naturally derived THC. There may be difficulty in maintaining consistent strains with consistent low levels of THC sufficient to meet U.S. regulatory requirements.

Under U.S. federal law, products containing CBD may be unlawful if derived from cannabis (including hemp with a concentration greater than 0.3% on a dry weight basis), or if derived from U.S. hemp grown outside the parameters of an approved U.S. hemp pilot program or U.S. hemp cultivated in violation of the 2018 Farm Bill. Even after enactment of the 2018 Farm Bill, the DEA may not treat all products containing U.S. hemp-derived ingredients, including CBD, as exempt from the Controlled Substances Act. If the DEA takes action against us or other participants in the U.S. hemp industry, this could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance. The number of competitors in the U.S. hemp industry is expected to increase, which could negatively impact our market share and demand for our products. Additionally, if the United States takes steps to legalize cannabis, the impact of such a development could result in new entrants into the market and increased levels of competition.

Additionally, the U.S. hemp industry may be impacted by perceived similarities or differences between U.S. hemp and cannabis. Consumers, vendors, landlords/lessors, industry partners or third-party service providers may incorrectly perceive U.S. hemp products as cannabis, thereby confusing them for having the THC content of cannabis or for being illegal under U.S. federal law which potentially impacts our ability to sell our products or obtain the necessary services or supplies to manufacture, store or transport our products.

We may also be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where we source, process, or sell products derived from U.S. hemp. We may be unable to obtain or maintain any necessary licenses, permits or approvals. Additional government licenses are currently, and in the future, may be, required in connection with our operations, in addition to other unknown permits and approvals which may be required, including with respect to our other Rest of World operations. To the extent such permits, and approvals are required and not obtained, we may be prevented from operating and/or expanding our business, which could have a material adverse effect on our business, financial condition and results of operations.

Additionally, U.S. hemp plants can be vulnerable to various pathogens including bacteria, fungi, viruses and other miscellaneous pathogens. Such instances often lead to reduced crop quality, stunted growth and/or death of the plant. Moreover, U.S. hemp is “phytoremediative” (meaning that it may extract toxins or other undesirable chemicals or compounds from the ground in which it is planted). Various regulatory agencies have established maximum limits for pathogens, toxins, chemicals and other compounds that may be present in agricultural materials. If U.S. hemp used in our products is found to have levels of pathogens, toxins, chemicals or other undesirable compounds that exceed permitted limits, it may have to be destroyed. Should the U.S. hemp used in our products be lost due to pathogens, toxins, chemicals or other undesirable compounds, or if we or our suppliers are otherwise unable to obtain U.S. hemp for use in our products on an ongoing basis, it may have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

Furthermore, some of our products that are intended to primarily contain U.S. hemp-derived CBD, or other products, may contain trace amounts of THC. THC is an illegal or controlled substance in many jurisdictions, including under the federal laws of the U.S. Whether or not ingestion of THC (at low levels or otherwise) is permitted in a particular jurisdiction, there may be adverse consequences to consumers of our U.S. hemp products who test positive for any amounts of THC, even trace amounts, because of the presence of unintentional amounts of THC in our U.S. hemp products. In addition, certain metabolic processes in the body may negatively affect the results of drug tests. As a result, we may have to recall our products from the market. Positive tests for THC may

adversely affect our reputation, our ability to obtain or retain customers and individuals' participation in certain athletic or other activities. A claim or regulatory action against us based on such positive test results could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

We are subject to risks and uncertainty regarding future product development.

We expect to derive a portion of our future revenues from the sale of new products, including Cannabis 2.0 products, some of which are still being actively developed and put into production. If we fail to adequately meet market demand for such products in a timely fashion, it may adversely impact our profitability.

Risks Relating to the CBI Group Investments

The CBI Group, our single largest shareholder, has the ability to exercise significant influence over us.

The CBI Group is our single largest shareholder and our business and future operations may be adversely affected by changes in the business, market price, directors, officers or employees of the CBI Group. The CBI Group has the ability to exercise significant influence over our business and operations due to its ownership interest and its rights under the New Investor Rights Agreement.

As of May 29, 2020, the CBI Group holds in the aggregate approximately 38.6% of our issued and outstanding common shares on a non-diluted basis, and, through its pre-emptive rights and top-up rights, the CBI Group has the ability to maintain its ownership level. The CBI Group is also entitled to designate four nominees for election or appointment to our board of directors.

In light of such ownership and rights, the CBI Group is in a position to exercise significant influence over us, including matters affecting shareholders or requiring shareholder approval, such as the election of directors, change of control transactions, amendments to our articles and bylaws and the determination of other significant corporate actions.

Upon exercise of the remaining CBG Warrants in full and full conversion of the Canopy Notes held by the CBI Group, assuming no other securities of ours are issued and excluding the exercise of our right to acquire Acreage, the CBI Group will beneficially hold approximately 55.8% of our issued and outstanding common shares and would be able to exercise a controlling influence over our business and affairs.

Accordingly, the CBI Group currently has significant influence over us and has the ability to increase this influence at any time upon the exercise of the CBG Warrants and the conversion of the Canopy Notes held by the CBI Group. There can also be no assurance that the interests of the CBI Group will align with our interests or the interests of our other shareholders, and the CBI Group will have the ability to influence certain actions that may not reflect our intent or align with our interests or the interests of our other shareholders. In addition, the presence of the CBI Group could limit the price that investors or an acquirer may be willing to pay for our common shares and may therefore delay or prevent a change of control of us, such as a merger or take-over.

Pursuant to the New Investor Rights Agreement, the CBI Group also has certain consent rights which could delay or prevent the completion of certain transactions that may otherwise be beneficial to our shareholders. We may also enter into other arrangements with the CBI Group, and as a result, we may be dependent on the CBI Group, which could have a material adverse effect on our business, financial condition and results of operations.

We may not realize the benefits of our strategic partnership with the CBI Group, which could have an adverse effect on our business and results of operations.

We believe that the strategic partnership between us and the CBI Group provides us with additional financial resources, product development and commercialization capabilities, and deep regulatory expertise to better position us to compete, scale and lead the rapidly growing global cannabis industry. We also believe that the growth opportunities for us are significant and could extend across the globe as new markets open. With the CBI Group's resources and expertise, we expect to be even better positioned to support innovation and create differentiated products and brands across medical and recreational categories. Nevertheless, a number of risks and uncertainties are associated with the expansion into such markets and the pursuit of these growth opportunities. The failure to reap the anticipated benefits of the CBI Group's resources and expertise to realize growth opportunities could have a material adverse effect on our business and results of operations.

Any common shares issued pursuant to the exercise of the CBG Warrants or the Canopy Notes held by the CBI Group will dilute shareholders.

The Tranche A Warrants may be exercised in full or in part at any time on or prior to November 1, 2023 and the Tranche B Warrants and Tranche C Warrants may be exercised in full or in part at any time on or prior to November 1, 2026, from time to time, in accordance with the terms thereof, and entitles the holder thereof, upon valid exercise in full thereof, to acquire, accept and receive from us an aggregate of 139,745,453 common shares (subject to adjustment in accordance with the terms of such warrants). The CDN\$200 million principal amount of Canopy Notes held by the CBI Group may be converted, in accordance with the terms thereof, and entitles the holder thereof, upon conversion in full thereof, to 4,151,540 common shares. Assuming full exercise of the Tranche A Warrants, the Tranche B Warrants and the Tranche C Warrants and the full conversion of the Canopy Notes held by the CBI Group, the CBI Group would be entitled to 143,896,993 common shares, which represents 41.1% of the issued and outstanding common

shares as of March 31, 2020 (on a non-diluted basis). Any issuance of common shares pursuant to the exercise of the CBG Warrants and the conversion of the Canopy Notes held by the CBI Group would dilute all of our other shareholders.

The CBI Group's significant interest in us may impact the liquidity of our common shares.

Our common shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where the CBI Group did not have the ability to significantly influence or determine matters affecting us. Additionally, the CBI Group's significant voting interest in us may discourage transactions involving a change of control of us, including transactions in which an investor, as a shareholder, might otherwise receive a premium for its common shares over the then-current market price.

The change of control provisions in certain of our existing or future contractual arrangements may be triggered upon the exercise of the CBG Warrants in part or in full.

Certain of our existing or future contractual arrangements may include change of control provisions requiring us to make certain payments or triggering certain termination rights for our counterparties if the change of control trigger is fulfilled. The change of control provisions in certain of our existing arrangements, including, but not limited to, compensatory arrangements, or agreements we may enter into in the future, may be triggered upon the exercise of the CBG Warrants in part or in full.

Conflicts of interest may arise between us and our directors and officers, including as a result of the continuing involvement of certain of our directors with the CBI Group and its affiliates.

We may be subject to various potential conflicts of interest because of the fact that some of our officers and directors may be engaged in a range of business activities, and have relationships with or are employed by the CBI Group. David Klein, our Chief Executive Officer, previously served as Executive Vice President and Chief Financial Officer of CBI. Michael Lee, our Chief Financial Officer, previously served as Senior Vice President and Chief Financial Officer, Wine & Spirits at CBI. Thomas Stewart, our Chief Accounting Officer, previously served as Senior Director, Global Accounting at CBI. Holly Lukavsky, our Vice President of Human Resources, currently serves as the interim Chief Human Resources Officer at CBI. William Newlands, one of our directors, currently serves as the Chief Executive Officer and President of CBI and is also a board member of CBI. Robert Hanson, one of our directors, currently serves as the President, Wine & Spirits at CBI. Judy Schmeling, the chair of our board of directors and the chair of our Audit Committee, is also a board member of CBI. In addition, Jim Sabia, a board observer, serves as Executive Vice President and Chief Marketing Officer of CBI. Our directors devote, and our executive officers may devote, time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to us. Our directors, and in some cases, our executive officers, may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to our business and affairs and that could adversely affect our operations. These business interests could require significant time and attention.

We may also become involved in other transactions which are inconsistent or conflict with the interests of our directors and officers who may from time to time deal with persons, firms, institutions or corporations with which we may be dealing, or which may be seeking investments similar to those desired by us. The interests of these persons could conflict with our interests. In addition, we may be competing with these persons, such as the CBI Group, for available investment and other opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, our directors are required to act honestly, in good faith and in our best interests.

Future sales of our common shares by the CBI Group could cause the market price for our common shares to fall.

The CBI Group is not contractually committed to maintaining an equity stake in us. Subject to compliance with applicable securities laws, the CBI Group may sell some or all of their common shares at any time. The New Investor Rights Agreement contains registration rights, on terms customary for a significant shareholder, pursuant to which we have agreed to facilitate sales of common shares by the CBI Group. In addition, the CBI Group has the right to require us to make disclosure to permit it to sell in certain circumstances. Such sales, or the market perception of such sales, could significantly reduce the market price of our common shares. We cannot predict the effect, if any, that future public sales of our common shares beneficially owned by the CBI Group or the availability of these common shares for sale will have on the market price of our common shares. If the market price of our common shares were to drop as a result, this might impede our ability to raise additional capital and might cause a significant decline in the value of the investments of our other shareholders.

The intentions of the CBI Group regarding its long-term economic ownership of our common shares are subject to change as a result of changes in the circumstances of the CBI Group or its affiliates, changes in our management and operation and changes in laws, market conditions and our financial performance.

Risks Relating to Entry into New Markets

Our expansion plans into the United States rely on the success of the Acreage Arrangement, and we cannot guarantee that the Acreage Arrangement will close in the near future, or at all, and even if closed, that we will achieve the expected benefits of the transaction.

Our expansion plans into the United States are currently based on the Acreage Arrangement. See “Business—U.S. Regulatory Framework—The Acreage Arrangement” for additional information regarding the Acreage Arrangement. The effectiveness of the Acreage Arrangement is subject to certain conditions, including, among other things, that U.S. federal law is amended to permit the general cultivation, distribution and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States and the receipt of the certain regulatory approvals. Such conditions have not yet occurred. See “—Cannabis is a controlled substance in the United States and therefore subject to the Controlled Substances Import and Export Act.” There is no guarantee that U.S. federal law will be amended to legalize cannabis in the near future, or at all. Additionally, the regulatory approval processes may take a lengthy period of time to complete, which could delay closing of the Acreage Arrangement.

Certain of these conditions, including the U.S. federal legalization of cannabis, are outside of our control. There can be no certainty, nor can we provide any assurance, that all conditions precedent to the consummation of the acquisition will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived and, accordingly, the Acreage Arrangement may not be completed. If, for any reason, the Acreage Arrangement is not completed or its completion is materially delayed and/or the Acreage Arrangement Agreement is terminated, the market price of our common shares may be materially adversely affected. In such events, our business, financial condition or results of operations could also be subject to various material adverse consequences, including that we would remain liable for costs relating to the Acreage Arrangement.

Even if we do close the Acreage Arrangement, the intended benefits of the Acreage Arrangement may not be realized. The Acreage Arrangement poses risks for our ongoing operations, including, among others, (i) that senior management’s attention may be diverted from the management of daily operations to the integration of the Acreage operations, (ii) costs and expenses associated with any undisclosed or potential liabilities, (iii) that the Acreage business may not perform as well as anticipated and (iv) that unforeseen difficulties may arise in integrating the Acreage business.

We cannot assure you that the Acreage Arrangement will be accretive to us in the near term or at all. Furthermore, if we fail to realize the intended benefits of Acreage Arrangement, the market price of our common shares could decline to the extent that the market price reflects those benefits.

Controlled substance and other legislation and treaties may restrict or limit our ability to research, manufacture and develop a commercial market for our products outside of the jurisdictions in which we currently operate and our expansion into such jurisdictions is subject to risks.

Approximately 250 substances, including cannabis, are listed in the Schedules annexed to the UN Single Convention, the Convention on Psychotropic Substances (Vienna, 1971) and the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (introducing control on precursors) (Vienna, 1988). The purpose of these listings is to control and limit the use of these drugs according to a classification of their therapeutic value, risk of abuse and health dangers, and to minimize the diversion of precursor chemicals to illegal drug manufacturers. The 1961 UN Single Convention on Narcotic Drugs, as amended in 1972 classifies cannabis as a Schedule I (“substances with addictive properties, presenting a serious risk of abuse”) and as a Schedule IV (“the most dangerous substances, already listed in Schedule I, which are particularly harmful and of extremely limited medical or therapeutic value”) narcotic drug. The 1971 UN Convention on Psychotropic Substances classifies THC as a Schedule I psychotropic substance (substances presenting a high risk of abuse, posing a particularly serious threat to public health which are of very little or no therapeutic value). Many countries are parties to these conventions, which govern international trade and domestic control of these substances, including cannabis. They may interpret and implement their obligations in a way that creates legal obstacles to our obtaining manufacturing and/or marketing approval for our products in those countries. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit our products to be manufactured and/or marketed and achieving such amendments to the laws and regulations may take a prolonged period of time. There can be no assurance that any market for our products will develop in any jurisdiction in which we do not currently have operations. We may face new or unexpected risks or significantly increase our exposure to one or more existing risk factors, including economic instability, political instability, changes in laws and regulations and the effects of competition. These factors may limit our capability to successfully expand our operations into such jurisdictions and may have a material adverse effect on our business, financial condition and results of operations.

Investments and joint ventures outside of Canada and the United States are subject to the risks normally associated with any conduct of business in foreign countries, including varying degrees of political, legal and economic risk.

Much of our exposure to markets in jurisdictions outside of Canada and the United States is through investments and joint ventures. These investments and joint ventures are subject to the risks normally associated with any conduct of business in foreign and/or emerging countries including political risks; civil disturbance risks; changes in laws or policies of particular countries, including those relating to royalties, duties, imports, exports and currency; the cancellation or renegotiation of contracts; the imposition of royalties, net profits payments, tax increases or other claims by government entities, including retroactive claims; a disregard for due process and the rule of law by local courts; the risk of expropriation and nationalization; delays in obtaining or the inability to obtain necessary governmental permits or the reimbursement of refundable tax from fiscal authorities.

Threats or instability in a country caused by political events including elections, change in government, changes in personnel or legislative bodies, foreign relations or military control present serious political and social risk and instability causing interruptions to the flow of business negotiations and influencing relationships with government officials. Changes in policy or law may have a material adverse effect on our business, financial condition and results of operations. The risks include increased “unpaid” state participation, higher energy costs, higher taxation levels and potential expropriation.

Other risks include the potential for fraud and corruption by suppliers or personnel or government officials which may implicate us, compliance with applicable anti-corruption laws, including the FCPA and the Corruption of Foreign Public Officials Act (Canada) by virtue of our operating in jurisdictions that may be vulnerable to the possibility of bribery, collusion, kickbacks, theft, improper commissions, facilitation payments, conflicts of interest and related party transactions and our possible failure to identify, manage and mitigate instances of fraud, corruption or violations of our code of conduct and applicable regulatory requirements.

There is also the risk of increased disclosure requirements; currency fluctuations; restrictions on the ability of local operating companies to hold Canadian dollars, U.S. dollars or other foreign currencies in offshore bank accounts; import and export regulations; increased regulatory requirements and restrictions; limitations on the repatriation of earnings or on our ability to assist in minimizing our expatriate workforce’s exposure to double taxation in both the home and host jurisdictions; and increased financing costs.

These risks may limit or disrupt our joint ventures, strategic alliances or investments, restrict the movement of funds, cause us to have to expend more funds than previously expected or required or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may materially adversely affect our financial position and/or results of operations. In addition, the enforcement by us of our legal rights in foreign countries, including rights to exploit our properties or utilize our permits and licenses and contractual rights may not be recognized by the court systems in such foreign countries or enforced in accordance with the rule of law.

We may invest in companies, or engage in joint ventures, in countries with developing economies. It is difficult to predict the future political, social and economic direction of the countries in which we operate, and the impact government decisions may have on our business. Any political or economic instability in the countries in which we operate could have a material and adverse effect on our business, financial condition and results of operations.

Our use of joint ventures may expose us to risks associated with jointly owned investments.

We currently operate parts of our business through joint ventures with other companies, and we may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present for investments made solely by us, including: (i) we may not control the joint ventures; (ii) our joint venture partners may not agree to distributions that we believe are appropriate; (iii) where we do not have substantial decision-making authority, we may experience impasses or disputes with our joint venture partners on certain decisions, which could require us to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) our joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfil their obligations as a joint venture partner; (v) the arrangements governing our joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (vi) our joint venture partners may have business or economic interests that are inconsistent with ours and may take actions contrary to our interests; (vii) we may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments; (viii) it may be difficult for us to exit a joint venture if an impasse arises or if we desire to sell our interest for any reason; and (ix) our joint venture partners may exercise termination rights under the relevant agreements. Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations. In addition, we may, in certain circumstances, be liable for the actions of our joint venture partners.

There can be no assurance that our current and future acquisitions, strategic alliances, investments or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations.

We currently have, and may in the future enter into, acquisitions, additional strategic alliances or investments with third parties that we believe will complement or augment our existing business. Our ability to complete acquisitions or strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, acquisitions or strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business, and/or may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future acquisitions or strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future acquisitions or strategic alliances will achieve, or that our existing acquisitions or strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future acquisitions or strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

In addition, future acquisitions, including the acquisition of Acreage (if the Acreage Arrangement is completed), could result in future issuances of our securities, including up to 171,227,420 common shares that may be issued in the future in connection with the closing of the Acreage Arrangement and the associated top-up right of the CBI Group pursuant to the New Investor Rights Agreement. Such issuances of securities may have an adverse effect on the market price of the common shares. See “—Our expansion

plans into the United States rely on the success of the Acreage Arrangement, and we cannot guarantee that the Acreage Arrangement will close in the near future, or at all.”

We are subject to risks relating to our current and future operations in emerging markets.

We have operations in various emerging markets, such as Latin America and the Caribbean, and may have operations in additional emerging markets in the future. Such operations expose us to the socio-economic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labor unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that favor or require us to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry policies or shifts in political attitude in the countries in which we operate may adversely affect our operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

We continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof to our operations; however, such developments cannot be accurately predicted and could have an adverse effect on our operations or profitability.

Risks Relating to Competition, Performance and Operations

The current outbreak of the novel coronavirus, or COVID-19, has caused severe disruptions in the global economy and to our business, and may have an adverse impact on our performance and results of operations.

The recent outbreak of the novel coronavirus, or COVID-19, which has been declared by the World Health Organization (“WHO”) to be a “pandemic”, has spread across the globe and is impacting worldwide economic activity. COVID-19 has severely restricted the level of economic activity around the world and in all countries in which we or our affiliates operate. For instance, economic activity in Alberta, one of our key markets, has significantly declined due to the reduction in oil prices, a key component of the Alberta economy, which has led to less discretionary consumer spending and lower spending on cannabis products. A public health epidemic, including COVID-19, or the fear of a potential pandemic, poses the risk that we or our employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, and our customers may be prevented from purchasing our products, due to shutdowns, “stay at home” mandates or other preventative measures that may be requested or mandated by governmental authorities. The governments of many countries, states, cities and other geographic regions have taken such preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. Such actions are creating disruption in global supply chains, increasing rates of unemployment and adversely impacting many industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown.

The effect of COVID-19 could include closures of our facilities or the facilities of our suppliers and other vendors in our supply chain and other preventive and protective measures in our supply chain. If the pandemic persists, closures or other restrictions on the conduct of business operations of our third-party manufacturers, suppliers or vendors could disrupt our supply chain. While we have not yet experienced delays in shipping, the increased global demand on shipping and transport services may cause us to experience delays in the future which could impact our ability to obtain materials or deliver our products in a timely manner. These factors could otherwise disrupt our operations and could have an adverse effect on our business, financial condition and results of operations. In various provinces in Canada, cannabis retailers have been restricted to conducting sales via curbside pickup and online delivery or are reducing opening hours, staff onsite and reducing the number of customers allowed in-store for cannabis retailers that continue to be open. For example, all of our corporate owned stores in Newfoundland and Labrador, Manitoba and Saskatchewan were temporarily closed on March 17, 2020, however, many have now reopened but are operating on reduced hours. In Ontario, all of the Tweed and Tokyo Smoke stores that are operated by independent operators pursuant to licensing arrangements were temporarily closed but have since reopened with reduced hours of operation and are offering consumers click-and-collect and delivery services.

Retailers of our products in Canada and the United States have in some cases been determined to be, and may in other cases be deemed in the future, nonessential and be required to close or choose to suspend or significantly curtail their operations due to health and safety concerns for their employees. Further, those retail operations that we have been able to reopen may be closed in the future in the event that governments reinstitute closures for public health reasons. Even if our production facilities remain open,

mandatory or voluntary self-quarantines and travel restrictions may limit our employees' ability to get to our facilities, and this, together with impacts on our supply chain and the uncertainty produced by the rapidly evolving nature of COVID-19, may result in reduced or suspended production. Those types of restrictions could also impact the abilities of customers in certain Canadian provinces or the United States to continue to have access to our products. Quarantines, shelter-in-place and similar government orders, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could occur could impact personnel at third-party manufacturing facilities in Canada and the United States and other countries, or the availability or cost of materials, which would disrupt our supply chain, in particular in relation to our supply of masks, gowns and other protective equipment used at our facilities due to the global shortage of such protective equipment and materials.

As a result of COVID-19, we have implemented work-from-home policies for certain employees and the effects of our work-from-home policies may negatively impact productivity, disrupt access to books and records, increase cybersecurity risks and disrupt our business, and we do not yet know when we will be able to return to the office. In addition, the effects of COVID-19 may delay our R&D programs and our ability to execute on certain of our strategic plans involving construction. So long as measures to combat COVID-19 stay in effect, we expect COVID-19 to negatively affect our results of operations. The global impact of COVID-19 continues to evolve rapidly, and the extent of its effect on our operational and financial performance will depend on future developments, which are highly uncertain, including the duration, scope and severity of the pandemic, the actions taken to contain or mitigate its impact, and the direct and indirect economic effects of the pandemic and related containment measures, among others.

Even after the pandemic subsides, our businesses could also be negatively impacted should the effects of COVID-19 lead to changes in consumer behavior, including as a result of a decline in discretionary spending. During the past year, financial conditions for the cannabis industry have faced increased volatility. Moreover, future events could cause global financial conditions to suddenly and rapidly destabilize, and governmental authorities may have limited resources to respond to such future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact our ability to obtain equity or debt financing or make other suitable arrangements to finance our projects. If increased levels of volatility continue, there is a rapid destabilization of global economic conditions or a prolonged recession resulting from the pandemic, it would likely materially affect our business and the value of our common shares.

We may not be able to achieve or maintain profitability and may continue to incur losses in the future.

We have incurred losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, we expect to continue to increase our capital investments and operating expenses as we implement initiatives to continue to grow our business. If our revenues do not increase to offset these expected increases in costs and operating expenses, we will not be profitable. If our revenue declines or fails to grow at a rate faster than our operating expenses, and we are unable to secure funding under terms that are favorable or acceptable to us, or at all, we will not be able to achieve and maintain profitability in future periods. As a result, we may continue to generate losses. We may not achieve profitability in the future and, even if we do become profitable, we might not be able to sustain that profitability. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding.

We may not be able to supply the provincial purchasers in various provinces and territories of Canada with our products in the quantities or prices anticipated, or at all.

Our current revenues are largely dependent upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements with the provinces and territories, including but not limited to availability of supply, product selection and the popularity of our products with retail customers. If our supply agreements with certain Canadian provinces are amended, terminated or otherwise altered, our sales and operating results could be adversely affected, which could have a material adverse effect on our business, operating results and financial condition.

Our supply arrangements with provincial purchasers, each of which we understand to be substantially similar in all material respects with the supply arrangements entered into with the other license holders in the Canadian cannabis industry, do not contain any binding minimum purchase obligations on the part of the relevant provincial purchaser.

We expect purchase orders to be primarily driven by end-consumer demand for our products and the relevant provincial purchaser supply at the relevant time. Accordingly, we cannot predict the quantities of our products that will be purchased by the provincial purchasers, or if our products will be purchased at all. Provincial purchasers may change the terms of the supply agreements at any time during the supply relationship including on pricing, have broad rights of return of products and are under no obligation to purchase products. As a result, provincial purchasers have a significant amount of control over the terms of the supply arrangements.

The effect of the legalization of recreational cannabis in Canada on the medical cannabis industry in Canada is still uncertain, and it may have a significant negative effect upon our medical cannabis business if our existing or future medical-use customers decide to purchase products available in the recreational market instead of purchasing medical-use products from us.

On October 17, 2018, the Cannabis Act came into effect. The Cannabis Act allows individuals over the age of 18 to legally purchase, process and cultivate limited amounts of cannabis for recreational use in Canada, subject to provincial and territorial age

restrictions which may increase the age of purchase in the province or territory. As a result, individuals who rely upon the medical cannabis market to supply their medical cannabis and cannabis-based products may cease this reliance, and instead turn to the recreational cannabis market to supply their cannabis and cannabis-based products. Factors that will influence this decision include the price of medical cannabis products in relation to similar recreational cannabis products, the amount of active ingredients in medical cannabis products in relation to similar recreational cannabis products, the types of cannabis products available to adult users and limitations on access to recreational cannabis products imposed by the regulations under the Cannabis Act and the legislation governing the distribution and sale of cannabis that has been enacted by the individual provinces and territories of Canada. The impact of the legalization of recreational cannabis in Canada on the medical cannabis industry is uncertain, and while we cannot predict its impact on our sales and revenue prospects, it may be adverse.

The recreational cannabis market in Canada may become oversupplied following the recent implementation of the Cannabis Act and the related legalization of cannabis for recreational use.

As a result of the recent implementation of the Cannabis Act and the legalization of adult cannabis use, numerous additional cannabis producers have and may continue to enter the Canadian market. We and such other cannabis producers may produce more cannabis than is needed to satisfy the collective demand of the Canadian medical and proposed recreational markets, and we may be unable to export that over-supply into other markets. As a result, the available supply of cannabis could exceed demand, which could result in a significant decline in the market price for cannabis, which could have a material adverse effect on our business, financial condition and results of operations.

Given the early stage of the cannabis and U.S. hemp industries, we rely largely on our own market research to forecast industry trends and statistics as detailed forecasts are, with certain exceptions, not generally available from other sources. A failure in the demand for our products to materialize as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a material adverse effect on our business, financial condition and results of operations.

We may be unsuccessful in competing in the legal recreational cannabis market in Canada.

We face competition from existing license holders licensed under the Cannabis Act. Certain of these competitors may have significantly greater financial, production, marketing, R&D and technical and human resources than we do. As a result, our competitors may be more successful than us in gaining market penetration and market share in the recreational cannabis industry in Canada. Our commercial opportunity in the recreational market could be reduced or eliminated if our competitors produce and commercialize products for the recreational market that, among other things, are safer, more effective, more convenient or less expensive than the products that we may produce, have greater sales, marketing and distribution support than our products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our products and receive more favorable publicity than our products. If our recreational products do not achieve an adequate level of acceptance by the recreational market, we may not generate sufficient revenue from these products, and our proposed recreational business may not become profitable.

The Cannabis Act proposes to allow individuals to cultivate, propagate, harvest and distribute up to four cannabis plants per household, despite certain provincial restrictions, provided that each plant meets certain requirements. If we are unable to effectively compete with other suppliers to the recreational cannabis market, or a significant number of individuals take advantage of the ability to cultivate and use their own cannabis, our recreational business may be negatively impacted.

In addition, the Cannabis Act allows for licenses to be granted for outdoor cultivation, which may reduce start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices, as capital expenditure requirements related to outdoor growing are typically much lower than those associated with indoor growing. Such results may also have a material adverse impact on our business, financial condition and result of operation.

The Canadian excise duty framework may affect profitability.

Canada's excise duty framework imposes an excise duty and various regulatory-like restrictions on certain cannabis products sold in Canada. We currently hold licenses issued by the Canada Revenue Agency ("CRA") required to comply with this excise framework. Any change in the rates or application of excise duty to cannabis products sold by us, and any restrictive interpretations by the CRA or the courts of the regulatory-like restrictions contained in the Excise Act, 2001 (which may be different than those contained in the Cannabis Act) may affect our profitability and ability to compete in the market.

The industries and markets in which we operate are relatively new, and these industries and markets may not continue to exist or grow as anticipated or we may ultimately be unable to succeed in these industries and markets.

The cannabis and U.S. hemp industries and markets in which we operate are relatively new, can be highly speculative, are rapidly expanding and may ultimately not be successful. In addition to being subject to general business risks, a business involving an agricultural product and a regulated consumer product, we need to continue to build brand awareness in these industries and markets through significant investments in our strategy, our production capacity, quality assurance and compliance with regulations. These activities may not promote our brands and products as effectively as intended, or at all. Competitive conditions, consumer tastes, patient requirements and spending patterns in these new industries and markets are relatively unknown and may have unique circumstances that differ from existing industries and markets. We are subject to all of the business risks associated with a new

business in a niche market, including risks of unforeseen capital requirements, failure of widespread market acceptance of our products, failure to establish business relationships and competitive disadvantages against larger and more established competitors. Accordingly, there are no assurances that these industries and markets will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions, and a failure to do so could have a material adverse effect on our business, financial condition and results of operations.

We and certain of our subsidiaries have limited operating history and therefore we are subject to many of the risks common to early-stage enterprises.

We have a limited history of operations and are in an early stage of development as we attempt to create a global infrastructure to capitalize on the opportunity in the cannabis industry. Accordingly, we are subject to many of the risks common to early-stage enterprises, including under-capitalization, limitations with respect to personnel, other resources and lack of revenue. Our limited operating history may also make it difficult for investors to evaluate our prospects for success. There is no assurance that we will be successful and our likelihood of success must be considered in light of our stage of operations.

We may not be able to successfully manage our growth.

We have completed our initial investment phase and have begun pivoting to a focused execution phase, and may be subject to growth-related risks, including capacity constraints and pressure on our internal systems and controls, which may place significant strain on our operational and managerial resources. In addition, we are subject to a variety of business risks generally associated with developing companies. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. There can be no assurances that we will be able to manage growth successfully. Our inability to manage growth successfully could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Failure to establish and maintain effective internal control over financial reporting may result in our not being able to accurately report our financial results, which could result in a loss of investor confidence and adversely affect the market price of our common shares.

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Because we are implementing new financial control and management systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the price of our common shares and harm our ability to raise capital in the future.

If our management is unable to certify the effectiveness of our internal controls or if material weaknesses or significant deficiencies in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the price of our common shares. In connection with our reporting requirements in Canada, we reported in our Form 40-F for the fiscal years ended March 31, 2018 and 2019, that our internal control over financial reporting was not effective due to a material weakness. In addition, due to the same material weakness, we reported that our disclosure controls and procedures were not effective as of March 31, 2018 and 2019. As disclosed under "Controls and Procedures" in our Annual Report on Form 40-F for the fiscal year ended March 31, 2019, as of March 31, 2019, management concluded that a material weakness existed in internal controls over company-wide "End User Computer" ("EUC") spreadsheets. This material weakness was initially identified as of March 31, 2017. The accounting complexities encountered in financial reporting rely on complex spreadsheets, most significantly around the valuation of inventory and biological assets and the related classification of line items on the consolidated statements of operations. Spreadsheets are inherently prone to error due to their manual nature. Our controls related to spreadsheets did not address all risks associated with access security, data entry and evidence of review of completed spreadsheets.

In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the price of our common shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX or the NYSE. Delisting of our common shares on any exchange would reduce the liquidity of the market for our common shares, which would reduce the price of and increase the volatility of the price of our common shares.

We do not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or

prevent fraud, our reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the trading price of our common shares.

In addition, acquisitions can pose challenges in implementing the required processes, procedures and controls in the new operations. Companies that are acquired by us, including Acreage (if the Acreage Arrangement is completed), may not have disclosure controls and procedures or internal control over financial reporting that are as thorough or effective as those required by the securities laws that currently apply to us.

We are subject to liability arising from any fraudulent or illegal activity by our employees, contractors and consultants.

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (i) applicable laws and regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse of federal, state and provincial laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are brought against us, and we are not successful in defending us or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and the curtailment of our operations, any of which could have a material adverse effect on our business, financial condition and results of operations.

Our cannabis cultivation and U.S. hemp operations are subject to risks inherent in the agricultural business.

Our business involves the growing of cannabis, an agricultural product, in certain jurisdictions where that activity is permitted. As such, our business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks that may create crop failures and supply interruptions for our customers.

Weather conditions and climate, which can vary substantially from year to year, may have a significant impact on the size and quality of the harvest of the crops processed and sold by us. Such adverse weather patterns could result in more permanent disruptions in the quality and size of the available crop, which could adversely affect our business. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that it would be less desirable to our customers, which would result in a reduction in revenues. If such an event is also widespread, it could affect our ability to acquire the quantity of products required by customers. In addition, other items can affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides and herbicides.

Significant increases or decreases in the total harvest will impact the sales of our products and, consequently, the profits and results of our operations. High degrees of quality variance can also affect processing velocity and capacity utilization, as the processes required to potentially upgrade lower or more variable quality product can slow overall processing times. There can be no assurance that natural elements will not have a material adverse effect on the production of our products.

Our cannabis cultivation operations are vulnerable to rising energy costs and dependent upon key inputs.

Our cannabis cultivation operations consume considerable energy, making us vulnerable to rising energy costs. Rising or volatile energy costs may have a material adverse effect on our business, financial condition and results of operations.

In addition, our business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to our growing operations, as well as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and operating results.

We, or the cannabis and U.S. hemp industries more generally, may receive unfavorable publicity or become subject to negative consumer perception.

We believe that the cannabis and U.S. hemp industries are highly dependent upon broad social acceptance and consumer perception regarding the safety, efficacy and quality of the cannabis and U.S. hemp products, as well as consumer views concerning regulatory compliance. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention, market rumors or speculation and other publicity regarding the consumption of cannabis and U.S. hemp products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis or U.S. hemp markets or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity

could have a material adverse effect on the cannabis industry, and therefore demand for our products and services, our business, financial condition, results of operations and cash flows.

Our dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the demand for our products, and our business, financial condition, results of operations and cash flows. Further, adverse publicity, reports or other media attention regarding the safety, efficacy and quality of cannabis or U.S. hemp in general, or our products specifically, or associating the consumption or use of cannabis or U.S. hemp with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views on our operations and activities, whether true or not, and the cannabis and U.S. hemp industries in general, whether true or not. Social media permits user-generated content to be distributed to a broad audience which can respond or react, in near real time, with comments that are often not filtered or checked for accuracy. Accordingly, the speed with which negative publicity (whether true or not) can be disseminated has increased dramatically with the expansion of social media. The dissemination of negative or inaccurate posts, comments or other user-generated content about us on social media (including those published by third-parties) could damage our brand, image and reputation or how the cannabis or U.S. hemp industries are perceived generally, which could have a detrimental impact on the market for our products and thus on our business, financial condition and results of operations.

In addition, certain well-funded and significant businesses may have strong economic opposition to the cannabis or U.S. hemp industries. Lobbying by such groups, and any resulting inroads they might make in halting or rolling back the cannabis and U.S. hemp movements, could affect how the cannabis or U.S. hemp industries are perceived by others and could have a detrimental impact on the market for our products and thus on our business, financial condition and results of operations.

Moreover, the parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis or U.S. hemp related business activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and results of operations.

Any third-party service provider could suspend or withdraw its services to us if it perceives that the potential risks exceed the potential benefits to such services. For example, we face challenges making U.S. dollar wire transfers or engaging any third-party supplier with a substantial presence where cannabis is not federally legal (including the United States). While we have other banking relationships and believe that the services can be procured from other institutions, we may in the future have difficulty maintaining existing, or securing new, bank accounts or clearing services.

Although we take care in protecting our image and reputation, we do not ultimately have control over how we or the cannabis or U.S. hemp industries are perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to our overall ability to advance our business strategy and realize on our growth prospects, thereby having a material adverse impact on our business, financial condition and results of operations.

We may not successfully execute our business strategy.

An important part of our business strategy involves expanding operations in international markets, including in markets where we currently do not operate. We may be unable to pursue this strategy in the future at the desired pace or at all. We may be unable to, among other things, identify suitable companies to acquire or invest in; complete acquisitions on satisfactory terms; successfully expand our infrastructure and sales force to support growth; achieve satisfactory returns on acquired companies, particularly in countries where we do not currently operate; or enter into successful business arrangements for technical assistance or management expertise outside of North America.

In addition, the process of integrating acquired businesses, particularly in new markets, may involve unforeseen difficulties, such as loss of key employees, and may require a disproportionate amount of management's attention and financial and other resources. We can give no assurance that we will ultimately be able to effectively integrate and manage the operations of any acquired business, including Acreage (if the Acreage Arrangement is completed), or realize anticipated synergies. The failure to successfully integrate the cultures, operating systems, procedures and information technologies of an acquired business could have a material adverse effect on our business, financial condition or results of operations.

If we succeed in expanding our existing businesses, such expansion may place increased demands on management, operating systems, internal controls and financial and physical resources. If not managed effectively, these increased demands may adversely affect the services provided to customers. In addition, our personnel, systems, procedures and controls may be inadequate to support future operations, particularly with respect to operations in countries outside of North America. Consequently, in order to manage growth effectively, we may be required to increase expenditures to increase our physical resources, expand, train and manage our employee base, improve management, financial and information systems and controls, or make other capital expenditures. Our business, financial condition and results of operations could be adversely effected if we encounter difficulties in effectively managing the budgeting, forecasting and other process control issues presented by future growth.

The markets that we operate in are increasingly competitive and we may compete for market share with other companies, both domestically and internationally, that may have longer operating histories and more financial resources, manufacturing and marketing experience than us.

The markets for cannabis and U.S. hemp are competitive and evolving and we face intense competition from both existing and emerging companies that offer similar products. Some of our current and potential competitors may have longer operating histories, greater financial, marketing and other resources and larger customer bases than us. In addition, there is potential that the cannabis and U.S. hemp industries will undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities and product offerings that are greater than ours. As a result of this competition, we may be unable to maintain our operations or develop them as currently proposed on terms we consider acceptable, or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect our business, financial condition and results of operations. For example, we may not be able to enter into supply agreements or negotiate favorable prices. If we are unable to achieve our business objectives, such failure could materially and adversely affect our business, financial condition and results of operations. Moreover, competitive factors may result in us being unable to enter into desirable arrangements with new partners, to recruit or retain qualified employees or to acquire the capital necessary to fund our capital investments.

Given the rapid changes affecting global, national and regional economies generally, and the cannabis and U.S. hemp industries in particular, we may not be able to create and maintain a competitive advantage in the marketplace. Our success will depend on our ability to respond to, among other things, changes in the economy, regulatory conditions, market conditions and competitive pressures. Any failure by us to anticipate or respond adequately to such changes could have a material and adverse effect on our business, financial condition, operating results, liquidity, cash flow and operational performance.

In Canada, the number of licenses granted, and the number of license holders ultimately authorized by Health Canada could also have an impact on our operations. We expect to face additional competition from new market entrants that are granted licenses under the Cannabis Act or existing license holders which are not yet active in the industry. If a significant number of new licenses are granted by Health Canada in the near term, we may experience increased competition for market share and may experience downward price pressure on our products as new entrants increase production. We may also face competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid license. Despite raids of dispensaries, many dispensaries are still in operation, providing additional competition.

If the number of users of medical and/or recreational cannabis increases, the demand for products will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, we will require a continued high level of investment in R&D, sales and customer support. We may not have sufficient resources to maintain R&D, sales and customer support efforts on a competitive basis which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, the Canadian federal authorization of home cultivation, outdoor grow, and the easing of other barriers to entry into a Canadian recreational cannabis market, could materially and adversely affect our business, financial condition, results of operations or growth prospects.

Additionally, the legal landscape for medical and recreational cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another, and some of these countries may pass laws allowing for the production and distribution of recreational cannabis as well. Increased international competition could materially and adversely affect our business, operations or growth prospects.

We face competition from the illegal cannabis market.

We face competition from illegal dispensaries and the illegal market that are unlicensed and unregulated, and that are selling cannabis and cannabis products, including products with higher concentrations of active ingredients, using flavors or other additives or engaging in advertising and promotion activities that we are not permitted to. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may also have significantly lower costs. The perpetuation of the illegal market for cannabis may have a material adverse effect on our business, results of operations, as well as the perception of cannabis use.

We are subject to risks related to the protection and enforcement of our intellectual property rights, and we may be unable to protect or enforce our intellectual property rights.

The ownership and protection of our intellectual property rights is a significant aspect of our future success. Currently we rely on trade secrets, technical know-how, proprietary information and certain patent filings to maintain our competitive position. We try to protect our intellectual property by seeking and obtaining registered protection where possible, developing and implementing standard operating procedures to protect trade secrets, technical know-how and proprietary information, and entering into agreements with parties that have access to our inventions, trade secrets, technical know-how and proprietary information, such as our partners, collaborators, employees and consultants, to protect confidentiality and ownership. We also seek to preserve the integrity and confidentiality of our inventions, trade secrets, technical know-how and proprietary information by maintaining physical security of our premises and physical and electronic security of our information technology systems, and we seek to protect our trademarks and the goodwill associated therewith by monitoring and enforcing against unauthorized use of our trademarks.

It is possible that we will inadvertently disclose or otherwise fail to protect our inventions, trade secrets, technical know-how or proprietary information, or will fail to identify our inventions or trademarks as patentable or registrable intellectual property, or fail to obtain patent or registered trademark protection therefor.

We may be unable to protect our inventions, trade secrets, and other intellectual property from discovery or unauthorized use.

In relation to our agreements with parties that have access to our intellectual property, any of these parties may breach their obligations to us, and we may not have adequate remedies for such breach. In relation to our security measures, such security measures may be breached and we may not have adequate remedies for such breach. In addition, our intellectual property that has not yet been applied for or registered may otherwise become known to, or be independently developed by, competitors, or may already be the subject of applications for intellectual property registrations filed by our competitors, which may have a material adverse effect on our business, financial condition and results of operations.

We cannot provide any assurances that our inventions, trade secrets, technical know-how and other proprietary information will not be disclosed in violation of agreements, or that competitors will not otherwise gain access to our intellectual property or independently develop and file applications for intellectual property rights in a manner that adversely impacts our intellectual property rights. Unauthorized parties may attempt to replicate or otherwise obtain and use our inventions, trade secrets, technical know-how and proprietary information. Policing the unauthorized use of our current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. Additionally, if the steps taken to identify and protect our trade secrets are inadequate, we may be unable to enforce our rights in them against third parties.

Our intellectual property rights may be invalid or unenforceable under applicable laws, and we may be unable to have issued or registered, and unable to enforce, our intellectual property rights.

The laws and positions of intellectual property offices administering such laws regarding intellectual property rights relating to cannabis and cannabis-related products are constantly evolving, and there is uncertainty regarding which countries will permit the filing, prosecution, issuance, registration and enforcement of intellectual property rights relating to cannabis and cannabis-related products.

Specifically, we have sought trademark protection in many countries, including Canada, the United States and others. Our ability to obtain registered trademark protection for cannabis and cannabis-related goods and services (including hemp and hemp-related goods and services), may be limited in certain countries outside of Canada, including the U.S., where registered federal trademark protection is currently unavailable for trademarks covering the sale of cannabis products or certain goods containing U.S. hemp-derived CBD (such as dietary supplements and foods) until the FDA provides clearer guidance on the regulation of such products; and including Europe, where laws on the legality of cannabis use are not uniform, and trademarks cannot be obtained for products that are “contrary to public policy or accepted principles of morality.” Accordingly, our ability to obtain intellectual property rights or enforce intellectual property rights against third-party uses of similar trademarks may be limited in certain countries.

Moreover, in any infringement proceeding, some or all of our current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for our benefit, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of our current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and results of operations.

We cannot offer any assurances about which, if any, patent applications will issue, the breadth of any such patent or whether any issued patents will be found invalid or unenforceable or which of our products or processes will be found to infringe upon the patents or other proprietary rights of third parties. Any successful opposition to future issued patents could deprive us of rights necessary for the successful commercialization of any new products or processes that we may develop.

In addition, there is no guarantee that any patent or other intellectual property applications that we file will result in registration or any enforceable intellectual property rights. Further, there is no assurance that we will find all potentially relevant prior art relating to any patent applications that we file, which may prevent a patent from issuing from a patent application or invalidate any patent that issues from such application. Even if patents do successfully issue, and cover our products and processes, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, any patent applications and future patents may not adequately protect our intellectual property rights, provide exclusivity for our products or processes or prevent others from designing around any issued patent claims. Any of these outcomes could impair our ability to prevent competition from third parties, which could materially and adversely affect our business, financial condition and results of operations.

We may be subject to allegations that we are in violation of third-party intellectual property rights, and we may be found to infringe third-party intellectual property rights, possibly without the ability to obtain licenses necessary to use such third-party intellectual property rights.

Other parties may claim that our products infringe on their intellectual property rights, including with respect to patents, and our operation of our business, including our development, manufacture and sale of our goods and services, may be found to infringe third-party intellectual property rights. There may be third-party patents or patent applications with claims to products or processes related to the manufacture, use or sale of our products and processes. There may be currently pending patent applications, some of which may still be confidential, that may later result in issued patents that our products or processes may infringe. In addition, third parties may obtain patents in the future and claim that use of our inventions, trade secrets, technical know-how and proprietary information, or the manufacture, use or sale of our products infringes upon those patents. Third parties may also claim that our use of our trademarks infringes upon their trademark rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders, other equitable relief, and/or require the payment of damages, any or all of which may have an adverse impact on our business. In addition, we may need to obtain licenses from third parties who allege that we have infringed on their lawful rights. Such licenses may not be available on terms acceptable to us, and we may be unable to obtain any licenses or other necessary or useful rights under third-party intellectual property.

Our germplasm collection is a key piece of our intellectual property, and we may be unable to protect, register or enforce our intellectual property rights in germplasm, and may infringe third-party intellectual property rights with respect to germplasm, possibly without the ability to obtain licenses necessary to use such third-party intellectual property rights.

Germplasm, including seeds, clones and cuttings, is the genetic material used to produce our crops and to create new cannabis varieties. We use our germplasm collection and advanced breeding technologies to produce cannabis varieties with superior performance. We rely on parental varieties for the success of our breeding program. Although we believe that the parental germplasm is proprietary to us, we may need to obtain licenses from third parties who may allege that we have appropriated their germplasm or their rights to such germplasm. Such licenses may not be available on terms acceptable to us, and we may be unable to obtain any licenses or other necessary or useful rights under third-party intellectual property. We seek to protect our parental germplasm, as appropriate, relying on intellectual property rights, including rights related to inventions (patents and plant breeders' rights), trade secrets, technical know-how and proprietary information. There is a risk that we will fail to protect such germplasm or that we will fail to register rights in relation to such germplasm.

We also seek to protect our parental germplasm, and commercial varieties from pests and diseases and enhance plant productivity and fertility, and we conduct research into products that protect against crop pests and fungal diseases. There are several reasons why new product concepts in these areas may be abandoned, including greater than anticipated development costs, technical difficulties, regulatory obstacles, competition, inability to prove the original concept, lack of demand and the need to divert focus, from time to time, to other initiatives with perceived opportunities for better returns. The processes of breeding, development and trait integration are lengthy, and the germplasm we test may not be selected for commercialization. The length of time and the risk associated with breeding may affect our business. Our sales depend on our germplasm. Commercial success frequently depends on being the first company to the market, and many of our competitors are also making considerable investments in similar new and improved cannabis germplasm products. Consequently, there is no assurance that we will develop and deliver new cannabis germplasm products to the markets we serve on a timely basis.

Finally, we seek to protect our germplasm and commercial varieties from accidental release, theft, misappropriation and sabotage by maintaining physical security of our premises. However, such security measures may be insufficient or breached, and we may not have adequate remedies in the case of any such breach.

We receive licenses to use some third-party intellectual property rights, and the failure of the owner of such intellectual property to properly maintain or enforce the intellectual property underlying such licenses, or our inability to maintain such licenses, could have a material adverse effect on our business, financial condition and performance.

We are party to licenses granted by third parties, including the brands for Houseplant, More Life, LBS and DNA Genetics, that give us rights to use third-party intellectual property that is necessary or useful to our business. Our success will depend, in part, on the ability of the applicable licensor to maintain and enforce its licensed intellectual property against other third parties, particularly intellectual property rights to which we have secured exclusive rights. Without protection for the intellectual property we have licensed, other companies might be able to offer substantially similar products for sale, or utilize substantially similar processes, any of which could have a material adverse effect on our business, financial condition and results of operations.

Any of our licensors may allege that we have breached our license agreements with those licensors, whether with or without merit, and accordingly seek to terminate our applicable licenses. If successful, this could result in our loss of the right to use applicable

licensed intellectual property, which could adversely affect our ability to commercialize our products or services, as well as have a material adverse effect on our business, financial condition and results of operations.

We may not be able to secure adequate or reliable sources of funding required to operate our business.

There is no guarantee that we will be able to achieve our business objectives. Our continued development may require additional financing. The failure to raise such capital could result in a delay or indefinite postponement of our current business objectives or in our inability to continue to operate our business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to us. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of our common shares. In addition, from time to time, we may enter into transactions to acquire assets or the equity of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase our debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions or other strategic joint venture opportunities.

We could have difficulty transitioning the operations of businesses that we have acquired and will acquire.

The success of our acquisitions, including Acreage (if the Acreage Arrangement is completed), depends upon our ability to transition any businesses that we acquire. The transitioning of acquired business operations could disrupt our business by causing unforeseen operating difficulties, diverting management's attention from day-to-day operations and requiring significant financial resources that would otherwise be used for the ongoing development of our business. The difficulties of transitions could be increased by the necessity of coordinating geographically dispersed organizations, coordinating personnel with disparate business backgrounds and managing different corporate cultures, or discovering previously unknown liabilities. In addition, we could be unable to retain key employees or customers of the acquired businesses. We could face transition issues including those related to operations, internal controls, information systems and operational functions of the acquired companies and we also could fail to realize cost efficiencies or synergies that we anticipated when selecting our acquisition candidates or these acquisitions could fail to complete successfully. Any of these items could adversely affect our results of operations.

Our production facilities are integral to our operations and any adverse changes or developments affecting our facilities may impact our business, financial condition and results of operations.

Our activities and resources are focused on various production and manufacturing facilities including in Canada, the United States (for U.S. hemp products), Denmark and Australia. The licenses held by us are specific to individual facilities. Adverse changes or developments affecting any facility, including but not limited to a breach of security or a force majeure event, could have a material and adverse effect on our business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by regulatory agencies, could also have an impact on our ability to continue operating under our licenses or the prospect of renewing our licenses or could result in a revocation of our licenses.

All facilities continue to operate with routine maintenance. We bear many, if not all, of the costs of maintenance and upkeep at our facilities, including replacement of components over time. Our operations and financial performance may be adversely affected if we and our facilities are unable to keep up with maintenance requirements.

Certain contemplated capital expenditures in Canada, including the construction of additional growing rooms and the expansion of cannabis oil extraction capacity, will require Health Canada approval. There is no guarantee that Health Canada will approve the contemplated expansion and/or renovation, which could adversely affect our business, financial condition and results of operations.

We may not be successful in maintaining the consumer brand recognition and loyalty of our products.

We compete in a market that relies on innovation and the ability to react to evolving consumer preferences. Consumers in the cannabis market have demonstrated a degree of brand loyalty, but suppliers must continue to adapt their products in order to maintain their status among customers as the market evolves. Our continued success depends in part on our ability and our supplier's ability to continue to differentiate the brand names we represent, own or license and maintain similarly high levels of recognition with target consumers. Trends within the cannabis industry change often and our failure to anticipate, identify or react to changes in these trends could, among other things, lead to reduced demand for our products.

Regulations have recently been and are likely to continue to be enacted in the future that would make it more difficult to appeal to consumers or to leverage the brands that we distribute, own or license. For example, the Canadian federal regulatory regime requires plain packaging on cannabis products in order to prohibit testimonials, lifestyle branding and packaging that is appealing to youth. The restriction on the use of logos and brand names on cannabis products could have a material adverse impact on our business, financial condition and results of operations, as it may be difficult to establish brand loyalty. In addition, the Cannabis Act allows for licenses to be granted for outdoor cultivation, which may reduce start-up capital required for new entrants in the cannabis industry.

Outdoor cultivation may also ultimately lower prices, as capital expenditure requirements related to outdoor growing are typically much lower than those associated with indoor growing. Such results may also have a material adverse impact on our business, financial condition and result of operation.

Furthermore, even if we are able to continue to distinguish our products, there can be no assurance that the sales, marketing and distribution efforts of our competitors will not be successful in persuading consumers of our products to switch to their products. Some of our competitors have greater access to resources than we do, which better positions them to conduct market research in relation to branding strategies or costly marketing campaigns. Any loss of consumer brand loyalty to our products or in our ability to effectively brand our products in a recognizable way will have a material effect on our ability to continue to sell our products and maintain our market share, which could have a material adverse effect on our business, results of operations and financial condition.

The majority of our assets are the capital stock of our material subsidiaries; therefore our investors are subject to the risks attributable to our material subsidiaries which generate substantially all of our revenues.

The majority of our assets are the capital stock of our material subsidiaries. We conduct substantially all of our business through our subsidiaries, which generate substantially all of our revenues. Consequently, our cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before us.

We may experience breaches of security at our facilities or fraudulent or unpermitted data access or other cyber-security breaches, which may cause our customers to lose confidence in our security and data protection measures and may expose us to risks related to breaches of applicable privacy laws.

Given the nature of our product and our lack of legal availability outside of certain legalized or regulated retail or distribution channels, as well as the concentration of inventory in our facilities, despite meeting or exceeding the applicable security requirements under applicable law, there remains a risk of theft. A security breach at one of our facilities could expose us to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

Our information systems and any of our third-party service providers and vendors are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems through fraud or other means of deceiving third-party service providers, employees or vendors. Our operations depend, in part, on how well networks, equipment, IT systems and software are protected against damage from a number of threats. These operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. However, if we are unable or delayed in maintaining, upgrading or replacing IT systems and software, the risk of a cybersecurity incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact our reputation and results of operations.

We may collect and store certain personal information about our customers and are responsible for protecting such information from privacy breaches. A privacy breach may occur through a variety of sources, including, without limitation, procedural or process failure, information technology malfunction, deliberate unauthorized intrusions, computer viruses, cyber-attacks and other electronic security breaches. In addition, theft of data for competitive purposes, such as customer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such privacy breach or theft could have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon information technology systems in the conduct of our operations and we collect, store and use certain sensitive data, intellectual property, our proprietary business information and certain personally identifiable information of our employees and customers on our networks. Any fraudulent, malicious or accidental breach of our data security could result in unintentional disclosure of, or unauthorized access to, third-party, customer, vendor, employee or other confidential or sensitive data or information, which could potentially result in additional costs to us to enhance security or to respond to occurrences, lost sales, violations of privacy or other laws, penalties, fines, regulatory action or litigation. In addition, media or other reports of perceived security vulnerabilities to our systems or those of our third-party suppliers, even if no breach has been attempted or occurred, could adversely impact our brand and reputation and customers could lose confidence in our security measures and reliability, which would harm our ability to retain customers and gain new ones. If any of these were to occur, it could have a material adverse effect on our business and results of operations.

In addition, there are a number of federal, state and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. For example, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) (“PIPEDA”) protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose and apply to our operations globally. If we were found to be in violation of the privacy or security rules under PIPEDA or other applicable laws protecting the confidentiality of patient health information in jurisdictions we operate in, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

In addition, the European Parliament and the Council of the European Union adopted a comprehensive general data privacy regulation (“GDPR”) in 2016 to replace the current European Union Data Protection Directive and related country-specific legislation. The GDPR took effect in May 2018 and governs the collection and use of personal data in the European Union. The GDPR, which is wide-ranging in scope, will impose several requirements relating to the consent of the individuals to whom the personal data relates, the information provided to the individuals, the security and confidentiality of the personal data, data breach notification and the use of third-party processors in connection with the processing of the personal data. The GDPR also imposes strict rules on the transfer of personal data out of the European Union to the United States, enhances enforcement authority and imposes large penalties for noncompliance, including the potential for fines of up to €20 million or 4% of the annual global revenues of the infringer, whichever is greater.

Additional jurisdictions in which we operate or which we may enter also have data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of sensitive personal information. The interpretation and enforcement of such laws and regulations are uncertain and subject to change, and may require substantial costs to monitor and implement compliance with any additional requirements. Failure to comply with data protection laws and regulations could result in government enforcement actions (which could include substantial civil and/or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business.

We may be subject to, or prosecute, litigation in the ordinary course of our marketing, distribution and sale of our products.

We may from time to time be subject to litigation, claims, other legal and regulatory proceedings and disputes arising in the ordinary course of our marketing, distribution and sale of our products, some of which may adversely affect our business, financial condition and results of operations. Several companies in the U.S. hemp-derived CBD industry have recently become party to an increasing number of purported class actions lawsuits relating to their food and dietary supplement products containing U.S. hemp-derived CBD. Should we face similar class actions filed against us, plaintiffs in such class action lawsuits, as well as in other lawsuits against us, may seek very large or indeterminate amounts, including punitive damages, which may remain unknown for substantial periods of time. Should any litigation in which we become involved be determined against us, such a decision could adversely affect our ability to continue operating, adversely affect the market price for our common shares and require the use of significant resources.

Even if we are involved in litigation and we win, litigation can redirect significant resources. Litigation may also create a negative perception of us and our brands, which could have an adverse effect on our business, financial condition and results of operations.

Securities litigation could also result in substantial costs and damages and divert management’s attention and resources. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We have been the target of such litigation and may in the future be the target of similar litigation. Regardless of merit, such litigation could result in substantial costs and damages and divert management’s attention and resources, which could adversely affect our business. Any adverse determination in litigation against us could also subject us to significant liabilities. Any decision resulting from any such litigation that is adverse to us could have a negative impact on our financial position. See Item 3 of this Annual Report for more details on our legal proceedings.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis and U.S. hemp products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis or U.S. hemp products alone or in combination with other medications or substances could occur as described under “—There is limited long-term data with respect to the efficacy and side effects of our products and future clinical research studies on the effects of cannabis, hemp and cannabinoids may lead to conclusions that dispute or conflict with our understanding and belief regarding their benefits, viability, safety, efficacy, dosing and social acceptance.” We may be subject to various product liability claims, including, among others, that our products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against us could result in increased costs to us, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on our business, financial condition and results of operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable

terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of our products.

Our products have in the past and may in the future be subject to recalls.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. For example, we initiated one voluntary recall on May 9, 2019 for LBS Ocean View (Sativa) Whole Cannabis, Dried Cannabis, Net Weight 3.5 g, Lot OVI8305SPB, packaged on April 8, 2018, because the date on the packaging was incorrect. The date on the label was listed as 2018-AL-08 but should have been listed as 2019-AL-08.

If any of our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. All customers who are potentially impacted would be notified, corrective actions would be put in place, and existing product and procedures would be re-tested and examined. We may also lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one or more of our products were subject to recall, our reputation and the reputation of that product could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada, the FDA, the DEA or other regulatory agencies, requiring further management attention and potential legal fees and other expenses. Furthermore, any product recall affecting the cannabis or U.S. hemp industries more broadly could lead consumers to lose confidence in the safety and security of the products sold by participants in these industries generally, which could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on our senior management.

Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management. Our future success depends on our continuing ability to attract, develop, motivate and retain key employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The loss of the services of a member of senior management, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on our ability to execute our business plan and strategy, and we may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of certain employees, these agreements cannot assure the continued services of such individuals and consultants. We do not maintain key-person insurance on the lives of any of our officers or employees.

Further, certain shareholders, directors, officers and employees in our Canadian operations may require security clearance from Health Canada. Under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an employee to maintain or renew his or her security clearance may result in a material adverse effect on our business, financial condition and results of operations. In addition, if an employee with security clearance leaves and we are unable to find a suitable replacement that has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on our business, financial condition and results of operations.

Currently, two of our independent directors are awaiting security clearance by Health Canada, both of whom serve on our Audit Committee and our Corporate Governance, Compensation and Nominating Committee. If these directors do not receive such security clearance, they would need to step down from our board of directors and we would need to appoint new directors to fill such vacancies on our board of directors and those committees. Furthermore, if such directors are required to depart from our board of directors, we would not be in compliance with certain NYSE rules relating to committee composition. There is no guarantee that these directors will receive security clearance or that any successors would receive security clearance. In addition, Jim Sabia, our board observer, was previously appointed to our board of directors contingent on receiving security clearance from Health Canada. There is no assurance that Jim Sabia will receive security clearance.

We may be unable to attract or retain skilled labor and personnel with experience in the cannabis sector, adequate equipment, parts and components, and we may be unable to attract, develop and retain additional employees required for our operations and future developments.

We may be unable to attract or retain employees with sufficient experience in the cannabis industry, and may prove unable to attract, develop and retain additional employees required for our development and future success.

Our success is currently largely dependent on the performance of our skilled employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them.

In addition, our ability to compete and grow will be dependent upon having access, at a reasonable cost and in a timely manner, to skilled labor, adequate equipment, parts and components. No assurances can be given that we will be successful in maintaining the required supply of skilled labor, adequate equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by our capital expenditure programs may be significantly greater than anticipated or available, in which circumstance there could be a materially adverse effect on the our financial results.

The inability of our customers to meet their financial or contractual obligations to us may result in disruption to our supply chain, operations and could result in financial losses.

We have exposure to several customers who are license holders and, at least some of these customers are experiencing financial difficulties. In addition, we also face exposure to our third-party cannabis suppliers who may face financial difficulties and which would impact our supply of cannabis material. We have in the past, and may in the future, have disruptions in our supply chain and need to take allowances against and need to write off receivables due to the creditworthiness of these customers.

Further, the inability of these customers to purchase our products could materially adversely affect our results of operations.

We may be unable to attract and retain customers.

Our success depends on our ability to attract and retain customers. There are many factors which could impact our ability to attract and retain customers, including but not limited to our ability to continually produce desirable and effective product, the successful implementation of customer-acquisition plans and the continued growth in our aggregate number of customers. The failure to acquire and retain customers would have a material adverse effect on our business, operating results and financial condition.

We rely on third-party distributors to distribute our products, and those distributors may not perform their obligations.

We rely on third-party distributors, including pharmaceutical distributors and other courier services, and may in the future rely on other third parties, to distribute our products. If these distributors do not successfully carry out their contractual duties or terminate or suspend their contractual arrangements with us, if there is a delay or interruption in the distribution of our products or if these third parties damage our products, it could negatively impact our revenue. In addition, any damage to our products, such as product spoilage, could expose us to potential product liability, damage our reputation and the reputation of our brands or otherwise harm our business.

We are vulnerable to third-party transportation risks.

We depend on fast and efficient courier services to distribute our products to our customers. Any prolonged disruption of this courier service could have a material adverse effect on our business, financial condition and results of operations. Rising costs associated with the courier services that we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security of the product during transportation to and from our facilities is of the utmost concern. A breach of security during transport or delivery could have a material and adverse effect on our business, financial condition and prospects. Any breach of the security measures during transport or delivery, including any failure to comply with applicable recommendations or requirements, could also have an impact on our ability to continue operating under our current licenses or impact the prospects of renewing our licenses.

We rely on third-party testing and analytical methods which are validated but still being standardized.

We are required to test our cannabis and U.S. hemp products, as well as cannabis accessories, in many of our active markets, with independent third-party testing laboratories for, among other things, cannabinoid levels. However, testing methods and analytical assays for cannabinoid levels of detection vary among different testing laboratories. There is currently no industry consensus on standards for testing methods or compendium of analytical assays or standard levels of detection. The detected and reported cannabinoid content in our cannabis and U.S. hemp products therefore can differ depending on the laboratory and testing methods (analytical assays) used. Variations in reported cannabinoid content will likely continue until the relevant regulatory agencies and independent certification bodies (e.g., ISO, USP) collaborate to develop, publish and implement standardized testing approaches for cannabis (including U.S. hemp), cannabinoids and their derivative products. Such differences could cause confusion with our consumers which could lead to a negative perception of us and our products, increase the risk of litigation regarding cannabinoid content and regulatory enforcement action and could make it more difficult for us to comply with regulatory requirements regarding contents of ingredients and packaging and labeling.

We will seek to maintain adequate insurance coverage in respect of the risks we face, however, insurance premiums for such insurance may not continue to be commercially justifiable and there may be coverage limitations and other exclusions which may not be sufficient to cover our potential liabilities.

While we have insurance to protect our assets, operations and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed in our current state of operations. For example, certain wholesalers, distributors, retailers and other service providers may require suppliers of U.S. hemp products to provide an indemnification from liability in connection with such products, which may not be covered by insurance. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur such liability at a time when we are not able to obtain liability insurance, our business, financial condition and results of operations may be adversely affected.

We may decide, or be required, to divest or restructure certain of our interests.

In certain circumstances, we may decide, or be required, to divest certain of our interests. In particular, if any of our interests give rise to a violation of any applicable laws and regulations, including U.S. federal law, we may be required to divest our interest or risk significant fines, penalties, administrative sanctions, convictions, settlements or delisting from the TSX and/or the NYSE. For instance, if we determine that our operations are not compliant with U.S. laws or the policies of the TSX and NYSE, we will use commercially reasonable best efforts to divest our interest in the event that we cannot restructure our holdings. There is no assurance that these divestitures will be completed on terms favorable to us, or at all. Any opportunities resulting from these divestitures, and the anticipated effects of these divestitures on us, may never be realized or may not be realized to the extent we anticipate. Not all of our interests are liquid, and such interests may be difficult to dispose of and subject to illiquidity discounts on divestiture. Any required divestiture or an actual or perceived violation of applicable laws or regulations by us could have a material adverse effect on us, including on our reputation and ability to conduct business, the listing of our common shares on the TSX and NYSE, our financial position, operating results, profitability or liquidity or the market price of our common shares. In addition, it is difficult for us to estimate the time or resources that may be required for the investigation of any such matter or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

If we decide, or are required, to restructure our interests to remain in compliance with laws or stock exchange requirements, such restructuring could result in the write-down of the value of our interests, which could have a material adverse effect on our business, financial condition and results of operations.

Tax and accounting requirements may change or be interpreted in ways that are unforeseen to us and we may face difficulty or be unable to implement and/or comply with any such changes.

We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. In many countries, including the U.S., we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned and are taxed accordingly. Although we believe that we are in substantial compliance with all applicable regulations and restrictions, we are subject to the risk that governmental authorities could audit our transfer pricing and related practices and assert that additional taxes are owed. In the future, the geographic scope of our business may expand, and such expansion will require us to comply with the tax laws and regulations of additional jurisdictions. Requirements as to taxation vary substantially among jurisdictions. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we were to inadvertently fail to comply. In the event that we were to inadvertently fail to comply with applicable tax laws, this could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in wholesale and retail prices could result in earnings volatility.

The cannabis industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labor costs, shipping costs, economic situation and demand), taxes, government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by government agencies responsible for the sale of cannabis), and other market conditions, all of which are factors beyond our control. Our operating income may be significantly and adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as our profitability is directly related to the price of cannabis. There is currently not an established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on us.

We are subject to the risk of defects or impairment charges related to potential write-downs of acquired assets or goodwill in future acquisitions.

A defect in any business arrangement, including Acreage (if the Acreage Arrangement is completed), may arise to defeat or impair our claim to such transaction, which may have a material adverse effect on us. It is possible that material changes could occur that may adversely affect management's estimate of the recoverable amount for any agreement we enter into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management's best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by us. Any impairment charges on our carrying value of business arrangements could have a material adverse effect on us.

We are exposed to counterparty risks and liquidity risks that may impact our ability to obtain loans and other credit facilities on favorable terms.

We are exposed to counterparty risks and liquidity risks including, but not limited to, through: (i) financial institutions that may hold our cash and cash equivalents; (ii) companies that will have payables to us; (iii) our insurance providers; and (iv) our lenders, if any. These factors may impact our ability to obtain loans and other credit facilities in the future and, if obtained, on terms favorable to us. If these risks materialize, our operations could be adversely impacted and the price of our common shares could be adversely affected.

We may hedge or enter into forward sales, which involves inherent risks.

We may hedge or enter into forward sales of our forecasted right to purchase cannabis. Hedging involves certain inherent risks including: (i) credit risk (the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with us or adversely affect the financial and other terms the counterparty is able to offer us); (ii) market liquidity risk (the risk that we have entered into a hedging position that cannot be closed out quickly, by either liquidating such hedging instrument or by establishing an offsetting position); and (iii) unrealized fair value adjustment risk (the risk that, in respect of certain hedging products, an adverse change in market prices for cannabis will result in us incurring losses in respect of such hedging products as a result of the hedging products being out-of-the-money on their settlement dates).

There can be no assurance that a hedging program designed to reduce the risks associated with price fluctuations will be successful. Although hedging may protect us from adverse changes in price fluctuations, it may also prevent us from fully benefitting from positive changes in price fluctuations.

Natural disasters, unusual weather, pandemic outbreaks, boycotts and geo-political events or acts of terrorism could adversely affect our operations and financial results.

The occurrence of one or more natural disasters, such as hurricanes, floods and earthquakes, unusually adverse weather, pandemic outbreaks, such as the COVID-19 virus, influenza and other highly communicable diseases or viruses, boycotts and geo-political events, such as civil unrest in countries in which our operations are located and acts of terrorism, or similar disruptions could adversely affect our business, financial condition and results of operations. These events could result in physical damage to one or more of our properties, increases in fuel or other energy prices, the temporary or permanent closure of one or more of our facilities, the temporary lack of an adequate workforce in a market, the temporary or long-term disruption in the supply of products from suppliers, the temporary disruption in the transport of goods, delay in the delivery of goods to our facilities, and disruption to our information systems. Such events could also negatively impact consumer sentiment, reduce demand for consumer products like ours and cause general economic slowdown. These factors could otherwise disrupt our operations and could have an adverse effect on our business, financial condition and results of operations.

We must rely on local counsel and consultants with respect to laws and regulations in countries outside of Canada.

The legal and regulatory requirements in the foreign countries in which we operate with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in Canada. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect our business operations, and to assist with governmental relations. We must rely, to some extent, on those members of management and our board of directors who have previous experience working and conducting business in these countries, if any, in order to enhance its understanding of and appreciation for the local business culture and practices. We also rely on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labor, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business.

Risks Relating to our Common Shares

The market price for our common shares may be volatile and subject to fluctuation in response to numerous factors, many of which are beyond our control.

The market price for our common shares may be volatile and subject to wide fluctuations in response to many factors, including:

- actual or anticipated fluctuations in our results of operations;
- changes in estimates of our future results of operations by us or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to us;
- additions or departures of our executive officers and other key employees;
- transfer restrictions on outstanding common shares;
- equity issuances by us (including through the sale of securities convertible into equity securities) or resales of common shares by our stockholders or the perception in the market that such issuances or resales might occur;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors, including the Acreage Arrangement if completed;
- news reports relating to trends, concerns or competitive developments, regulatory changes or enforcement actions and other related issues in our industry or target markets;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with the SEC and Canadian securities regulators;
- reports by industry analysts, investor perceptions, and market rumors or speculation;
- general market, economic and political conditions;
- negative announcements by our customers, competitors or suppliers regarding their own performance; and
- the realization of any of the other risk factors set forth herein.

For example, reports by industry analysts, investor perceptions, market rumors or speculation could trigger a sell-off in our common shares. Any sales of substantial numbers of our common shares in the public market or the perception that such sales might occur may cause the market price of our common shares to decline. In addition, to the extent that other large companies within our industries experience declines in their stock price, the share price of our common shares may decline as well. Moreover, if the market price of our common shares drops significantly, shareholders may institute securities class action lawsuits against us. Lawsuits against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

Financial markets continue to experience significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of our common shares may decline even if our results of operations, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. In addition, certain institutional investors may base their investment decisions on consideration of our environmental, governance, diversity and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in our common shares by those institutions, which could adversely affect the trading price of our common shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our business and financial condition could be adversely impacted and the trading price of the common shares may be adversely affected.

In addition, our shareholders may be unable to sell significant quantities of our common shares into the public markets without a significant reduction in the price of our common shares, or at all. There can be no assurance that there will be sufficient liquidity of our common shares, nor that we will continue to meet the listing requirements of the TSX or the NYSE or achieve listing on any other recognized stock exchange.

We are a large accelerated filer and are no longer a foreign private issuer or an emerging growth company, which could result in significant additional costs and expenses to us.

We have determined that we no longer qualified as a foreign private issuer (within the meaning of Rule 3b-4 under the Exchange Act) as of September 30, 2019. While we were able to report on foreign private issuer forms until March 31, 2020, we are now required to report on U.S. domestic issuer forms as of April 1, 2020, and to comply with related requirements from which we had previously been exempt, such as the proxy statement requirements of Regulation 14A under the Exchange Act and the insider reporting and short-swing profit requirements of Section 16 of the Exchange Act.

The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer will be greater than the costs incurred as a Canadian foreign private issuer. We are now required to prepare our financial statements in compliance with U.S. GAAP rather than International Financial Reporting Standards, are not eligible to use foreign private issuer forms and are required to file periodic and current reports and registration statements with the SEC on U.S. domestic issuer forms, which are generally more detailed and extensive than the forms available to foreign private issuers. In addition, we may no longer rely upon exemptions from certain corporate governance requirements on the NYSE that are available to foreign private issuers.

Additionally, based on the market value of our equity securities held by non-affiliates as of September 30, 2019, we became a large accelerated filer, and are no longer an emerging growth company, as of March 31, 2020. As of such date, we are no longer permitted to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are emerging growth companies. These exemptions include, but are not limited to, not being required to comply with the auditor attestation requirements of Section 404(b), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy

statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, we may incur significant additional expenses that we did not previously incur. Moreover, once we are no longer an “emerging growth company,” the cost of compliance with Section 404 will require us to incur substantial accounting expense and expend significant management time on compliance-related issues as we implement additional corporate governance practices and comply with reporting requirements. If we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting as material weaknesses, we may be required to make prospective or retroactive changes to our financial statements, consider other areas for further attention or improvement, or be unable to obtain the required attestation in a timely manner, if at all.

The financial reporting obligations of being a public company and maintaining a dual listing on the TSX and on the NYSE will require significant company resources and management attention.

We are subject to the public company reporting obligations under the Exchange Act and the rules and regulations regarding corporate governance practices, including those under the Sarbanes-Oxley Act, the Dodd-Frank Act, and the listing requirements of the NYSE. As a result, we have incurred, and will continue to incur, significant legal, accounting and other expenses that we did not incur as a foreign private issuer. In addition, we incur significant legal, accounting, reporting and other expenses in order to maintain a dual listing on both the TSX and the NYSE.

Moreover, our listing on both the TSX and NYSE may increase price volatility due to various factors, including the ability to buy or sell common shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the common shares.

It is not anticipated that any dividend will be paid to holders of common shares for the foreseeable future.

No dividends on our common shares have been paid to date. We currently intend to retain future earnings, if any, for future operation and expansion. Our board of directors has the discretion to declare dividends and to prescribe the timing, amount and payment of such dividends. Such decision will depend upon our future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. There can be no assurance that we will declare a dividend on a quarterly, annual or other basis, or at all. We have no plans to pay any dividends, now or in the near future.

Investors in the United States may have difficulty bringing actions and enforcing judgments against us and others based on securities law civil liability provisions.

We are incorporated under the laws of the Province of Ontario and our head office is located in the Province of Ontario. Some of our directors and officers and some of the experts named in this Annual Report are residents of Canada or otherwise reside outside of the United States and a substantial portion of their assets and our assets are located outside the United States. Consequently, it may be difficult for investors in the United States to bring an action against such directors, officers or experts or to enforce against those persons or us a judgment obtained in a U.S. court predicated upon the civil liability provisions of U.S. federal securities laws or other U.S. laws. In addition, while statutory provisions exist in Ontario for derivative actions to be brought in certain circumstances, the circumstances in which a derivative action may be brought, and the procedures and defenses that may be available in respect of any such action, may be different than those of shareholders of a company incorporated in the United States.

If we are a passive foreign investment company for U.S. federal income tax purposes in any year, certain adverse tax rules could apply to U.S. Holders of our common shares.

A corporation that is not a resident of the U.S. for U.S. federal income tax purposes will be considered a passive foreign investment company (“PFIC”) for any taxable year in which (i) 75% or more of its gross income is “passive income” or (ii) 50% or more of the average quarterly value of its assets produce (or are held for the production of) “passive income.” For this purpose, “passive income” generally includes interest, dividends, rents, royalties and certain gains. The determination as to whether the Company is a PFIC for any taxable year is based on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, and is not determinable until after the end of such taxable year. Further, the determination is based in part on the Company’s operations and the mix, use and value of the Company’s assets, which values may be treated as changing for U.S. federal income tax purposes as the Company’s market capitalization changes. If the Company were to be classified as a PFIC in any taxable year during which a U.S. Holder owns its common shares, certain adverse tax consequences could apply to such U.S. Holder. Certain elections may be available to U.S. Holders of the Company’s common shares that may mitigate some of the adverse consequences if the Company were to be treated as a PFIC. U.S. Holders should consult their own tax advisors regarding the application of the PFIC rules to their investment in the Company’s common shares.

As used herein, “U.S. Holder” means a beneficial owner of our common shares that is (i) an individual who is a citizen or resident of the U.S. for U.S. federal income tax purposes, (ii) a corporation (or other entity taxable as a corporation for U.S. federal tax purposes) created or organized under the laws of the U.S. or any political subdivision thereof, including the states and the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust that (a) is subject to the primary supervision of a court within the U.S. and for which one or more U.S. persons have authority to control all substantial decisions or (b) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a

U.S. person. U.S. Holders are urged to consult their own tax advisers as to whether we may be treated as a PFIC and the tax consequences thereof.

Future sales or issuances of securities could adversely affect the prevailing market price of our securities.

We may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our common shares, including up to 171,227,420 common shares that may be issued in the future in connection with the closing of the Acreage Arrangement and the associated top-up right of the CBI Group pursuant to the New Investor Rights Agreement.

Additional issuances of our securities may involve the issuance of a significant number of common shares at prices less than the current market price for our common shares. Issuances of a substantial number of common shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our common shares. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to security holders.

Sales of substantial amounts of our securities by our shareholders, including the CBI Group, or the availability of such securities for sale, could adversely affect the prevailing market prices for the securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional capital through the sale of securities should we desire to do so.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

The trading market for our common shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our common shares or publish inaccurate or unfavorable research about our business, the trading price of our common shares would likely decline. In addition, if our results of operations fail to meet the forecast of analysts, the trading price of our common shares would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common shares could decrease, which might cause our trading price and trading volume to decline.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our corporate headquarters is located in Smiths Falls, Ontario, Canada. For our cannabis, hemp and other consumer products segment, we have various other corporate offices, stores and facilities across Canada including locations in the provinces of Ontario, Quebec, New Brunswick, Manitoba, Saskatchewan, British Columbia and Newfoundland. Our operations in the United States include locations in the states of California, Georgia, Colorado, New York, and Illinois. Outside Canada and the United States, in addition to our material properties described below, we maintain corporate office space as well as warehousing and distribution centres in a number of other countries.

Our Canopy Rivers segment also maintains leased office spaces in Toronto and Ottawa, Ontario, Canada and owns a production facility in New Brunswick, Canada. Canopy Rivers does not own or lease any other real property.

We believe that our facilities, taken as a whole, are in good condition and working order. Within both our cannabis, hemp and other consumer products and Canopy Rivers segments, we have adequate capacity to meet our needs for the foreseeable future.

During the financial year ended March 31, 2020, we reorganized our operations and consolidated or wound down some of our properties. As of March 31, 2020, our material owned or leased properties now consist of the following:

Facility Location	Type	Property Owned/Leased	Utilization (Full or partial)
CANADA			
Smiths Falls, Ontario	Production, Manufacturing, Distribution, R&D, Corporate	Owned	Full
Niagara-on-the-Lake, Ontario	Production	Owned	Partial
Mirabel, Quebec	Production	Leased	Full
Bowmanville, Ontario	Production	Owned	Full

Facility Location	Type	Property Owned/Leased	Utilization (Full or partial)
Fredericton, New Brunswick	Production	Owned	Full
Scarborough, Ontario	Production	Owned	Full
Kelowna, British Columbia (Doja Dominion)	Production	Owned	Full
St. Louis, Saskatchewan	Production	Owned & Lease	Partial
Saskatoon, Saskatchewan	Manufacturing	Leased	Full
UNITED STATES			
Batavia, Illinois	Processing plant	Leased	Full
Fowler, California	Storage	Leased	Full
Tangent, Oregon	Storage	Leased	Full
Aurora, Colorado	Storage and distribution	Leased	Full
EUROPE			
Tuttligen, Germany	Manufacturing (Storz & Bickel)	Owned	Full
Odense, Denmark	Production	Owned	Full
Sct. Leon-Rot	Distribution	Leased	Full
Frankfurt, Germany	Production	Leased	Full
Neumarkt, Germany	Production	Leased	Full

Item 3. Legal Proceedings.

Other than as disclosed below, we are not aware of: (a) any legal proceedings to which we are a party, or to which any of our properties is subject, which would be material to us or of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor making an investment decision, and (c) any settlement agreements that we have entered into before a court relating to securities legislation or with a securities regulatory authority.

In November 2019, Canopy Growth and certain of our current and former officers were named as defendants in three purported class action claims; two of these complaints have since been dismissed. The plaintiffs allege that the defendants made false and/or misleading statements and/or failed to disclose material adverse facts, regarding our receivables, business, operations and prospects relating to, among other things, the demand for our softgel and oil products. The amended complaint has not yet been filed. The class actions have not yet been certified. We have retained counsel and intend to defend ourselves in such action.

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not currently a party to any other legal proceedings other than described above, the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition, results of operations or prospects.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common shares are traded on the NYSE under the symbol "CGC" and the TSX under the symbol "WEED."

Holders

As of May 28, 2020, there were approximately 379 holders of record of our common shares. This number of holders of record does not represent the actual number of beneficial owners of our common shares because shares are frequently held in "street name" by securities dealers and others for the benefit of individual owners who have the right to vote their shares.

Dividends

As of the date of this Annual Report, we have not declared any dividends or made any distributions on our common shares. Furthermore, we have no current intention to declare dividends on our common shares in the foreseeable future. Any decision to pay dividends on our common shares in the future will be at the discretion of the board of directors and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, our ability to meet solvency tests imposed by corporate law and other factors that the board of directors may deem relevant.

Recent Sales of Unregistered Securities

Each issuance of common shares described below, unless otherwise noted, were exempt from registration pursuant to Section 4(a)(2) of the Securities Act as transactions by an issuer not involving a public offering and were issued to "accredited investors" (as defined in Rule 501 under the Securities Act) in connection with each such transaction:

Throughout 2019 and 2020, in connection with our acquisition of DCL assets and on the completion of certain conditions, we issued an aggregate of 308,541 of our common shares. These common shares were released in six separate tranches, with the first tranche consisting of 58,402 common shares being issued on April 1 2019, the second tranche consisting of 77,822 common shares being issued on June 18 2019, the third tranche consisting of 61,090 common shares being issued on August 22 2019, the fourth tranche consisting of being issued 49,982 being issued on October 19 2019, the fifth tranche consisting of 33,280 common shares being issued on January 7 2020, and the sixth tranche of shares consisting of 27,965 common shares being issued on April 15 2020.

On April 22, 2019, as part of our consideration for our acquisition of Spot Therapeutics Inc. and the satisfaction of certain performance conditions, we issued 15,706 of our common shares to the former shareholders of Spot Therapeutics Inc.

On May 3, 2019 and February 24, 2020, we issued 106,194 and 301,496 of our common shares, respectively, as part of our consideration for our acquisition of Apollo Applied Research Inc. and Apollo CRO Inc. The shares were issued on satisfaction of certain performance conditions and the completion of a consulting agreement executed in connection thereto.

On May 27, 2019, as part of our consideration for our acquisition of LATAM, we issued 212,512 of our common shares to Delong Capital S.A. The common shares were released as the third tranche of share issuances in connection with that transaction.

On June 10, 2019 in connection with the acquisition of our Les Serres property, we issued 11,685 of our common shares.

On August 8, 2019 as part of our consideration for our acquisition of certain JUJU Joints assets and the completion of certain conditions therein, we issued 23,440 of our common shares.

On November 7, 2019, we issued 110,929 of our common shares in connection with the More Life Growth Company transaction previously mentioned herein.

On November 29, 2019 as part of our consideration for our acquisition of Annabis Medical, s.r.o. and the completion of certain conditions therein, the company issued 17,379 common shares.

On December 5, 2019 as part of our consideration for the ebbu transaction previously mentioned herein, we issued 487,077 of our common shares.

On February 4, 2020 in connection with our acquisition of a numbered Ontario company, operating as BodyStream, and the completion of certain performance conditions thereto, we issued 152,617 of our common shares.

Purchases of Equity Securities by the Issuer and Affiliated Persons

We did not purchase any of our common shares during the three months ended March 31, 2020.

Item 6. Selected Financial Data.

The following selected consolidated historical financial data should be read in conjunction with the information set forth under “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes thereto that appear on pages F-2 to F-62 of this Annual Report.

	Years ended March 31,				
	2020	2019	2018	2017	2016
Consolidated statement of operations data:	<i>(in thousands of Canadian dollars, except number of shares and per share data)</i>				
Net revenue	\$ 398,772	\$ 226,341	\$ 77,948	\$ 39,895	\$ 12,699
Net loss	(1,387,440)	(712,025)	(51,064)	(34,254)	(15,995)
Net loss attributable to Canopy Growth Corporation	(1,321,326)	(736,245)	(67,283)	(34,203)	(15,995)
Basic and diluted weighted average common shares outstanding	348,038,163	266,997,406	177,301,767	118,989,713	77,023,935
Basic and diluted loss per share	\$ (3.80)	\$ (2.76)	\$ (0.38)	\$ (0.29)	\$ (0.21)
Consolidated balance sheet data:					
Total assets	\$ 6,857,745	\$ 8,565,115	\$ 1,317,698	\$ 659,157	\$ 125,718
Long-term debt	449,022	842,259	6,865	8,639	3,469
Total non-current liabilities	1,259,286	1,081,344	34,169	45,329	12,383
Total liabilities	1,679,875	1,493,007	126,197	62,994	19,576
Redeemable noncontrolling interest	69,750	6,400	61,150	-	-

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

This Management's Discussion and Analysis ("MD&A"), which should be read in conjunction with our consolidated financial statements and the notes thereto as at and for the year ended March 31, 2020 included in Item 8 of this Annual Report (the "Financial Statements"), provides additional information on our business, current developments, financial condition, cash flows and results of operations. It is organized as follows:

- *Part 1 - Business Overview.* This section provides a general description of our business, which we believe is important in understanding the results of our operations, financial condition, and potential future trends.
- *Part 2 - Results of Operations.* This section provides an analysis of our results of operations for (1) fiscal 2020 in comparison to fiscal 2019; and (2) fiscal 2019 in comparison to fiscal 2018.
- *Part 3 - Financial Liquidity and Capital Resources.* This section provides an analysis of our cash flows and outstanding debt and commitments. Included in this analysis is a discussion of the amount of financial capacity available to fund our ongoing operations and future commitments.
- *Part 4 - Critical Accounting Policies and Estimates.* This section identifies those accounting policies that are considered important to our results of operations and financial condition, require significant judgment and involve significant management estimates. Our significant accounting policies, including those considered to be critical accounting policies, are summarized in Note 3 of the Financial Statements.

We prepare and report our Financial Statements in accordance with U.S. GAAP. Our Financial Statements, and the financial information contained herein, are reported in thousands of Canadian dollars, except share and per share amounts or as otherwise stated. We have determined that the Canadian dollar is the most relevant and appropriate reporting currency as, despite continuing shifts in the relative size of our operations across multiple geographies, the majority of our operations are conducted in Canadian dollars and our financial results are prepared and reviewed internally by management in Canadian dollars.

In addition to historical data, this discussion contains forward-looking statements about our business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those in this discussion as a result of various factors, including but not limited to those discussed in Part 1, Item 1A, "Risk Factors" in this Annual Report.

Part 1 - Business Overview

We are a leading cannabis company with operations in countries across the world. We produce, distribute and sell a diverse range of cannabis and hemp-based products and other consumer products for both recreational and medical purposes under a portfolio of distinct brands in Canada pursuant to the *Cannabis Act*, and globally pursuant to applicable international and Canadian legislation, regulations and permits.

On October 17, 2018, the *Cannabis Act* came into effect in Canada, regulating both the medical and recreational cannabis markets in Canada and providing provincial, territorial and municipal governments the authority to prescribe regulations regarding the distribution and sale of recreational cannabis. On October 17, 2019, the second phase of recreational cannabis products, specifically, ingestible cannabis, cannabis extracts and cannabis topical products (referred to as "Cannabis 2.0"), were legalized pursuant to certain amendments to the regulations under the *Cannabis Act*. We began selling our cannabis-infused chocolates in early January 2020 across Canada and our cannabis-infused beverage offerings across Canada in March 2020, both complementing our existing flower, oil and softgel products. We introduced our vape pen power sources to customers in January 2020 and our pod-based vape devices in March 2020. Our 510-threaded vape cartridges began shipping into the market in April 2020, with product availability varying based on provincial and territorial regulations. Our recreational cannabis products are predominantly sold to provincial and territorial agencies under a "business-to-business" wholesale model, with those provincial and territorial agencies then being responsible for the distribution of our products to brick-and-mortar stores and for online retail sales. We have also opened a network of Tweed and Tokyo Smoke retail stores across Canada, where permissible, to promote brand awareness and drive consumer demand under a "business-to-consumer" model.

Our Spectrum Therapeutics medical division is a global leader in medical cannabis. Spectrum Therapeutics produces and distributes a diverse portfolio of medical cannabis products to healthcare practitioners and medical customers in Canada, and in several other countries where it is federally permissible to do so, and Spectrum Therapeutics also offers education, resource and support programs.

Subsequent to the passage of the 2018 Farm Bill in December 2018, we began building our hemp supply chain in the United States through our investment in hemp growing capability and in processing, extraction and finished goods manufacturing facilities. We began selling a line of hemp-derived CBD isolate products under the First & Free brand in December 2019, including oils and softgels. First & Free topical creams followed in April 2020. In June 2019, we executed the Acreage Arrangement Agreement with Acreage, a U.S. multi-state cannabis operator, that grants us the right and the obligation, subject to the satisfaction or waiver of the conditions to closing set forth in the Acreage Arrangement Agreement, to acquire all of the issued and outstanding securities of Acreage upon the occurrence (or waiver) of the Triggering Event. The acquisition of Acreage, if completed, will provide a pathway into cannabis markets in the United States; however, we and Acreage will continue to operate as independent companies until the acquisition of Acreage is completed.

Our other product offerings, which are sold by our subsidiaries in jurisdictions where it is permissible to do so, include (i) vaporizers sold by Storz & Bickel; (ii) beauty, skincare, wellness and sleep products, some of which have been blended with hemp-derived CBD isolate, sold by This Works; and (iii) sports nutrition beverages, mixes, protein, gum and mints, some of which have been infused with hemp-derived CBD isolate, sold by BioSteel.

Our products contain THC, CBD, or a combination of these two cannabinoids which are found in the Cannabis sativa plant species. THC is the primary psychoactive or intoxicating cannabinoid found in cannabis. We also refer throughout this MD&A to “hemp”, which is a term used to classify varieties of the Cannabis sativa plant that contain CBD and 0.3% or less THC content (by dry weight). Conversely, the term “marijuana” refers to varieties of the Cannabis sativa plant with more than 0.3% THC content and moderate levels of CBD.

Our licensed operational capacity in Canada includes indoor, greenhouse and outdoor cultivation space; post-harvest processing and cannabinoid extraction capability; advanced manufacturing capability for vape products, softgel encapsulation and pre-rolled joints; a beverage production facility; and a chocolate manufacturing facility. These infrastructure investments allow us to supply the recreational and medical markets with a complimentary balance of flower products and extracted cannabinoid input for our oil, CBD and Cannabis 2.0 products. Additionally, we have built a hemp supply chain in the United States, and we hold the necessary licences to cultivate and produce cannabis in Denmark, allowing us to supply the domestic European market.

We operate in two reportable segments:

- Cannabis, Hemp and Other Consumer Products, which encompasses the production, distribution and sale of a diverse range of cannabis, hemp-based, and other consumer products in Canada and internationally pursuant to applicable international and domestic legislation, regulations and permits; and
- Canopy Rivers, a publicly-traded company in Canada, through which we provide growth capital and strategic support in the global cannabis sector, where federally lawful. Canopy Rivers did not generate net revenue in the three years ended March 31, 2020.

Update on COVID-19

In March 2020, the WHO recognized COVID-19 as a global pandemic. COVID-19 has severely restricted the level of economic activity around the world. In response to COVID-19, the governments of many countries, states, provinces, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forgo their time outside of their homes. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily.

Management has been closely monitoring the impact of COVID-19, with a focus on the health and safety of our employees, business continuity and supporting our communities. We have established a COVID-19 Management Committee and implemented various measures to reduce the spread of the virus including requiring that our non-production employees work from home, restricting visitors to production locations, screening employees with infrared temperature readings and requiring them to complete health questionnaires on a daily basis before they enter facilities, implementing social distancing measures at our production locations, enhancing facility cleaning protocols, and encouraging employees to adhere to preventative measures recommended by the WHO. As our production and manufacturing operations in Canada and Europe have been deemed essential, we have been operating under the preventative measures described above. In addition, since our non-production workforce can effectively work remotely using various technology tools, we are able to maintain our full operations and internal controls over financial reporting and disclosures.

We temporarily closed our 22 corporate-owned retail stores on March 17, 2020; as of May 29, 2020, 20 of these retail stores have re-opened and are operating at reduced hours and accepting online and phone orders for delivery or curbside pickup only. All of our Tweed and Tokyo Smoke retail licensees in Ontario have implemented curbside pickup, and certain of these locations have implemented same-day delivery. Our Canadian medical business, which operates as an ecommerce channel, has continued largely unchanged. Our international medical business operates primarily as a pharmacy model, with pharmacies being deemed essential businesses in Germany and other European countries in which we conduct business.

We have supported our communities by donating 75,000 pieces of personal protective equipment for front-line workers to various levels of government in jurisdictions in which we operate. This Works has provided its hand sanitizer to front-line workers and homeless shelters in the United Kingdom, and BioSteel has pledged up to \$2 million of its hydration mix to front-line workers, hospitals and patients.

At this time, we are unable to estimate the long-term impact of COVID-19 on our business, financial condition, results of operations, and/or cash flows. We expect COVID-19 to negatively affect our results of operations for the first quarter of fiscal 2021 and, if the effects of the COVID-19 outbreak continue, our results so long as the measures used to contain the outbreak remain in effect. We believe we have sufficient liquidity available from (i) cash, cash equivalents and short-term investments on hand of \$1.3 billion and \$673.3 million, respectively at March 31, 2020; and (ii) the cash injection of approximately \$245 million from an indirect, wholly-owned subsidiary of CBI exercising its warrants to purchase our common shares on May 1, 2020 (see “Recent Developments” below).

Recent Developments

In the three months ended March 31, 2020, we commenced an organizational and strategic review of our business which resulted in the following restructuring actions designed to improve organizational focus, streamline operations and align our production capability with projected demand: (i) the closure of certain of our greenhouses as they are no longer essential to our Canadian cannabis cultivation footprint; (ii) exiting non-strategic geographies, including South Africa and Lesotho and our hemp farming operations in New York, and shifting our strategy in Colombia; and (iii) rationalizing certain marketing and research and development activities. We recorded a write-down of inventory related to these restructuring actions, as well as for additional amounts deemed excess based on current and projected demand. As a result of these restructuring actions, we recorded pre-tax charges totaling \$742.9 million in the fourth quarter of fiscal 2020 and eliminated approximately 600 full-time positions. These charges are detailed below under “Part 2 – Results of Operations”.

On May 1, 2020, an indirect, wholly owned subsidiary of CBI exercised an aggregate of 18,876,901 warrants to purchase our common shares. The warrants, which were originally issued on November 2, 2017, were exercised at an average price of \$12.9783 per common share for an aggregate of approximately \$245 million. Upon issuance, the common shares represented approximately 5.1% of our issued and outstanding common shares. As a result of the acquisition of new common shares, CBI now indirectly holds, in the aggregate, 142,253,802 common shares, 139,745,453 warrants to purchase common shares and \$200 million principal amount of senior notes. Collectively, the common shares increase CBI’s ownership to 38.6% of our issued and outstanding common shares. Assuming full exercise of all remaining warrants and full conversion of the notes (but for these purposes excluding any effect from the exercise of our rights under the Acreage Arrangement Agreement), CBI would own approximately 55.8% of our issued and outstanding common shares.

Factors Impacting our Business

We believe our future success will primarily depend on the following factors:

Competition in Canadian recreational market. We face competition in the Canadian recreational cannabis market. The principal factors on which we compete with other Canadian license holders are the quality and variety of cannabis products, the speed with which our product offerings are brought to market, brand recognition, pricing, and product innovation. For example, we have recently seen increased competition in the value-priced dried flower category of the recreational market, both in terms of the number of competitive offerings and aggressive pricing strategies adopted by some market participants. We believe our renewed focus on becoming a leading consumer insights, analytics and product development company that matches products and consumer preferences in the cannabis market, including evolving our value category strategy, will enable us to provide better quality consumer products, grow our Canadian business and capture increased market share in Canada.

Product innovation. We believe a significant opportunity exists to expand our total addressable market and create new consumer categories by developing innovative new recreational products that include cannabis and cannabinoids as ingredients. Accordingly, we have been focused on conducting research and product development related to our Cannabis 2.0 products that we began selling in Canada in January 2020, including cannabis-infused craft chocolates, vaping products, and cannabis-infused beverages. Additionally, in the fourth quarter of fiscal 2020 BioSteel launched its line of “CBD For Sport” nutrition beverages in the United States, and This Works introduced a line of CBD-infused skincare solutions in April 2020 in select European markets and certain U.S. states. We believe our success will depend on market acceptance of these products, our ability to execute on introducing our products to market, our ability to position our differentiated products as premium offerings in order to capture a higher relative gross margin as compared to our dried flower offerings, and our ability to continually develop and introduce new products that delight our consumers. Further, the costs associated with research, development and implementation of new products will affect our profitability.

Retail store build-out across Canada. Pursuant to the *Cannabis Act*, the distribution model for recreational cannabis is prescribed by provincial and territorial regulations and differs in each jurisdiction. Some provinces have government-run retailers, while others have government-licensed retailers, and some have a combination of the two. All of our recreational sales are conducted according to the applicable provincial and territorial legislation and through applicable local agencies. We believe that the province of Ontario continues to be under-served on a per capita basis. After a restricted lottery-based retail rollout, the government of Ontario announced on December 12, 2019 changes to the cannabis licensing regulations under the *Cannabis License Act, 2018*. The government of Ontario announced several changes to the licensing rules governing private cannabis retail stores in Ontario that will have an immediate positive impact on Ontario's access to the regulated recreational market, and we expect the continued expansion of retail stores in Ontario. We believe the province of Ontario can support upwards of 1,000 retail stores within the province, and we anticipate the retail store authorizations will focus on the greater Toronto area and southern Ontario, which has a significantly higher population density. Additionally, on February 10, 2020, the government of Ontario initiated public consultations on providing consumers with more choice and convenience on cannabis, including consumption venues. We believe that an increase in the number of retail stores across Canada will result in an increase in demand for our products from the provincial and territorial agencies responsible for procuring product from licensed producers. Further, we believe that the presence of retail stores provides the ability to expand our addressable market, both through consumer education and further limiting the illicit market. The costs associated with this buildout of our network of Tweed and Tokyo Smoke branded retail stores where permissible in Canada are expected to affect our profitability, as the strategy requires significant capital and other expenditures.

Commercialization activities in the United States. In December 2019, we launched a line of hemp-derived CBD oils and softgels under the First & Free brand in certain U.S. states where not prohibited under state law, followed by a line of topical cream products in April 2020. We expect the scope of our U.S. CBD business under the First & Free brand to increase beginning in the first half of fiscal year 2021, as we expand our distribution network and product formats. Additionally, as highlighted above, we also launched our first line of BioSteel's CBD-infused sports nutrition beverages in the U.S. and This Works' first CBD-blended skincare products. We believe our success will depend on our ability to distribute our CBD-based products in the U.S. and bring them to market through best-in-class sales execution on our ecommerce platform and into retail points of sale, our ability to position, brand and differentiate our products in the highly-fractured U.S. CBD market, and our ability to continually develop and introduce new products.

Increasing access to medical cannabis products in Canada and select European markets. Our success will depend on our ability to leverage our position as a trusted leader in the medical cannabis markets in Canada and select European countries, including Germany, by offering a wide range of cannabis products across a variety of brands, formats and strains that serve the needs of our customers. We are also introducing new medical cannabis delivery devices to our medical customers, including the Storz & Bickel Volcano Medic 2 vaporizer that was issued a license by Health Canada in April 2020 for medical use. In Europe, we are focused on providing a diverse portfolio of medically-validated cannabis products and best-in-class education and support programs to medical customers and healthcare practitioners, with our primary focus being Germany. In April 2019, we acquired C3, Europe's largest cannabinoid-based pharmaceuticals company and a leading manufacturer of dronabinol, a registered active pharmaceutical ingredient in Germany and certain other European countries. The addition of dronabinol has allowed us to expand our portfolio of medical cannabis offerings for our customers in countries where permissible. Expansion may come in the form of acquisitions or organic growth, either of which will require expenditure of capital that may negatively impact our profitability as we seek to scale the reach of our business in these markets.

Part 2 - Results of Operations

Fiscal 2020 Operational and Financial Highlights

The following table presents selected operational and financial information for the years ended March 31, 2020 and 2019:

	Year ended			
	March 31, 2020	March 31, 2019	Change	% Change
Operational information:				
Kilogram and kilogram equivalents sold ¹	46,323	24,320	22,003	90%
Average selling price per gram - Recreational	\$ 5.65	\$ 7.20	\$ (1.55)	(22%)
Average selling price per gram - Canadian Medical	\$ 7.72	\$ 8.90	\$ (1.18)	(13%)
Average selling price per gram - International medical	\$ 48.04	\$ 13.57	\$ 34.47	254%
Average selling price per gram - Medical	\$ 14.76	\$ 9.33	\$ 5.43	58%
Kilograms harvested	137,330	46,927	90,403	193%

(CDN \$000's, except share amounts and where otherwise indicated)

Selected financial information:				
Net revenue	\$ 398,772	\$ 226,341	\$ 172,431	76%
Gross margin percentage	(8%)	12%	-	(20%)
Net loss	\$ (1,387,440)	\$ (712,025)	\$ (675,415)	(95%)
Net loss attributable to Canopy Growth Corporation	\$ (1,321,326)	\$ (736,281)	\$ (585,045)	(79%)
Loss per share - basic and diluted ²	\$ (3.80)	\$ (2.76)	\$ (1.04)	(38%)

¹Kilogram equivalents refers to the conversion of cannabis oils and softgels to dried cannabis.

²For the year ended March 31, 2020, the weighted average number of outstanding common shares, basic and diluted, totaled 348,038,163 (year ended March 31, 2019 - 266,997,406).

The total quantity of cannabis sold in fiscal 2020 was 46,323 kilogram and kilogram equivalents, an increase from 24,320 kilogram and kilogram equivalents sold in fiscal 2019. The year-over-year increase was due primarily to the launch of the recreational cannabis market in October 2018, which resulted in a full year of recreational revenue contribution in the current year as compared to approximately five and a half months in the prior year.

Recreational cannabis accounted for 38,216 kilogram and kilogram equivalents sold in fiscal 2020 (82% of total cannabis sold), of which 87% was sold directly to the Canadian provinces and the remainder through our direct retail and on-line consumer channels. This compares to 88% sold through the business-to-business channel in fiscal 2019. Medical cannabis accounted for 8,107 kilogram and kilogram equivalents in fiscal 2020 (18% of total cannabis sold), which represented a slight increase from fiscal 2019 due primarily to the contribution from the acquisition of C³ in April 2019.

The average selling price per gram, net of excise taxes metric reflects the shipments made during fiscal 2020. We believe this metric reflects the pricing we achieved on our sales during the period. The average selling price per gram, net of excise taxes, for our recreational products decreased year-over-year to \$5.65 due largely to a general decline in selling prices for dried cannabis products since the opening of the Canadian recreational market in October 2018 and a shift in the product mix towards higher demand for our value-priced dried flower products that we introduced to the market in fiscal 2020. The average selling price per gram, net of excise taxes, for our medical products increased year-over-year to \$14.76, primarily due to our acquisition of C³ in April 2019.

We harvested 137,330 kilograms of cannabis in fiscal 2020, as compared to 46,927 kilograms in fiscal 2019, reflecting the year-over-year growth of our production capacity associated with the opening of the recreational cannabis market in October 2018.

Discussion of Fiscal 2020 Results of Operations

Revenue

The following tables present revenue by channel and revenue by form, respectively, for the years ended March 31, 2020 and 2019:

Revenue by Channel

Revenue by Channel	Year ended			
	March 31, 2020	March 31, 2019	\$ Change	% Change
(CDN \$000's)				
Recreational revenue				
Business-to-business	\$ 157,254	\$ 117,388	\$ 39,866	34%
Business-to-consumer	52,044	23,144	28,900	125%
	209,298	140,532	68,766	49%
Medical revenue				
Canadian	56,852	68,759	(11,907)	(17%)
International	67,975	10,091	57,884	574%
	124,827	78,850	45,977	58%
Other revenue	105,501	34,049	71,452	210%
Gross revenue	439,626	253,431	186,195	73%
Excise taxes	40,854	27,090	13,764	51%
Net revenue	\$ 398,772	\$ 226,341	\$ 172,431	76%

Revenue by Form

	Year ended		Kilograms and kilogram equivalents sold	March 31, 2019	As a % of gross revenue	Kilograms and kilogram equivalents sold
	March 31, 2020	As a % of gross revenue				
	(CDN \$000's)			(CDN \$000's)		
Recreational revenue by form						
Dry bud	\$ 238,099	54%	34,290	\$ 82,643	33%	10,348
Oils, softgels and Cannabis 2.0 products	22,699	5%	3,926	57,889	23%	5,902
Other revenue adjustments ¹	(51,500)	(11%)	-	-	-	-
	209,298	48%	38,216	140,532	56%	16,250
Medical revenue by form						
Dry bud	35,863	8%	3,782	51,390	20%	5,984
Oil (Includes oils and softgels)	88,964	20%	4,325	27,460	11%	2,086
	124,827	28%	8,107	78,850	31%	8,070
Other revenue	105,501	24%	-	34,049	13%	-
Gross revenue	439,626	100%	46,323	253,431	100%	24,320
Excise taxes ²	40,854			27,090		
Net revenue	<u>\$ 398,772</u>			<u>\$ 226,341</u>		

¹Other revenue adjustments represent our determination of returns and pricing adjustments.

²Excise taxes is presented net of the impact from other revenue adjustments.

Net revenue in fiscal 2020 was \$398.8 million, as compared to \$226.3 million in fiscal 2019. The year-over-year increase is attributable to (i) the launch of the Canadian recreational cannabis market in October 2018, which resulted in a full year of recreational revenue contribution in the current year as compared to approximately five and a half months in the prior year; (ii) the year-over-year increase in medical revenue, which was primarily a result of the acquisition of C3 in April 2019; and (iii) the year-over-year increase in other revenue, which was primarily due to our acquisition of This Works in May 2019 and a full year of revenue contribution from our acquisition of Storz & Bickel in December 2018.

Recreational

Canadian recreational revenue in fiscal 2020 was \$209.3 million, as compared to \$140.5 million in fiscal 2019. Revenue from the business-to-business channel in fiscal 2020 was \$157.3 million, net of the impact of other revenue adjustments in the amount of \$51.5 million associated with our determination of returns and pricing adjustments. These adjustments relate primarily to the restructuring of our oils and softgels portfolio in the second quarter of fiscal 2020. Comparatively, revenue from the business-to-business channel in fiscal 2019 was \$117.4 million, and the year-over-year increase of \$39.9 million is attributable to the opening of the Canadian recreational cannabis market on October 17, 2018. Revenue from the business-to-consumer channel was \$52.0 million in fiscal 2020, an increase of \$28.9 million from fiscal 2019 due to the opening of the Canadian recreational cannabis market and our build-out of our retail store platform in Canada.

Medical

Medical cannabis revenue in fiscal 2020 was \$124.8 million, as compared to \$78.9 million in fiscal 2019. Canadian medical revenue in fiscal 2020 was \$56.9 million, a decrease of \$11.9 million from fiscal 2019 due primarily to the transition of our medical customers to the Spectrum Therapeutics online store and its more medical-focused cannabis product offerings prior to the opening of the recreational market. In response, we continue to broaden our brand and medical cannabis product offerings available on the Spectrum Therapeutics online store in response to medical customer demand. International medical revenue in fiscal 2020 was \$68.0 million, an increase of \$57.9 million from fiscal 2019. Of the increase, \$53.8 million was attributable to the acquisition of C3 in April 2019, and the remainder was attributable to the year-over-year growth in our German medical revenue which resulted primarily from the resolution of the supply constraints we had previously experienced and which were associated with the opening of the recreational cannabis market in Canada.

Other

Other revenue is comprised of revenue related to vaporizers sold by Storz & Bickel; beauty, skincare, wellness and sleep products, some of which have been blended with hemp-derived CBD isolate, sold by This Works; sports nutrition beverages, mixes, protein, gum and mints, some of which have been infused with hemp-derived CBD isolate, sold by BioSteel; and other strategic revenue sources such as our clinic partners.

Other revenue in fiscal 2020 was \$105.5 million, as compared to \$34.0 million in fiscal 2019. The year-over-year increase is primarily attributable to the acquisitions of Storz & Bickel and This Works. The remainder of the increase is attributable to revenue from other strategic sources including BioSteel and clinic partners. Other revenue for fiscal 2019 consisted predominantly of revenue from our clinic partners and four months of revenue contribution from Storz & Bickel.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold and gross margin for the years ended March 31, 2020 and 2019:

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2020	March 31, 2019		
Net revenue	\$ 398,772	\$ 226,341	\$ 172,431	76%
Cost of goods sold	\$ 430,456	\$ 198,096	\$ 232,360	117%
Gross margin	(31,684)	28,245	(59,929)	(212%)
Gross margin percentage	(8%)	12%	-	(20%)

Cost of goods sold in fiscal 2020 was \$430.5 million, as compared to \$198.1 million in fiscal 2019. Our gross margin in fiscal 2020 was \$(31.7) million, or (8%) of net revenue, as compared to gross margin of \$28.2 million and gross margin percentage of 12% of net revenue in fiscal 2019. The year-over-year decrease in the gross margin percentage is attributable to:

- Charges totaling \$132.1 million recorded in the fourth quarter of fiscal 2020, as described above under “Part 1 – Business Overview”. These charges included (i) restructuring charges in the amount of \$55.9 million relating to excess hemp inventories in the United States and the closure of our greenhouses in Canada; and (ii) inventory write-downs in the amount of \$76.2 million primarily related to aged, obsolete or unsaleable cannabis inventories and packaging within Canada.
- Inventory write-downs recorded in the second quarter of fiscal 2020 totaling \$29.0 million associated with (i) excess finished recreational cannabis inventory and trim inventory related primarily to our evaluation of the estimated on-hand provincial and territorial inventory levels compared to forecasted “sell-in” rates of certain oils and softgel products which led to our conclusion that a portion of this inventory may not be sold within a reasonable timeframe; (ii) the impact on gross margin

reflecting the returns and pricing adjustments relating primarily to the over-supply of certain oils and softgel products in the second quarter of fiscal 2020; and (iii) other adjustments related to excess inventory; and

- Charges totaling \$4.7 million related to the flow-through of inventory step-up associated with fiscal 2020 business combinations.

Our adjusted gross margin percentage in fiscal 2020, excluding the items highlighted above, benefited from the following items as compared to our gross margin of 12% in fiscal 2019:

- A year-over-year decrease in the impact of operating costs relating to facilities not yet cultivating or processing cannabis, not yet producing cannabis-related products or having under-utilized capacity. In fiscal 2020 these costs amounted to \$39.6 million and primarily related to start-up costs associated with our advanced manufacturing and beverage facilities in Smiths Falls, our greenhouse in Denmark, under-utilized capacity associated with our KeyLeaf extraction facility, and costs associated with our 2020 Canadian outdoor harvest. Comparatively, these costs amounted to \$49.6 million in fiscal 2019 and related to the under-utilization of several of our larger cultivation facilities, including Delta, a number of zones in the Aldergrove greenhouse, the Mirabel, Quebec greenhouse which was in a pilot phase for the majority of the fiscal year, and the indoor facility in Fredericton, New Brunswick which was in a start-up phase; and
- A shift in the business mix in fiscal 2020 towards an increased contribution to our revenues from our higher-margin international medical business, most predominantly related to revenue attributable to C³, and our higher-margin Storz & Bickel and This Works businesses.

Operating Expenses

The following table presents operating expenses for the years ended March 31, 2020 and 2019:

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2020	March 31, 2019		
Operating expenses				
General and administrative	\$ 304,635	\$ 168,434	\$ 136,201	81 %
Sales and marketing	242,831	163,674	79,157	48 %
Research and development	61,812	15,238	46,574	306 %
Acquisition-related costs	20,840	23,394	(2,554)	(11 %)
Depreciation and amortization	63,619	21,510	42,109	196 %
Selling, general and administrative expenses	693,737	392,250	301,487	77 %
Share-based compensation	258,104	173,283	84,821	49 %
Share-based compensation related to acquisition milestones	62,172	100,164	(37,992)	(38 %)
Share-based compensation expense	320,276	273,447	46,829	17 %
Asset impairment and restructuring costs	623,266	-	623,266	-
Total operating expenses	<u>\$ 1,637,279</u>	<u>\$ 665,697</u>	<u>\$ 971,582</u>	<u>146 %</u>

Selling, general and administrative expenses

Selling, general and administrative expenses in fiscal 2020 were \$693.7 million, as compared to \$392.3 million in fiscal 2019.

General and administrative expense in fiscal 2020 was \$304.6 million, as compared to \$168.4 million in fiscal 2019. The year-over-year increase is primarily attributable to:

- Increased employee compensation and professional service costs associated with (i) enhancing our finance and information technology capabilities and meeting our public company compliance and regulatory requirements, including costs associated with the loss of our foreign private issuer status and our transition to U.S. GAAP; and (ii) regional management and government and regulatory relations support, as we expanded our operations into the United States and internationally. The increased costs include both professional service costs and higher compensation costs associated with an increase in the number of our employees;
- Increased insurance costs primarily associated with enhancing the coverage in our directors and officers insurance policy and higher property insurance coverage related to the expansion of our operations;
- Growth in our business through the acquisitions in fiscal 2020 of C³, This Works and BioSteel, which has resulted in a year-over-year increase in general and administrative costs;
- Non-recurring losses of \$10.8 million incurred related to legal disputes with a third-party supplier; and

- An increase in other administrative costs, such as information technology infrastructure and software licenses, associated with the increase in the number of employees.

Sales and marketing expense in fiscal 2020 was \$242.8 million, as compared to \$163.7 million in fiscal 2019. The year-over-year increase is primarily attributable to:

- Increased staffing costs as we continue to (i) enhance our marketing and sales capabilities servicing our Canadian market and brands, the United States market as we launched First & Free CBD products in December 2019 and April 2020 in certain states, and our European sales infrastructure; and (ii) build-out our network of Tweed- and Tokyo Smoke-branded retail stores in Canada;
- The growth in our business through the acquisitions of C³, This Works and BioSteel in fiscal 2020 and a full fiscal year of expense contribution from Storz & Bickel, which has resulted in a year-over-year increase in sales and marketing expense. The growth in sales and marketing expenses associated with these businesses includes marketing initiatives related to BioSteel's launch of its "CBD for Sport" nutrition beverages in early March 2020 and This Works' launch of its 24 hour, CBD-blended skincare boosters in April 2020; and
- Driving brand awareness and educating consumers through advertising and media campaigns, including concept creation and the placement of advertising at venues and events and in key media channels in support of our brands. In fiscal 2020, these initiatives focused on product marketing and brand awareness campaigns associated with the launch of our Cannabis 2.0 products in Canada, continuing to establish our Tweed and Tokyo Smoke brands, and the launch of our First & Free CBD products in the United States in December 2019.

Research and development expense in fiscal 2020 was \$61.8 million, as compared to \$15.2 million in fiscal 2019. The year-over-year increase is primarily attributable to:

- Higher compensation costs associated with an increase in the number of employees conducting research into several intellectual property opportunities and developing patent-protected technology related to our Cannabis 2.0 products; device and delivery technology, including vaporizers and vapes; plant science, including growth patterns under different environmental scenarios and the genetics of various strains; and cannabinoid extraction technology; and
- Increased costs associated with conducting external laboratory research and testing and clinical trials for CBD-based human and animal health products and other cannabinoid-based therapies.

Acquisition-related costs in fiscal 2020 were \$20.8 million, as compared to \$23.4 million in fiscal 2019. The year-over-year decrease is attributable to a higher overall level of mergers and acquisitions activity in fiscal 2019 relative to fiscal 2020. In fiscal 2019, we closed on several transactions in the year including Hiku Brands Company Ltd. ("Hiku"), ebbu, Storz & Bickel, KeyLeaf Life Sciences ("KeyLeaf", formerly referred to as POS Holdings Inc.), and the medical division of Spectrum Therapeutics (formerly referred to as Canopy Health Innovations Inc, or "CHI"). In addition, several transactions were announced subsequent to March 31, 2019 for which costs were incurred in fiscal 2019, including the acquisitions of C³ and This Works, and the transaction with Acreage. In fiscal 2020, these latter three transactions closed, along with the acquisitions of BioSteel and Beckley Canopy Therapeutics and the transaction to launch More Life Growth Company.

Depreciation and amortization expense was \$63.6 million in fiscal 2020, as compared to \$21.5 million in fiscal 2019. The year-over-year increase is attributable to property, plant and equipment being put into operation during fiscal 2020, as we completed the build-out of substantially all our cultivation and manufacturing infrastructure across Canada, invested in our production and manufacturing capacity in the United States, and substantially completed the construction of our greenhouse in Denmark.

Share-based compensation expense

Share-based compensation was \$258.1 million in fiscal 2020, as compared to \$173.3 million in fiscal 2019. The year-over-year increase is primarily attributable to the timing of the stock options that were granted in fiscal 2019. While a total of 22.1 million options were granted in fiscal 2019 at a weighted average exercise price of \$51.49 per option, 13.6 million of those options were granted in the third and fourth quarters of fiscal 2019 and would have only begun vesting and being recognized in share-based compensation expense at that time. Therefore, fiscal 2020 reflected a full year of share-based compensation expense related to those particular grants, as compared to only a partial year of expense being recognized in fiscal 2019. Additionally, while our share-based compensation plan was modified in the first half of fiscal 2020 and fewer stock option grants were issued in fiscal 2020 relative to prior years, 9.5 million options were granted in fiscal 2020 at a weighted average exercise price of \$33.87, predominantly in the second and third quarters of fiscal 2020. Accordingly, the year-over-year increase is largely attributable to the timing of the significant option grants issued in fiscal 2019 impacting share-based compensation expense to a greater degree in fiscal 2020, and the new grants issued in fiscal 2020.

Share-based compensation related to acquisition milestones was \$62.2 million in fiscal 2020, as compared to \$100.2 million in fiscal 2019. The decrease associated with share-based compensation expense related to acquisition milestones is primarily attributable to the achievement, in earlier fiscal years, of the major milestones associated with the acquisitions of Spectrum Cannabis Colombia S.A.S. ("Spectrum Colombia") and Spectrum Cannabis Denmark Aps ("Spectrum Denmark"), and the recognition of share-based

compensation expense at that time. Additionally, in the second quarter of fiscal 2019, we acquired the outstanding shares of Canindica Capital Ltd. (“Canindica”) in exchange for our common shares, and the consideration paid of \$23.0 million was recognized as share-based compensation expense as Canindica did not meet the definition of a business. These factors were partially offset by share-based compensation expense of \$32.7 million recognized in the fourth quarter of fiscal 2020 resulting from the restructuring of our operations in Colombia and Lesotho, as described above. As part of this restructuring, we accelerated share-based compensation expense relating to the unvested milestones associated with the acquisitions of Spectrum Colombia, Canindica and DaddyCann Lesotho PTY (“DCL”).

Asset impairment and restructuring costs

Asset impairment and restructuring costs recorded in operating expenses in fiscal 2020 were \$623.3 million. These costs included charges of \$563.2 million related to restructuring actions and charges of \$60.0 million related to other asset impairments, and are detailed below under “Restructuring, Asset Impairments and Related Costs”.

Other

The following table presents loss from equity method investments, other income (expense), net, and income tax recovery (expense) for the years ended March 31, 2020 and 2019:

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2020	March 31, 2019		
Loss from equity method investments	\$ (64,420)	\$ (10,752)	\$ (53,668)	(499%)
Other income (expense), net	224,329	(59,709)	284,038	476%
Income tax recovery (expense)	121,614	(4,112)	125,726	3058%

Loss from equity method investments

The loss from equity method investments was \$64.4 million in fiscal 2020, as compared to \$10.8 million in fiscal 2019. The year-over-year increase in the loss is primarily due to impairment charges of \$55.2 million that were recognized in the fourth quarter of fiscal 2020. These charges included \$14.9 million related to More Life Growth Company, which were associated with our restructuring actions described above, and other impairments associated with Agripharm (\$29.2 million) CanapaR (\$8.2 million) and other equity method investments (\$3.0 million).

Other income (expense), net

Other income, net was \$224.3 million in fiscal 2020, as compared to other expense, net of \$59.7 million in fiscal 2019. The change of \$284.0 million from an expense amount to an income amount is primarily attributable to:

- An income amount of \$795.1 million in fiscal 2020 related to fair value changes on the warrant derivative liability associated with the Tranche B Warrants. The decrease in the fair value of the warrant derivative liability is primarily attributable to the decline of approximately 62% in our share price from June 27, 2019, when the terms of the warrants were amended, to March 31, 2020;
- Change of \$387.8 million, from an expense amount of \$203.1 million to an income amount of \$184.7 million, related to the non-cash fair value changes on our senior convertible notes. The stock price declined approximately 64% from April 1, 2019 to March 31, 2020, resulting in income being recognized, as compared to an increase of approximately 33% from the issuance of the senior convertible notes in June 2018 to March 31, 2019, which resulted in an expense being recognized;
- An expense of \$28.6 million was recognized in fiscal 2019 related to a settlement reached with co-investors in two of our equity-method investees;
- Incremental interest income of \$17.0 million attributable to the higher cash and cash equivalents and short-term investments balances in fiscal 2020 resulting from the investment by CBI;
- Convertible debt issuance costs of \$16.4 million that were incurred in the first quarter of fiscal 2019;
- Fair value changes of \$645.2 million related to the liability arising from the Acreage Arrangement, primarily attributable to an overall decline during fiscal 2020 in both our and Acreage’s share prices, and share prices across the U.S. multi-state operator sector; and
- Change of \$327.4 million related to the non-cash fair value changes on our other financial assets, from an income amount of \$83.4 million in fiscal 2019 to an expense amount of \$244.0 million in the current period. The expense amount in the current fiscal year was primarily driven by decreases of \$113.0 million and \$40.5 million in the fair value of our exchangeable shares in TerrAscend and warrants in the capital of SLANG, respectively. Both companies have interests in cannabis-related businesses in the United States and the fair value decreases resulted primarily from declines of approximately 69% and 90%, respectively in their respective stock prices during fiscal 2020.

Income tax recovery (expense)

Income tax recovery was \$121.6 million in fiscal 2020, compared to income tax expense of \$4.1 million in fiscal 2019. In fiscal 2020, income tax recovery consisted of deferred income tax recovery of \$138.3 million (compared to an expense of \$1.7 million in fiscal 2019) and current income tax expense of \$16.7 million (compared to an expense of \$2.4 million in fiscal 2019).

The increase of \$140.0 million in deferred income tax recovery is primarily a result of (i) recording a reduction in deferred tax liabilities that arose in connection with the required revaluation of the accounting carrying value, but not the tax basis, of property, plant and equipment, intangible assets, and other financial assets; and (ii) the recognition of losses carried forward net of the use of losses carried forward from prior years for which a deferred tax asset had been recorded. In connection with certain deferred tax assets, mainly in respect to losses for tax purposes, where the accounting criteria for recognition of an asset has yet to be satisfied and it is not probable that they will be used, the deferred tax asset has not been recognized.

The increase of \$14.3 million in current income tax expense arose primarily in connection with acquired legal entities that generated taxable income, where income could not be offset against the group's tax attributes, and legal entities which have fully utilized their loss carry forward balances and have current period taxable income.

Restructuring, Asset Impairments and Related Costs

Total restructuring, asset impairments and related costs of \$843.3 million were recognized in the fourth quarter of fiscal 2020, comprised of (i) property, plant and equipment and intangible asset impairment charges, asset abandonment costs, inventory write-downs, contractual and other settlement costs, and employee-related costs and other restructuring costs of \$742.9 million related to the restructuring actions resulting from the organizational and strategic review of our business, as described above under "Part 1 – Business Overview"; and (ii) impairment charges totaling \$100.3 million that were identified and recognized in the fourth quarter of fiscal 2020. These impairment charges included \$60.0 million related to contractual and other settlement costs and brand and license impairments, which were identified during our annual impairment testing process, and \$40.3 million related to certain of our equity method investments.

A summary of the pre-tax charges recognized in connection with our restructuring actions and other impairments is as follows:

	Year ended March 31, 2020		
	Restructuring and other charges	Other impairments	Total
Costs recorded in cost of goods sold:			
Inventory write-downs	\$ 132,089	\$ -	\$ 132,089
Costs recorded in operating expenses:			
Impairment and abandonment of property, plant and equipment	334,964	-	334,964
Impairment and abandonment of intangible assets	192,987	54,020	247,007
Contractual and other settlement obligations	18,712	6,000	24,712
Employee-related and other restructuring costs	16,583	-	16,583
Asset impairment and restructuring costs	563,246	60,020	623,266
Acceleration of share-based compensation expense related to acquisition milestones	32,694	-	32,694
Share-based compensation expense	32,694	-	32,694
Costs recorded in other income (expense), net:			
Impairment of equity method investments	14,900	40,326	55,226
Total restructuring, asset impairments and related costs	<u>\$ 742,929</u>	<u>\$ 100,346</u>	<u>\$ 843,275</u>

Net Loss

Net loss was \$1,387.4 million in fiscal 2020, as compared to \$712.0 million in fiscal 2019. The increase in net loss is primarily attributable to the asset impairment and restructuring costs of \$843.3 million that were recognized in the fourth quarter of fiscal 2020, as described above, partially offset by changes in other income (expense), net, and income tax recovery (expense), also as described above.

Segmented Analysis

In fiscal 2020 and fiscal 2019, all of our revenue was earned by the Cannabis, Hemp and Other Consumer Products. Canopy Rivers contributed a net loss of \$106.5 million in fiscal 2020, of which \$29.2 million was attributable to Canopy Growth. In fiscal 2019, Canopy Rivers contributed net income of \$29.4 million, of which \$9.1 million was attributable to Canopy Growth. The change from net income to a net loss reflects the changes in the fair value or carrying value of Canopy Rivers' strategic equity investments, along with an increase in share-based compensation expense due to the stock options which have been granted in late fiscal 2019 and fiscal 2020.

Adjusted EBITDA (Non-GAAP Measure)

Our "Adjusted EBITDA" is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Management calculates Adjusted EBITDA as the reported net loss, adjusted to exclude income tax recovery (expense); other income (expense), net; loss on equity method investments; share-based compensation expense; depreciation and amortization expense; asset impairment and restructuring costs; restructuring and other charges recorded in cost of goods sold; and charges related to the flow-through of inventory step-up on business combinations, and further adjusted to remove acquisition-related costs. Accordingly, management believes that Adjusted EBITDA provides meaningful and useful financial information as this measure demonstrates the operating performance of businesses.

The following table presents Adjusted EBITDA for the years ended March 31, 2020 and 2019:

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2020	March 31, 2019		
Net loss	\$ (1,387,440)	\$ (712,025)	\$ (675,415)	(95%)
Income tax (recovery) expense	(121,614)	4,112	(125,726)	(3058%)
Other (income) expense, net	(224,329)	59,709	(284,038)	(476%)
Loss on equity method investments	64,420	10,752	53,668	499%
Share-based compensation ¹	320,276	278,228	42,048	15%
Acquisition-related costs	20,840	23,394	(2,554)	(11%)
Depreciation and amortization ¹	125,013	46,918	78,095	166%
Asset impairment and restructuring costs	623,266	-	623,266	-
Restructuring costs recorded in cost of goods sold	132,089	-	132,089	-
Charges related to the flow-through of inventory step-up on business combinations	4,687	-	4,687	-
Adjusted EBITDA ²	<u>\$ (442,792)</u>	<u>\$ (288,912)</u>	<u>\$ (153,880)</u>	<u>(53%)</u>

¹From Statement of Cash Flows.

²Adjusted EBITDA is a non-GAAP measure and is calculated as the reported net loss, adjusted to exclude income tax recovery (expense); other income (expense), net; loss on equity method investments; share-based compensation expense; depreciation and amortization expense; asset impairment and restructuring costs; restructuring and other charges recorded in cost of goods sold; and charges related to the flow-through of inventory step-up on business combinations, and further adjusted to remove acquisition-related costs.

The Adjusted EBITDA loss in fiscal 2020 was \$442.8 million, as compared to an Adjusted EBITDA loss of \$288.9 million in fiscal 2019. The year-over-year increase in the Adjusted EBITDA loss is primarily attributable to increased selling, general and administrative expenses relative to fiscal 2019, partially offset by improvements in our adjusted gross margin excluding restructuring and other charges, as described above.

Fiscal 2019 Operational and Financial Highlights

The following table presents selected operational and financial information for the years ended March 31, 2019 and 2018:

	Year ended			
	March 31, 2019	March 31, 2018	Change	% Change
Operational information:				
Kilogram and kilogram equivalents sold ¹	24,320	8,708	15,612	179 %
Average selling price per gram - Recreational	\$ 7.20	\$ -	\$ 7.20	-
Average selling price per gram - Canadian Medical	\$ 8.90	\$ 8.34	\$ 0.56	7 %
Average selling price per gram - International medical	\$ 13.57	\$ 13.16	\$ 0.41	3 %
Average selling price per gram - Medical	\$ 9.33	\$ 8.54	\$ 0.79	9 %
Kilograms harvested	46,927	22,513	24,414	108 %

(CDN \$000's, except share amounts and where otherwise indicated)

Selected financial information:				
Net revenue	\$ 226,341	\$ 77,948	\$ 148,393	190 %
Gross margin percentage	12 %	42 %	-	(30 %)
Net loss	\$ (712,025)	\$ (51,064)	\$ (660,961)	(1294 %)
Net loss attributable to Canopy Growth Corporation	\$ (736,281)	\$ (67,283)	\$ (668,998)	(994 %)
Loss per share - basic and diluted ²	\$ (2.76)	\$ (0.38)	\$ (2.38)	(626 %)

¹Kilogram equivalents refers to the conversion of cannabis oils and softgels to dried cannabis.

²For the year ended March 31, 2019, the weighted average number of outstanding common shares, basic and diluted, totaled 266,997,406 (year ended March 31, 2018 - 177,301,767).

The total quantity of cannabis sold in fiscal 2019 was 24,320 kilogram and kilogram equivalents, up from 8,708 kilogram and kilogram equivalents sold in fiscal 2018 due to the launch of the Canadian recreational cannabis market on October 17, 2018.

Recreational cannabis sales were 16,250 kilogram and kilogram in fiscal 2019 (67% of total cannabis sold), of which 88% was sold directly to the Canadian provinces and territories and the remainder through our direct retail and on-line consumer channels. Medical cannabis accounted for 8,070 kilogram and kilogram equivalents sold in fiscal 2019 (33% of total cannabis sold), representing a decrease of 7% from the 8,708 kilogram and kilogram equivalents sold in fiscal 2018 due primarily to the transition of our medical customers to the Spectrum Therapeutics online store prior to the opening of the recreational cannabis market, as discussed above.

The average selling price per gram, net of excise taxes, for our medical products was \$9.33 in fiscal 2019, an increase from fiscal 2018 due primarily to a greater contribution from our international medical business, for which our products demand a higher average selling price, and higher realized pricing for our Canadian medical business. These factors were partially offset by our absorption of excise taxes for our medical customers upon the opening of the Canadian recreational market in October 2018.

We harvested 46,927 kilograms of cannabis in fiscal 2019, as compared to 22,513 kilograms harvested in fiscal 2018. The increase is attributable to the build-out of our production capability during fiscal 2019 in preparation for the launch of the Canadian recreational cannabis market.

Discussion of Fiscal 2019 Results of Operations

Revenue

The following tables present revenue by channel and revenue by form, respectively, for the years ended March 31, 2019 and 2018:

Revenue by Channel

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2019	March 31, 2018		
Recreational revenue				
Business-to-business	\$ 117,388	\$ -	\$ 117,388	-
Business-to-consumer	23,144	-	23,144	-
	140,532	-	140,532	-
Medical revenue				
Canadian	68,759	70,617	(1,858)	(3%)
International	10,091	3,732	6,359	170%
	78,850	74,349	4,501	6%
Other revenue	34,049	3,599	30,450	846%
Gross revenue	253,431	77,948	175,483	225%
Excise taxes	27,090	-	27,090	-
Net revenue	\$ 226,341	\$ 77,948	\$ 148,393	190%

Revenue by Form

	Year ended					
	March 31, 2019 (CDN \$000's)	As a % of gross revenue	Kilograms and kilogram equivalents sold	March 31, 2018 (CDN \$000's)	As a % of gross revenue	Kilograms and kilogram equivalents sold
Recreational revenue by form						
Dry bud	\$ 82,643	33%	10,348	\$ -	-	-
Oil (Includes oils and softgels)	57,889	23%	5,902	-	-	-
	140,532	56%	16,250	-	-	-
Medical revenue by form						
Dry bud	51,390	20%	5,984	58,699	75%	7,477
Oil (Includes oils and softgels)	27,460	11%	2,086	15,650	20%	1,231
	78,850	31%	8,070	74,349	95%	8,708
Other revenue	34,049	13%	-	3,599	5%	-
Gross revenue	253,431	100%	24,320	77,948	100%	8,708
Excise taxes	27,090			-		
Net revenue	\$ 226,341			\$ 77,948		

Net revenue in fiscal 2019 was \$226.3 million, as compared to \$77.9 million in fiscal 2018. The year-over-year increase is attributable to the launch of the Canadian recreational cannabis market in October 2018 and an increase in other revenue, primarily associated with our acquisition of Storz & Bickel in December 2018.

Recreational

Canadian recreational revenue in fiscal 2019 was \$140.5 million, with the year-over-year increase from fiscal 2018 entirely due to the launch of the Canadian recreational cannabis market in October 2018.

Medical

Medical cannabis revenue in fiscal 2019 was \$78.9 million, as compared to \$74.3 million in fiscal 2018. Canadian medical revenue in fiscal 2019 was \$68.8 million, as compared to \$70.6 million in fiscal 2018. The year-over-year decrease was largely due to the transition of our medical customers from our Tweed online store to our new Spectrum Therapeutics online store shortly before the launch of the recreational cannabis market. Comparatively, a more limited range of cannabis products were made available to our customers on the Spectrum Therapeutics online store than had been offered on the Tweed Main Street online store. Consumers who were loyal to our products were able to purchase these products in the recreational channel after October 17, 2018, which impacted our medical revenue. At March 31, 2019 there were approximately 73,600 Canadian medical customers registered with Spectrum Therapeutics, down slightly as compared to approximately 74,000 medical customers at March 31, 2018 which reflects the factors noted above. International medical revenue in fiscal 2019 was \$10.1 million, as compared to \$3.7 million in fiscal 2018. The year-over-year increase related primarily to the growth of our medical cannabis business in Germany.

Other

Other revenue in fiscal 2019 was \$34.0 million, as compared to \$3.6 million in fiscal 2018. The year-over-year increase is attributable to sales of Storz & Bickel vaporizer devices, along with revenue from other strategic sources including clinic partners.

Cost of Goods Sold and Gross Margin

The following table presents cost of goods sold and gross margin for the years ended March 31, 2019 and 2018:

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2019	March 31, 2018		
Net revenue	\$ 226,341	\$ 77,948	\$ 148,393	190%
Cost of goods sold	\$ 198,096	\$ 44,959	\$ 153,137	341%
Gross margin	28,245	32,989	(4,744)	(14%)
Gross margin percentage	12%	42%	-	(30%)

Cost of goods sold in fiscal 2019 was \$198.1 million, as compared to \$45.0 million in fiscal 2018. Our gross margin in fiscal 2019 was \$28.2 million, or 12% of net revenue. Comparatively, in fiscal 2018 our gross margin was \$33.0 million, or 42% of net revenue. The lower gross margin percentage in fiscal 2019 was primarily attributable to the impact of operating costs of \$49.6 million relating to facilities not yet cultivating or which had unutilized capacity, as discussed above, the lower average wholesale selling price in the business-to-business channel in the recreational cannabis market, and absorbing early costs associated with developing and testing our Cannabis 2.0 edibles and beverages for introduction later in fiscal 2020.

Operating Expenses

The following table presents operating expenses for the years ended March 31, 2019 and 2018:

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2019	March 31, 2018		
Operating expenses				
General and administrative	\$ 168,434	\$ 43,819	\$ 124,615	284%
Sales and marketing	163,674	41,313	122,361	296%
Research and development	15,238	2,053	13,185	642%
Acquisition-related costs	23,394	3,406	19,988	587%
Depreciation and amortization	21,510	12,889	8,621	67%
Selling, general and administrative expenses	392,250	103,480	288,770	279%
Share-based compensation	173,283	29,631	143,652	485%
Share-based compensation related to acquisition milestones	100,164	19,475	80,689	414%
Share-based compensation expense	273,447	49,106	224,341	457%
Total operating expenses	\$ 665,697	\$ 152,586	\$ 513,111	336%

Selling, general and administrative expenses

Selling, general and administrative expenses in fiscal 2019 were \$392.3 million, as compared to \$103.5 million in fiscal 2018.

General and administrative expense in fiscal 2019 was \$168.4 million, as compared to \$43.8 million in fiscal 2018. The year-over-year increase was primarily attributable to our continued investments in:

- Governance and public company compliance costs associated with our listings on the NYSE and TSX and meeting additional regulatory reporting requirements;
- Legal and professional services fees related to investments in expanding operations, building commercial capacity and capability, and supporting business development;
- Administrative and facilities, including insurance, as we expand our business both within Canada and internationally;
- Enhancing our information technology capability;
- Scaling-up and readying ourselves for the opening of the Canadian recreational market and international expansion;
- Compliance costs associated with meeting Health Canada requirements; and
- Employee compensation costs associated with the above.

Sales and marketing expense in fiscal 2019 was \$163.7 million, as compared to \$41.3 million in fiscal 2018. The year-over-year increase was primarily attributable to:

- Branding, marketing and promotional campaigns focused on our Tweed and Tokyo Smoke brands, both in anticipation of the launch of the Canadian recreational market in October 2018 and subsequent to that date;
- Staffing in marketing and sales functions needed to service the regulated recreational and international markets;
- Our customer care center, which interfaces directly with our medical customers;
- Cannabis retail and education programs; and
- Our medical outreach program.

Research and development expense in fiscal 2019 was \$15.2 million, as compared to \$2.1 million in fiscal 2018. The year-over-year increase was primarily attributable to our rapidly-growing research and development team conducting research into a variety of innovation and intellectual property opportunities including:

- New cannabis-based product form factors, including our Cannabis 2.0 products;
- Device and delivery technology, including vaporizers;
- Growth patterns under different environmental scenarios and the genetics of various strains;
- Production of encapsulated cannabis oil capsules in higher volumes;
- Equipment that we have engineered specifically for the cannabis industry, such as extraction equipment; and
- Conducting clinical trials for CBD-based human and animal health products.

Acquisition-related costs in fiscal 2019 were \$23.4 million, as compared to \$3.4 million in fiscal 2018. The year-over-year increase was attributable to increased mergers and acquisitions activity in fiscal 2019, with closings on several transactions in the year including Hiku, ebbu, Storz & Bickel, KeyLeaf, and the medical division of Spectrum Therapeutics. In addition, several transactions were announced subsequent to March 31, 2019, for which costs were incurred in fiscal 2019, including the acquisitions of C3 and This Works, and the transaction with Acreage.

Depreciation and amortization in fiscal 2019 was \$21.5 million, as compared to \$12.9 million in fiscal 2018. The year-over-year increase was attributable to property, plant and equipment being put into operation during fiscal 2019 as we continued to build our production capacity across Canada.

Share-based compensation expense

Share-based compensation was \$173.3 million in fiscal 2019, as compared to \$29.6 million in fiscal 2018. The year-over-year increase was attributable to:

- The continued increase in the number of stock options granted, which was primarily attributable to the increase in the number of employees, from approximately 1,000 at March 31, 2018 to approximately 3,200 at March 31, 2019. 12.8 million stock options were granted in fiscal 2018, as compared to 22.1 million in fiscal 2019;
- The increase in the grant date fair value of the stock options, which was primarily attributable to our higher stock price. The weighted average exercise price of stock options granted in fiscal 2018 was \$16.50, as compared to \$51.49 in fiscal 2019, resulting in a higher fair value per option as determined by the Black-Scholes option pricing model; and
- Options granted under our Amended and Restated 2018 Omnibus Incentive Plan generally vest and become exercisable over 3 years, which has therefore resulted in the expense associated with the increased number of options being recognized in fiscal 2019.

Share-based compensation related to acquisition milestones was \$100.2 million in fiscal 2019, as compared to \$19.5 million in fiscal 2018. The year-over-year increase was predominantly attributable to the acquisitions of Canindica and Spectrum Colombia in July 2018. Consideration for these transactions included the issuance of share-based compensation upon the achievement of specified future cultivation and sales milestones in fiscal 2019.

Other

The following table presents loss from equity method investments, other (expense) income, net, and income tax (expense) recovery for the years ended March 31, 2019 and 2018:

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2019	March 31, 2018		
Loss from equity method investments	\$ (10,752)	\$ (1,473)	\$ (9,279)	(630%)
Other (expense) income, net	(59,709)	69,614	(129,323)	(186%)
Income tax (expense) recovery	(4,112)	392	(4,504)	(1149%)

Loss from equity method investments

The loss from equity method investments was \$10.8 million in fiscal 2019, as compared to \$1.5 million in fiscal 2018. The year-over-year increase in the loss was largely attributable to the increase in the amount of capital invested in equity method investees during fiscal 2019, and the increased losses incurred by the equity method investees as they invested in their businesses leading up to, and after, the opening of the Canadian recreational market in October 2018.

Other (expense) income, net

Other expense, net was \$59.7 million in fiscal 2019, as compared to other income, net of \$69.6 million in fiscal 2018. The change of \$129.3 million from an income amount to an expense amount was primarily attributable to:

- Expense of \$203.1 million related to the non-cash fair value changes on our senior convertible notes. These fair value changes are due to the approximate 33% increase in our share price from the issuance of the senior convertible notes in June 2018 to March 31, 2019;
- Expense of \$28.6 million related to a settlement reached with co-investors in two of our equity-method investees in fiscal 2019;
- Convertible debt issuance costs of \$16.4 million that were incurred in the first quarter of fiscal 2019;
- Income of \$62.7 million related to the non-cash gain on the remeasurement of our equity interest in the medical division of Spectrum Therapeutics (formerly referred to as CHI) to fair value immediately prior to its acquisition in August 2018;
- Incremental interest income of \$48.0 million attributable to the higher cash and cash equivalents and short-term investments balances in the second half of fiscal 2019 resulting from the investment by CBI; and
- We incurred a non-cash impairment charge of \$28.0 million related to certain of our product rights intangible assets in fiscal 2018 that did not recur in fiscal 2019.

Income tax (expense) recovery

Income tax expense was \$4.1 million in fiscal 2019, as compared to income tax recovery of \$0.4 million in fiscal 2018. In fiscal 2019, income tax expense consisted of deferred income tax expense of \$1.7 million (compared to a recovery of \$0.4 million in fiscal 2018) and current income tax expense of \$2.4 million (\$nil in fiscal 2018).

The increase of \$2.1 million in deferred income tax expense was primarily a result of (i) recording an increase in deferred tax liabilities that arose in connection with the required revaluation of the accounting carrying value, but not the tax basis, of other financial assets; and (ii) the recognition of losses carried forward net of the use of losses carried forward from prior years for which a deferred tax asset had been recorded. In connection with certain deferred tax assets, mainly in respect to losses for tax purposes, where the accounting criteria for recognition of an asset has yet to be satisfied and it is not probable that they will be used, the deferred tax asset has not been recognized.

The increase of \$2.4 million in current income tax expense arose primarily in connection with acquired legal entities that generated taxable income, where income could not be offset against the group's tax attributes.

Net Loss

Net loss was \$712.0 million in fiscal 2019, as compared to a net loss of \$51.1 million in fiscal 2018. The year-over-year increase in net loss reflects the variances discussed above, particularly as they relate to the decrease in gross margin, the increase in operating expenses, the increase in share-based compensation expense, and the changes in other (expense) income, net.

Segmented Analysis

In both fiscal 2019 and fiscal 2018, all of our revenue was earned by the Cannabis, Hemp and Other Consumer Products. Canopy Rivers contributed net income of \$29.4 million in fiscal 2019, of which \$9.1 million was attributable to Canopy Growth. In fiscal 2018, Canopy Rivers contributed net income of \$26.0 million, of which \$8.5 million was attributable to Canopy Growth. The year-over-year increase in net income reflects changes in the fair value or carrying value of Canopy Rivers' strategic equity investments, partially offset by an increase in share-based compensation expense due to the stock options which have been granted by Canopy Rivers in fiscal 2018 and fiscal 2019.

Adjusted EBITDA (Non-GAAP Measure)

The following table presents Adjusted EBITDA for the years ended March 31, 2019 and 2018:

(CDN \$000's)	Year ended		\$ Change	% Change
	March 31, 2019	March 31, 2018		
Net loss	\$ (712,025)	\$ (51,064)	\$ (660,961)	(1294%)
Income tax expense (recovery)	4,112	(392)	4,504	1149%
Other expense (income), net	59,709	(69,614)	129,323	186%
Loss on equity method investments	10,752	1,473	9,279	630%
Share-based compensation ¹	278,228	51,177	227,051	444%
Acquisition-related costs	23,394	3,406	19,988	587%
Depreciation and amortization ¹	46,918	20,486	26,432	129%
Adjusted EBITDA ²	<u>\$ (288,912)</u>	<u>\$ (44,528)</u>	<u>\$ (244,384)</u>	<u>(549%)</u>

¹From Statement of Cash Flows.

²Adjusted EBITDA is a non-GAAP measure, and is calculated as the reported net loss, adjusted to exclude income tax recovery (expense); other income (expense), net; loss on equity method investments; share-based compensation expense; depreciation and amortization expense, and further adjusted to remove acquisition-related costs.

The Adjusted EBITDA loss in fiscal 2019 was \$288.9 million, as compared to an Adjusted EBITDA loss of \$44.5 million in fiscal 2018. The year-over-year increase in the loss is primarily due to the decrease in the gross margin and reflective of the investments made in fiscal 2019 in selling, general and administrative expenses, as described above.

Summary of Quarterly Results

The following tables presenting our quarterly results of operations should be read in conjunction with the Financial Statements and related notes included in Part II, Item 8 of this Annual Report. We have prepared the unaudited information on the same basis as our audited consolidated financial statements. Our operating results for any quarter are not necessarily indicative of results for any future quarters or for a full year.

The following tables present our unaudited quarterly results of operations for the eight consecutive quarters ended March 31, 2020:

	QUARTER ENDED				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	Full year
Net revenue	\$ 90,482	\$ 76,613	\$ 123,764	\$ 107,913	\$ 398,772
Gross margin	\$ 18,290	\$ 3,643	\$ 38,208	\$ (91,825)	\$ (31,684)
Net (loss) income	\$ (194,051)	\$ 242,650	\$ (109,634)	\$ (1,326,405)	\$ (1,387,440)
Net (loss) income attributable to Canopy Growth Corporation	\$ (185,869)	\$ 258,918	\$ (91,354)	\$ (1,303,021)	\$ (1,321,326)
Net (loss) income per common share attributable to Canopy Growth Corporation:					
Basic (loss) earnings per share	\$ (0.54)	\$ 0.75	\$ (0.26)	\$ (3.72)	\$ (3.80)
Diluted (loss) earnings per share	\$ (0.54)	\$ 0.25	\$ (0.26)	\$ (3.72)	\$ (3.80)

	QUARTER ENDED				
	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	Full year
Net revenue	\$ 25,916	\$ 23,327	\$ 83,048	\$ 94,050	\$ 226,341
Gross margin	\$ 7,464	\$ (19,336)	\$ 19,072	\$ 21,045	\$ 28,245
Net (loss) income	\$ (93,299)	\$ (310,428)	\$ 39,194	\$ (347,492)	\$ (712,025)
Net (loss) income attributable to Canopy Growth Corporation	\$ (89,671)	\$ (317,830)	\$ 50,736	\$ (379,516)	\$ (736,281)
Net (loss) income per common share attributable to Canopy Growth Corporation:					
Basic (loss) earnings per share	\$ (0.45)	\$ (1.43)	\$ 0.17	\$ (1.10)	\$ (2.76)
Diluted (loss) earnings per share	\$ (0.45)	\$ (1.43)	\$ (0.44)	\$ (1.10)	\$ (2.76)

Part 3 – Financial Liquidity and Capital Resources

We manage liquidity risk by reviewing, on an ongoing basis, our sources of liquidity and capital requirements. As of March 31, 2020, we had cash and cash equivalents of \$1.3 billion and short-term investments of \$673.3 million, which are predominantly invested in liquid securities issued by the United States and Canadian governments. Additionally, we have capacity of \$34.7 million under our \$40.0 million revolving debt facility with Farm Credit Canada (“FCC”). In evaluating our capital requirements, including the impact, if any, on our business from the COVID-19 outbreak, and our ability to fund the execution of our strategy, we believe we have adequate available liquidity to enable us to meet our working capital and other operating requirements, fund growth initiatives and capital expenditures, settle our liabilities, and repay scheduled principal and interest payments on debt.

Our objective is to generate sufficient cash to fund our operating requirements and expansion plans. While we have incurred net losses on a GAAP basis and Adjusted EBITDA losses to date and our cash and cash equivalents have decreased \$1.2 billion from fiscal March 31, 2019 (and, together with short-term investments, decreased \$2.5 billion from March 31, 2019), as discussed in the “Cash Flows” section below, management anticipates the success and eventual profitability of the business. We have also ensured that we have access to public capital markets through our U.S. and Canadian public stock exchange listings. However, there can be no assurance that we will gain adequate market acceptance for our products or be able to generate sufficient positive cash flow to achieve our business plans. In the year ended March 31, 2020, our purchases of and deposits on property, plant and equipment totaled \$704.9 million, which were funded out of available cash, cash equivalents and short-term investments. Included in our purchase obligations for fiscal 2021, as reflected in the table below under “Contractual Obligations and Commitments”, are commitments for the purchase of property, plant and equipment totaling \$73.2 million in fiscal 2021. We expect to fund these purchases with our available cash, cash equivalents and short-term investments. Therefore, we are subject to risks including, but not limited to, our inability to raise additional funds through debt and/or equity financing to support our continued development, including capital expenditure requirements, operating requirements and to meet our liabilities and commitments as they come due.

Cash Flows

The table below presents cash flows for the years ended March 31, 2020, 2019 and 2018:

	Year ended		
	March 31, 2020	March 31, 2019	March 31, 2018
(CDN \$000's)			
Net cash (used in) provided by:			
Operating activities	\$ (772,635)	\$ (535,031)	\$ (81,506)
Investing activities	(347,654)	(3,227,985)	(223,583)
Financing activities	(57,161)	5,851,719	525,849
Effect of exchange rate changes on cash and cash equivalents	(204)	69,567	-
Net (decrease) increase in cash and cash equivalents	(1,177,654)	2,158,270	220,760
Cash and cash equivalents, beginning of year	2,480,830	322,560	101,800
Cash and cash equivalents, end of year	<u>\$ 1,303,176</u>	<u>\$ 2,480,830</u>	<u>\$ 322,560</u>

Operating activities

Cash used in operating activities in fiscal 2020 totaled \$772.6 million, as compared to cash used of \$535.0 million in fiscal 2019. The increase in the cash used during fiscal 2020 was primarily due to the year-over-year increase in the net loss and an overall decrease in the non-cash income and expense items impacting the net loss including share-based compensation expense, asset impairment and restructuring costs, and fair value changes on the warrant derivative liability and convertible senior notes.

Cash used in operating activities in fiscal 2019 totaled \$535.0 million, as compared to cash used of \$81.5 million in fiscal 2018. The increase in the cash used during fiscal 2019 was primarily due to the year-over-year increases in the net loss and our investments in working capital, partially offset by an increase in non-cash expense items impacting the net loss including share-based compensation expense and fair value changes on our senior convertible notes.

Investing activities

The cash used in investing activities totaled \$347.7 million in fiscal 2020, as compared to cash used of \$3.2 billion in fiscal 2019. In fiscal 2020, we invested \$704.9 million in the construction of advanced manufacturing capability and a beverage facility at our Smiths Falls location, our U.S. supply chain infrastructure, and expanding our growing capacity in Denmark. The cash used for acquisitions was \$498.8 million, with the most notable cash outflows relating to our acquisitions of C3 (\$342.9 million), This Works (\$71.0 million), BioSteel (\$47.7 million) and BCT (\$37.2 million). We also completed strategic investments totaling \$529.9 million in

the form of equity instruments of certain entities, most notably pursuant to the Acreage Arrangement (\$395.2 million). Partially offsetting these outflows of cash was the net redemption of short-term investments in the amount of \$1.4 billion, with the cash proceeds primarily used for the purposes described above. Comparatively, in fiscal 2019 the net purchases of short-term investments was \$2.0 billion.

The cash used in investing activities totaled \$3.2 billion in fiscal 2019, as compared to cash used of \$223.6 million in fiscal 2018. In fiscal 2019, net purchases of short-term investments were \$2.0 billion with the proceeds from issuance of equity to CBI. We invested \$644.5 million in expanding our growing capacity at our Aldergrove and Delta greenhouses and our Fredericton indoor facility, the construction of a regional distribution center, advanced manufacturing capability, and a beverage production facility at our Smiths Falls location. These expenditures also included our continued international expansion, with investments being made in retrofitting our greenhouse in Odense, Denmark and acquiring land in Australia. Comparatively, these outflows were \$176.0 million in fiscal 2018. The cash used for acquisitions was \$344.4 million in fiscal 2019, compared to \$3.8 million in fiscal 2018, with the most notable cash outflows relating to our acquisitions of Storz & Bickel (\$202.7 million) and KeyLeaf (\$126.1 million). We also completed strategic investments of \$128.2 million in the equity instruments of certain entities in fiscal 2019, compared to \$48.6 million in fiscal 2018.

Financing activities

The cash used in financing activities totaled \$57.2 million in fiscal 2020, as compared to cash provided of \$5.9 billion in fiscal 2019. The primary outflow in fiscal 2020 was the repayment of debt of \$115.0 million, including the Alberta Treasury Board financing and related interest in the amount of \$95.2 million, and other scheduled debt repayments. In fiscal 2019 we received the investment of \$5.1 billion from CBI and issued convertible senior notes with an aggregate principal amount of \$600.0 million, leading to the year-over-year change.

The cash provided by financing activities totaled \$5.9 billion in fiscal 2019, as compared to cash provided of \$525.8 million in fiscal 2018. The year-over-year increase was primarily due to the proceeds of \$5.1 billion from the equity issuance to CBI, and the proceeds of \$600.0 million from the issuance of convertible senior notes.

Free Cash Flow (Non-GAAP Measure)

Free cash flow is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. Management believes that free cash presents meaningful information regarding the amount of cash flow required to maintain and organically expand our business, and that the free cash flow measure provides meaningful information regarding our liquidity requirements. The table below presents free cash flows for the years ended March 31, 2020, 2019 and 2018:

	Year ended		
	March 31, 2020	March 31, 2019	March 31, 2018
(CDN \$000's)			
Net cash used in operating activities	\$ (772,635)	\$ (535,031)	\$ (81,506)
Purchases of and deposits on property, plant and equipment	(704,944)	(644,456)	(175,962)
Free cash flow ¹	\$ (1,477,579)	\$ (1,179,487)	\$ (257,468)

¹Free cash flow is a non-GAAP measure, and is calculated as net cash provided by (used in) operating activities, less purchases of and deposits on property, plant and equipment.

Free cash flow in fiscal 2020 was an outflow of \$1.5 billion, as compared to an outflow of \$1.2 billion in fiscal 2019. The year-over-year increase in the outflow reflects the increase in the cash used for operating activities, as described above, and the completion of construction of advanced manufacturing capability and a beverage production facility at our Smiths Fall location in fiscal 2020.

Free cash flow for fiscal 2019 was an outflow of \$1.2 billion, as compared to an outflow of \$257.5 million for fiscal 2018. The year-over-year increase in the outflow was primarily due to the increase in the cash used in operating activities, as described above, and our investment in expanding our growing capacity across Canada, and commencing construction of our advanced manufacturing capability and a beverage production facility at our Smiths Fall location.

Debt

Since our formation, we have financed our cash requirements primarily through the issuance of capital stock, including the \$5.1 billion investment by CBI in the third quarter of fiscal 2019, and debt. Total debt outstanding as of March 31, 2020 was \$465.4 million, as compared to \$946.0 million as of March 31, 2019. The total principal amount owing, which excludes fair value adjustments related to our convertible senior notes, was \$615.2 million at March 31, 2020, as compared to \$710.3 million at March 31,

2019. This decrease was predominately due to the repayment of the outstanding loan amount with the Alberta Treasury Board in June 2019, in the amount of \$95.2 million, including accrued interest.

Convertible senior notes

In June 2018, we issued convertible senior notes with an aggregate principal amount of \$600.0 million. The notes bear interest at a rate of 4.25% per annum, payable semi-annually on January 15th and July 15th of each year commencing January 15, 2019. The notes mature on July 15, 2023. Holders of the notes may convert the notes at their option at any time from January 15, 2023 to the maturity date. CBI owns \$200.0 million of these notes.

Other

On August 13, 2019, we entered into a \$40.0 million revolving debt facility with FCC. The new facility replaces all previous loans with FCC and is secured by our property on Niagara-on-the-Lake, Ontario. The outstanding balance at March 31, 2020 is \$5.3 million, and the facility bears interest of 3.45%, or the FCC prime rate plus 1.0%, and matures on September 3, 2024.

The revolving debt facility agreement with FCC includes affirmative, negative and financial covenants. As of March 31, 2020, we are in compliance with all covenants in the revolving debt facility agreement.

Further information regarding our debt issuances, including the conversion rights of the senior convertible notes, is included in Note 17 of the Financial Statements.

Contractual Obligations and Commitments

The table below presents information about our contractual obligations and commitments as of March 31, 2020, and the timing and effect that such obligations and commitments are expected to have on our liquidity and cash flows in future periods:

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
(CDN \$000's)					
Long-term debt obligations	\$ 615,211	\$ 11,062	\$ 1,953	\$ 601,950	\$ 246
Interest payments on debt obligations	86,259	25,579	51,082	9,598	-
Operating leases ¹	97,105	15,811	27,660	21,315	32,319
Finance leases ¹	88,394	27,681	10,599	10,626	39,488
Purchase obligations	142,867	115,135	19,394	4,788	3,550
Other liabilities ²	246,066	175,453	45,857	16,908	7,848
Other obligations ³	342,695	111,548	141,897	37,250	52,000
	<u>\$ 1,618,597</u>	<u>\$ 482,269</u>	<u>\$ 298,442</u>	<u>\$ 702,435</u>	<u>\$ 135,451</u>

¹ Refer to Note 30 of our Financial Statements for further information on our leases. Amounts include interest related to operating and finance leases of \$13.6 million and \$11.5 million, respectively.

² Refer to Note 18 of our Financial Statements for further information on our other liabilities.

³ Includes future minimum royalty obligations, and obligations under cannabis offtake agreements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Transactions with Related Parties

Year ended March 31, 2020

On October 11, 2019, we acquired all of the unowned interest in BCT to increase our total ownership of BCT's issued and outstanding shares to 100%. Following this transaction, we control both BCT and Spectrum UK, a joint venture formed by us and BCT and Spectrum UK will be accounted for as wholly-owned subsidiaries.

Cash consideration for this transaction was \$58.3 million, of which \$45.1 million was advanced on closing, and \$14.4 million will be paid on October 1, 2020 and 2021 and has a fair value of \$13.2 million. Consideration also included 155,565 replacement

options. The fair value of the replacement options was determined using a Black-Scholes model and \$1.9 million of the total fair value has been included as consideration paid to acquire BCT as it related to pre-combination vesting service and \$2.0 million of the fair value will be recognized as share-based compensation expense ratably over the post-combination vesting period. The consideration paid for BCT included \$250 thousand cash and 16,430 replacement options that were issued to a member of our key management that was a shareholder and option holder in BCT.

In connection with the Acreage Arrangement Agreement, we entered into several agreements with the CBI Group, including the New Investor Rights Agreement, the Consent Agreement and amendments to the Tranche B Warrants. See Part I, Item 1, Business for additional information on these transactions.

Year ended March 31, 2019

On November 16, 2018, we acquired two previously leased facilities from a company controlled by one of our former directors for cash proceeds of \$31.3 million, including \$1.5 million to repay the loan to the director's company. The director resigned from our board of directors on November 1, 2018 following the previously discussed investment by CBI. The basis for the consideration paid was supported by independent appraisals of the properties. We continue to lease one Toronto facility from the director's company. The Toronto facility leases had original expiration dates of October 15, 2018 and August 31, 2024 and the Edmonton facility lease was to expire on July 31, 2037. One of the Toronto facilities and the Edmonton facility were purchased on November 16, 2018. Included in the expenses for the year ended March 31, 2019 for rent and operating costs was \$1.3 million (for the year ended March 31, 2018 - \$2.7 million).

We have entered into cannabis offtake agreements with certain of our equity method investees and entities in which we hold equity or other financial instruments. These agreements are in the normal course of operations and will be measured at the exchange amounts agreed to by the parties.

Part 4 – Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 3 of the Notes to the Financial Statements. Certain of our accounting policies require the application of significant judgment by management and, as a result, are subject to an inherent degree of uncertainty. We believe that the following accounting policies and estimates are the most critical to fully understand and evaluate our reported financial position and results of operations, as they require our most subjective or complex management judgments. The estimates used are based on our historical experience, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Actual results may vary from our estimates in amounts that may be material to the Financial Statements.

The following critical accounting policies and estimates are those which we believe have the most significant effect on the amounts recognized in the Financial Statements.

Inventory valuation

Critical judgment. Inventory is valued at the lower of cost and net realizable value. The valuation of our inventory balances involves recording an inventory reserve equal to the difference between the current carrying cost of the inventory and its net realizable value. A component of this analysis therefore involves determining whether there is excess, slow-moving or obsolete inventory on hand.

Assumptions and judgment. When determining whether there is excess, slow-moving or obsolete inventory, management makes assumptions around future demand and production forecasts, which are then compared to current inventory levels. Management also makes assumptions around future pricing, and considers historical experience and the application of the specific identification method for identifying obsolete inventory.

Impact if actual results differ from assumptions. If the assumptions around future demand for our inventory are more optimistic than actual future results, then the excess and obsolete inventory provision may not be sufficient, resulting in our inventory being valued in excess of its net realizable value.

Estimated useful lives and depreciation and amortization of property, plant and equipment and intangible assets

Critical estimates. During the purchase or construction of our property, plant and equipment, and during the acquisition or purchase of intangible assets, amounts are capitalized onto the balance sheet. When the assets go into service, a useful life is assigned to determine the required quarterly depreciation and amortization expense. The useful lives are determined through the exercise of judgment. When an asset is abandoned or ceases to be used the carrying value of the asset is adjusted to its salvage value.

Assumptions and judgment. The useful lives are determined based on the nature of the asset. Management considers information from manufacturers, historical data, and industry standards to estimate the appropriate useful life and salvage value. In certain cases management may obtain third party appraisals to estimate salvage value.

Impact if actual results differ from assumptions. If actual useful lives differ from the estimates used, the timing of depreciation and amortization expense will be impacted. A longer useful life will result in lower depreciation and amortization expense recorded each year, but will also increase the periods over which depreciation and amortization expense is taken. When an asset is abandoned, if the salvage value differs from the estimated used the abandonment cost will be impacted.

Impairment of property, plant and equipment and finite life intangible assets

Critical estimates. Property, plant and equipment and finite life intangible assets need to be assessed for impairment when an indicator of impairment exists. If an indicator of impairment exists, further judgement and assumptions will be required in determining the recoverable amount.

Assumptions and judgment. When determining whether an impairment indicator exists, judgement is required in considering the facts and circumstances surrounding these long-lived assets. Management considers whether events such as a change in strategic direction, changes in business climate, or changes in technology would indicate that a long-lived asset may be impaired. When an impairment indicator does exist, judgement and assumptions are required to estimate the future cash flows used in assessing the recoverable amount of the long-lived asset.

Impact if actual results differ from assumptions. If impairment indicators exist and are not identified, or judgement and assumptions used in assessing the recoverable amount change, the carrying value of long-lived assets can exceed the recoverable amount.

Impairment of indefinite life intangible assets and goodwill

Critical estimates. Indefinite life intangible assets and goodwill need to be tested for impairment annually or sooner, if events or circumstances indicate that the carrying amount of an asset may not be recoverable. An entity may first perform a qualitative assessment of impairment, and a quantitative analysis is only required if the qualitative assessment is inconclusive.

Assumptions and judgment. When performing a qualitative assessment, judgement is required when considering relevant events and circumstances that could affect the fair value of the indefinite-life intangible asset. Management considers whether events and circumstances such as a change in strategic direction and changes in business climate would impact the fair value of the indefinite-life intangible asset. If a quantitative analysis is required, assumptions around expected future cash flows, discount rates and other inputs into a financial model may be required to compare the fair value to the carrying value.

Impact if actual results differ from assumptions. If the judgements relating to the qualitative or quantitative assessments performed differ from actual results, or if assumptions are different, the values of the indefinite life intangible assets and goodwill can differ from the amounts recorded.

Acreage financial instrument fair value measurement

Critical estimates. The Acreage financial instrument is measured at fair value through net income (loss) using Level 3 inputs.

Assumptions and judgment. The valuation of the Acreage financial instrument is highly subjective and management applies a probability-weighted expected return model which considers a number of potential outcomes. We use judgment to make assumptions on the key inputs including the (i) probability of each scenario; (ii) value and number of our shares to be issued; (iii) intrinsic value of Acreage; (iv) probability and timing of U.S. legalization; (v) estimated premium on U.S. legalization; (vi) control premium; and (vii) synergy value to us.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculation will be impacted. Information on the valuation technique and inputs used in determining fair values are disclosed in Note 24 of our Financial Statements.

Warrant derivative liability fair value measurement

Critical estimates. The warrant derivative liability is measured at fair value through net income (loss) using Level 3 inputs.

Assumptions and judgment. The valuation technique requires assumptions and judgement around the inputs to be used. Specifically, there is a high degree of subjectivity and judgement in evaluating the determination of the expected share price volatility inputs used in the Monte Carlo model for the warrant derivative liability. Historical, implied, and peer group volatility levels provide a range of possible expected volatility inputs and the fair value estimates are sensitive to the expected volatility inputs.

Impact if actual results differ from assumptions. An increase or decrease in the share price volatility will result in an increase or decrease in fair value.

Other fair value measurements

Critical estimates. Some of our assets and liabilities are measured at fair value. In certain cases where Level 1 inputs are not available, valuation approaches using Level 2 and Level 3 inputs are required.

Assumptions and judgment. The valuation techniques require assumptions and judgment around the inputs to be used.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculations will be impacted. Certain assumptions will have greater impact on the determination of fair value depending on the nature of the asset or liability. Information on the valuation techniques and inputs used in determining fair values are disclosed in Note 24 our Financial Statements.

Revenue recognition

Critical estimates. The determination of the reduction of the transaction price for variable consideration requires that we make certain estimates and assumptions that affect the timing and amounts of revenue recognized.

Assumptions and judgment. We estimate the variable consideration by taking into account factors such as historical information, current trends, forecasts, inventory levels, availability of actual results and expectations of customer and consumer behavior.

Impact if actual results differ from assumptions. A more optimistic outlook on future demand can result in lower expected returns and reduced likelihood of price adjustments necessary to sell the product. This outlook will reduce the provision against revenue.

Stock-based compensation

Critical estimates. We use the Black-Scholes option pricing model to calculate our share-based compensation expense.

Assumptions and judgment. The option pricing model relies on key inputs such as rate of forfeiture, expected life of the option, the volatility of our share price, and the risk-free interest rate used.

Impact if actual results differ from assumptions. If key inputs differ, the fair value of options will be impacted. A higher fair value of the options will result in higher share-based compensation expense over the vesting period of the option.

Income taxes

Critical estimates. Many of our normal course transactions may have uncertain tax consequences. We use judgment to determine income for tax purposes and this may impact the recognized amount of assets or liabilities, the disclosure of contingent liabilities or the reported amount of revenue or expense and may result in an unrealized tax benefit for transactions that have not yet been reviewed by tax authorities and that may in the future be under discussion, audit, dispute or appeal.

Assumptions and judgment. We use historical experience, current and expected future outcomes, third-party evaluations and various other assumptions believed to be reasonable in making judgements.

Impact if actual results differ from assumptions. An unrealized tax benefit will be recognized when we determine that it is more likely than not that the tax position is sustainable based on its technical merits. In any case, if the final outcome is different from our estimate this will impact our income taxes and cash flow.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk is the potential economic loss arising from adverse changes in market factors. As a result of our global operating, acquisition and financing activities, we are exposed to market risk associated with changes in foreign currency exchange rates, interest rates and equity prices. To manage the volatility relating to these risks, we may periodically purchase derivative instruments including foreign currency forwards. We do not enter into derivative instruments for trading or speculative purposes.

Foreign currency risk

Our Financial Statements are presented in Canadian dollars. We are exposed to foreign currency exchange rate risk as the functional currencies of certain subsidiaries, including those in the United States and Europe, are not in Canadian dollars. The translation of foreign currencies to Canadian dollars is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and for revenues and expense using an average exchange rate for the period. Therefore, fluctuations in the value of the Canadian dollar affect the reported amounts of net revenue, expenses, assets and liabilities. The resulting translation adjustments are reported as a component of accumulated other comprehensive income or loss on the consolidated balance sheet.

A hypothetical 10% change in the U.S. dollar against the Canadian dollar compared to the exchange rate at March 31, 2020, would affect the carrying value of net assets by approximately \$113.0 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income or loss. A hypothetical 10% change in the euro against the Canadian dollar compared to the exchange rate at March 31, 2020, would affect the carrying value of net assets by approximately \$77.7 million, with a corresponding impact to the foreign currency translation account within accumulated other comprehensive income or loss.

We also have exposure to changes in foreign exchange rates associated with transactions which are undertaken by our subsidiaries in currencies other than their functional currency. As a result, we have been impacted by changes in exchange rates and may be impacted for the foreseeable future.

Foreign currency derivative instruments may be used to hedge existing foreign currency denominated assets and liabilities, forecasted foreign currency denominated sales/purchases to/from third parties as well as intercompany sales/purchases, intercompany principal and interest payments, and in connection with acquisitions, divestitures or investments outside of Canada. Historically, while we have purchased derivative instruments to mitigate the foreign exchange risks associated with certain transactions, the impact of these hedging transactions on our Financial Statements has been immaterial.

Interest rate risk

Our cash equivalents and short-term investments are held in both fixed-rate and adjustable-rate securities. Investments in fixed-rate instruments carry a degree of interest rate risk. The fair value of fixed-rate securities may be adversely impacted due to a rise in interest rates. Additionally, a falling-rate environment creates reinvestment risk because as securities mature, the proceeds are reinvested at a lower rate, generating less interest income. As at March 31, 2020, our cash and cash equivalents, and short-term investments, consisted of \$1.3 billion, as compared to \$2.8 billion at March 31, 2019, in interest rate sensitive instruments.

Our financial liabilities consist of long-term fixed rate debt and floating-rate debt. Fluctuations in interest rates could impact our cash flows, primarily with respect to the interest payable on floating-rate debt.

	Aggregate Notional Value		Fair Value		Decrease in Fair Value - Hypothetical 1% Rate Increase	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Convertible senior note	\$ 600,000	\$ 600,000	\$ 450,204	\$ 835,704	\$ (11,490)	\$ (12,690)
Fixed interest rate debt	5,255	12,800	N/A	N/A	N/A	N/A
Variable interest rate debt	9,956	97,471	N/A	N/A	N/A	N/A

Equity price risk

We hold other financial assets and liabilities in the form of investments in shares, warrants, options, put liabilities, and convertible debentures that are measured at fair value and recorded through either net income (loss) or other comprehensive income (loss). We are exposed to price risk on these financial assets, which is the risk of variability in fair value due to movements in equity or market prices.

For our convertible senior notes, a primary driver of its fair value is our share price. An increase in our share price typically results in a fair value increase of the liability.

Information regarding the fair value of financial instrument assets and liabilities that are measured at fair value on a recurring basis, and the relationship between the unobservable inputs used in the valuation of these financial assets and their fair value is presented in Note 24 of the Financial Statements.

Item 8. Financial Statements and Supplementary Data.

The financial statements required by this item and the reports of the independent accountants thereon required by Item 14(a)(2) appear on pages F-2 to F-62. See accompanying Index to the Consolidated Financial Statements on page F-1. The supplementary financial data required by Item 302 of Regulation S-K appears in Note 35 to the consolidated financial statements.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, and summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report was made under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2020, our disclosure controls and procedures (a) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is timely recorded, processed, summarized and reported and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2020, based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on the assessment, management has determined that our internal control over financial reporting as of March 31, 2020, was effective.

In accordance with guidance issued by the SEC, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for the first fiscal year in which the acquisition occurred. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has limited the evaluation of our internal controls over financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of the recently acquired operations of:

- C³ (acquired April 30, 2019);
- This Works (acquired May 21, 2019);
- BioSteel (acquired October 1, 2019);
- BCT (acquired October 11, 2019); and
- Spectrum UK (acquired October 11, 2019).

The operations of C³, This Works, BioSteel, BCT and Spectrum UK, combined, represent approximately 10% of our total assets and 19% of our gross revenues for the year ended March 31, 2020.

As disclosed under “Controls and Procedures” in our Annual Report on Form 40-F for the fiscal year ended March 31, 2019, as of March 31, 2019, management concluded that a material weakness existed in internal controls over company-wide EUC spreadsheets. This material weakness was initially identified as of March 31, 2017. The accounting complexities encountered in financial reporting rely on complex spreadsheets, and spreadsheets are inherently prone to error due to their manual nature. Our controls related to spreadsheets did not address all risks associated with access security, data entry and evidence of review of completed spreadsheets.

During 2019, management implemented our previously disclosed remediation plan that included:

- (i) Adding additional resources, including the continued engagement of third party resources, to support and assist in implementing applicable EUC spreadsheet control infrastructure for expected ongoing reliance to a degree on EUC spreadsheets;
- (ii) Reducing the use of EUC spreadsheets where possible through relevant systems.

During the fourth quarter of fiscal 2020, we completed testing of the operating effectiveness of the implemented controls and found them to be effective. As a result, we have concluded the material weakness has been remediated as of March 31, 2020.

KPMG LLP, an independent registered public accounting firm, has audited our financial statements included in this Annual Report and issued its report on the effectiveness of our internal control over financial reporting as of March 31, 2020, which is included herein.

Changes in Internal Control Over Financial Reporting

Other than the changes discussed above in connection with our implementation of the remediation plan, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a–15(f) and 15d–15(f) under the Exchange Act) that occurred during our most recent quarter, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended March 31, 2020.

Item 11. Executive Compensation.

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended March 31, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended March 31, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended March 31, 2020.

Item 14. Principal Accountant Fees and Services.

The information required under this Item is incorporated herein by reference to our definitive proxy statement to be filed with the SEC no later than 120 days after the close of our fiscal year ended March 31, 2020.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) Financial Statements

See the accompanying Index to Consolidated Financial Statement Schedule on page F-1.

(a) (2) Financial Statement Schedules

See the accompanying Index to Consolidated Financial Statement Schedule on page F-1.

(a) (3) Exhibits

Exhibit Index

Exhibit Number	Description
2.1*	<u>Arrangement Agreement dated as of April 18, 2019 by and between Canopy Growth Corporation and Acreage Holdings, Inc.</u>
2.2*	<u>First Amendment to Arrangement Agreement dated as of May 15, 2019 by and between Canopy Growth Corporation and Acreage Holdings, Inc.</u>
3.1*	<u>Certificate of Incorporation and Articles of Amendment of Canopy Growth Corporation.</u>
3.2*	<u>Bylaws of Canopy Growth Corporation.</u>
4.1*	<u>Description of Capital Stock of Canopy Growth Corporation.</u>
4.2*	<u>Form of Canopy Growth Corporation Common Share Certificate.</u>
4.3	<u>Indenture dated as of June 20, 2018 by and among Canopy Growth Corporation, Glas Trust Company LLC and Computershare Trust Company of Canada (incorporated by reference to Exhibit 99.1 to Canopy Growth Corporation's Form 6-K, filed with the Securities and Exchange Commission on June 26, 2018).</u>
4.4*	<u>Tranche A Amended and Restated Common Share Purchase Warrant dated as of June 27, 2019, granted to CBG Holdings LLC.</u>
4.5*	<u>Tranche B Amended and Restated Common Share Purchase Warrant dated as of June 27, 2019, granted to CBG Holdings LLC.</u>
4.6*	<u>Tranche C Amended and Restated Common Share Purchase Warrant dated as of June 27, 2019, granted to CBG Holdings LLC.</u>
10.1*†	<u>Form of Director and Officer Indemnity Agreement.</u>
10.2*†	<u>Canopy Growth Corporation Amended and Restated 2018 Omnibus Incentive Plan.</u>
10.3*†	<u>Form of Stock Option Agreement to Amended and Restated 2018 Omnibus Incentive Plan.</u>
10.4*†	<u>Form of Restricted Stock Unit Grant Agreement to Amended and Restated 2018 Omnibus Incentive Plan.</u>
10.5*†	<u>Canopy Growth Corporation Employee Stock Purchase Plan.</u>
10.6*	<u>Non-Employee Director Compensation Table.</u>
10.7*‡	<u>Subscription Agreement dated as of October 27, 2017 by and between Greenstar Canada Investment Limited Partnership and Canopy Growth Corporation.</u>
10.8*	<u>Subscription Agreement dated as of August 14, 2018 by and between CBG Holdings LLC and Canopy Growth Corporation.</u>
10.9*	<u>Second Amended and Restated Investor Rights Agreement dated as of April 18, 2019 by and among CBG Holdings LLC, Greenstar Canada Investment Limited Partnership and Canopy Growth Corporation.</u>
10.10*	<u>Consent Agreement dated as of April 18, 2019 by and between Canopy Growth Corporation and CBG Holdings LLC.</u>
10.11*†	<u>Executive Employment Agreement dated as of November 20, 2019 by and between Tweed Inc. and Phil Shaer.</u>
10.12*†	<u>Executive Employment Agreement dated as of March 13, 2019 by and between Canopy Growth Corporation and Tom Stewart.</u>
10.13*†	<u>Executive Employment Agreement dated as of September 21, 2018 by and between Tweed Inc. and Tom Shipley.</u>
10.14*†	<u>Consulting Agreement dated as of May 15, 2017 by and among Canopy Growth Corporation, HBAM Holding Inc. and Bruce Linton.</u>
10.15*†	<u>Termination Agreement dated as of July 2, 2019 by and among Canopy Growth Corporation, HBAM Holding Inc. and Bruce Linton.</u>
10.16*†	<u>Mutual Release dated as of July 2, 2019 by and among Canopy Growth Corporation, HBAM Holding Inc. and Bruce Linton.</u>
10.17*†	<u>Executive Employment Agreement dated as of September 21, 2018 by and between Tweed Inc. and Mark Zekulin.</u>
10.18*†	<u>Employment Amending Letter dated as of December 9, 2019 by and between Tweed Inc. and Mark Zekulin.</u>
10.19*†	<u>Form of Executive Employment Agreement dated as of September 21, 2018 by and between Tweed Inc. and Tim Saunders.</u>
10.20*†	<u>Letter Regarding Conclusion of Employment dated as of October 11, 2019 by and between Tweed Inc. and Tim Saunders.</u>
10.21*†	<u>Executive Employment Agreement dated as of December 8, 2019 by and between Canopy Growth Corporation and David Klein.</u>
10.22*†	<u>Executive Employment Agreement dated as of December 12, 2019 by and between Canopy Growth Corporation and Rade Kovacevic.</u>

10.23*†	Executive Employment Agreement dated as of March 31, 2020 by and between Canopy Growth Corporation and Mike Lee.
14.1*	Canopy Growth Corporation Code of Business Conduct and Ethics.
21.1*	List of Subsidiaries of Canopy Growth Corporation.
23.1*	Consent of KPMG, LLP, Independent Registered Public Accounting Firm.
24.1*	Power of Attorney (included on signature page hereto).
31.1*	Certification of the Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† This document has been identified as a management contract or compensatory plan or arrangement.

* Filed herewith.

** This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liability of that Section. Such exhibit shall not be deemed incorporated into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

‡ Portions of this exhibit are redacted pursuant to Item 601(b)(2)(ii) of Regulation S-K.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Canopy Growth Corporation

Date: June 1, 2020

By: /s/ David Klein

David Klein
Chief Executive Officer
(Principal Executive Officer)

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein and Michael Lee, and each of them, as his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ David Klein</u> David Klein	Director and Chief Executive Officer (Principal Executive Officer)	June 1, 2020
<u>/s/ Michael Lee</u> Michael Lee	Chief Financial Officer (Principal Financial Officer)	June 1, 2020
<u>/s/ Thomas Stewart</u> Thomas Stewart	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 1, 2020
<u>/s/ Robert Hanson</u> Robert Hanson	Director	June 1, 2020
<u>/s/ David Lazzarato</u> David Lazzarato	Director	June 1, 2020
<u>/s/ William Newlands</u> William Newlands	Director	June 1, 2020
<u>/s/ Judy Schmeling</u> Judy Schmeling	Director, Chair	June 1, 2020
<u>/s/ Theresa Yanofsky</u> Theresa Yanofsky	Director	June 1, 2020

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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<u>Notes to Consolidated Financial Statements</u>	F-13

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Canopy Growth Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Canopy Growth Corporation and subsidiaries (the Company) as of March 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated June 1, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Assessment of the measurement of fair value of the liability arising from the Acreage Arrangement

As discussed in Notes 24 and 29 to the consolidated financial statements, on June 27, 2019, the Company acquired both the right and obligation (the "Acreage financial instrument") to purchase 100% of the shares of Acreage Holdings, Inc (the "Acreage Arrangement"). The Company is required to exercise the Acreage financial instrument upon the occurrence or waiver of specified changes in United States ("US") federal laws relating to cannabis (the "Acreage Triggering Event"). The Acreage financial instrument is recorded at fair value through profit and loss in the consolidated financial statements. On initial recognition, the Acreage financial instrument was recorded as a financial asset at its fair value of \$395,190 thousand. As of March 31, 2020, the Acreage financial instrument was recorded as a financial liability of \$250,000 thousand.

We identified the assessment of the measurement of fair value of the liability arising from the Acreage Arrangement as a critical audit matter. There was a high degree of subjective auditor judgment in the evaluation of the key assumptions that were not directly observable, and in the probability of different scenarios when determining the fair value. The key assumptions included probability of each scenario, the value and number of the Company's shares to be issued, the intrinsic value of Acreage, the probability and timing of US legalization, the estimated premium on US legalization, the control premium and the synergy value to the Company.

The primary procedures we performed to address this critical audit matter included the following. We tested the internal control over the Company's key assumptions noted above. We involved valuation professionals with specialized skills and knowledge who assisted in evaluating the Company's key assumptions noted above by assessing each scenario and the probability of each scenario being achieved for the resultant impact at the Acreage Triggering Event date. The evaluation was achieved by:

- performing sensitivity analyses on the relevant assumptions for each scenario
- evaluating the probability of each scenario and assessing its impact on the value of the Acreage financial instrument
- evaluating the likelihood of cannabis becoming federally legal in the US by examining and monitoring the status of active bills in the US and other legislation recently passed in the US
- comparing assumptions about the market impact of US legalization to the historical market performance observed in Canada at the time of legalization
- comparing certain assumptions to evidence obtained from internal and external sources.

Assessment of the accounting for the Constellation Brands, Inc. warrants

As discussed in Notes 20 and 29 to the consolidated financial statements, on June 27, 2019, the Company entered into certain agreements with Constellation Brands, Inc. to amend previously issued Tranche A Warrants and Final Warrants. The Tranche A Warrants were amended to extend their expiry date from November 1, 2021 to November 1, 2023, and the Final Warrants were exchanged for Tranche B Warrants and Tranche C Warrants (collectively, the "Amendments"). The Tranche B and Tranche C warrants are only exercisable once the Tranche A warrants are exercised. The extension of the Tranche A Warrants' expiry date resulted in a \$1,049,152 thousand loss recorded in equity. As a result of their exchange, the Final Warrants were derecognized. The Tranche B Warrants were classified as a financial liability with an initial fair value of \$1,117,640 thousand and a resulting loss was recognized in net income (loss). The Tranche C Warrants were classified as a financial liability with an initial fair value of \$nil.

We identified the assessment of the accounting for the Amendments as a critical audit matter because interpretation and application of the relevant accounting literature requires significant auditor judgment. In particular, the accounting for the modification involved assessments of the different types of warrants, their particular features, and the impact of those features on the accounting for the warrants.

The primary procedures we performed to address this critical audit matter included the following. We tested the internal control over the Company's process to account for the Amendments, including the Company's accounting considerations of the warrants features. We assessed the accounting treatment of Amendments by:

- comparing the underlying terms of the relevant documents and agreements to the Company's accounting memoranda
- evaluating the Company's interpretation and application of the relevant accounting guidance, including consideration of alternative accounting treatments and evaluating the relative merits of the possible alternatives.

Assessment of the measurement of fair value of the New Warrants

As discussed in Notes 20, 24, and 29 to the consolidated financial statements, the Company entered into certain agreements with Constellation Brands, Inc. to amend previously issued warrants and replace them with Tranche A, Tranche B, and Tranche C warrants. The initial fair values of the Tranche A, Tranche B, and Tranche C warrants were \$2,554,503 thousand, \$1,117,640 thousand, and \$nil, respectively. Subsequent changes in the fair value of the Tranche B and Tranche C warrants are recorded in net income (loss). As of March 31, 2020, the fair values of the Tranche B and Tranche C warrants were \$322,491 thousand, and \$nil, respectively.

We identified the assessment of the measurement of fair values of the Tranche A and Tranche B warrants ("New Warrants") as a critical audit matter. Specifically, there was a high degree of subjectivity and judgment in evaluating the determination of the expected share price volatility inputs used in the Monte Carlo model for the New Warrants. Historical, implied, and peer group volatility levels provide a range of possible expected volatility inputs and the fair value estimates for the New Warrants are sensitive to the expected volatility inputs.

The primary procedures we performed to address this critical audit matter included the following. We tested the internal control over the Company's process to measure the fair values of the New Warrants. This included the Company's assessment of the observable market information used in the determination of the expected share price volatility inputs. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the expected share price volatility inputs by comparing them against a volatility range that was independently developed in consideration of historical, implied, and peer group share price volatility information.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company's auditor since 2019.

Ottawa, Canada

June 1, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Canopy Growth Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Canopy Growth Corporation's (the Company) internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2020 and 2019, the related consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for each of the years in the three-year period ended March 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated June 1, 2020 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Cannabinoid Compound Company, TWP UK Holdings Limited, BioSteel Sports Nutrition Inc., Beckley Canopy Therapeutics Limited and Spectrum Biomedical UK Limited (collectively, the "Acquired Entities") during the year ended March 31, 2020, and management excluded the Acquired Entities from its assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2020. The Acquired Entities represent approximately 10% of total assets and 19% of total revenues of the consolidated financial statements of the Company as of and for the year ended March 31, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Acquired Entities.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Annual Report on Form 10-K under the section entitled "Item 9A. Controls and Procedures". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

June 1, 2020

CANOPY GROWTH CORPORATION
CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars, except number of shares and per share data)

	March 31, 2020	March 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,303,176	\$ 2,480,830
Short-term investments	673,323	2,034,133
Restricted short-term investments	21,539	21,432
Amounts receivable, net	90,155	106,974
Inventory	391,086	190,072
Prepaid expenses and other assets	85,094	85,691
Total current assets	2,564,373	4,919,132
Equity method investments	65,843	112,385
Other financial assets	249,253	363,427
Property, plant and equipment	1,524,803	1,096,340
Intangible assets	476,366	558,070
Goodwill	1,954,471	1,489,859
Other assets	22,636	25,902
Total assets	<u>\$ 6,857,745</u>	<u>\$ 8,565,115</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 123,393	\$ 188,920
Other accrued expenses and liabilities	64,994	37,613
Current portion of long-term debt	16,393	103,716
Other liabilities	215,809	81,414
Total current liabilities	420,589	411,663
Long-term debt	449,022	842,259
Deferred income tax liabilities	47,113	105,081
Liability arising from Acreage Arrangement	250,000	-
Warrant derivative liability	322,491	-
Other liabilities	190,660	134,004
Total liabilities	1,679,875	1,493,007
Commitments and contingencies (Note 32)		
Redeemable noncontrolling interest	69,750	6,400
Canopy Growth Corporation shareholders' equity:		
Common shares - \$nil par value; Authorized - unlimited number of shares; Issued - 350,112,927 shares and 337,510,408 shares, respectively	6,373,544	6,029,222
Additional paid-in capital	2,615,155	1,592,024
Accumulated other comprehensive income (loss)	220,899	(5,905)
Deficit	(4,323,236)	(835,118)
Total Canopy Growth Corporation shareholders' equity	4,886,362	6,780,223
Noncontrolling interests	221,758	285,485
Total shareholders' equity	5,108,120	7,065,708
Total liabilities and shareholders' equity	<u>\$ 6,857,745</u>	<u>\$ 8,565,115</u>

The accompanying notes are an integral part of these consolidated financial statements.

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands of Canadian dollars, except number of shares and per share data)

	Years ended March 31,		
	2020	2019	2018
Revenue	\$ 439,626	\$ 253,431	\$ 77,948
Excise taxes	40,854	27,090	-
Net revenue	398,772	226,341	77,948
Cost of goods sold	430,456	198,096	44,959
Gross margin	(31,684)	28,245	32,989
Operating expenses			
Selling, general and administrative expenses	693,737	392,250	103,480
Share-based compensation	320,276	273,447	49,106
Asset impairment and restructuring costs	623,266	-	-
Total operating expenses	1,637,279	665,697	152,586
Operating loss	(1,668,963)	(637,452)	(119,597)
Loss from equity method investments	(64,420)	(10,752)	(1,473)
Other income (expense), net	224,329	(59,709)	69,614
Loss before income taxes	(1,509,054)	(707,913)	(51,456)
Income tax recovery (expense)	121,614	(4,112)	392
Net loss	(1,387,440)	(712,025)	(51,064)
Net (loss) income attributable to noncontrolling interests and redeemable noncontrolling interest	(66,114)	24,256	16,219
Net loss attributable to Canopy Growth Corporation	<u>\$ (1,321,326)</u>	<u>\$ (736,281)</u>	<u>\$ (67,283)</u>
Basic and diluted loss per share	\$ (3.80)	\$ (2.76)	\$ (0.38)
Basic and diluted weighted average common shares outstanding	348,038,163	266,997,406	177,301,767
Comprehensive loss:			
Net loss	\$ (1,387,440)	\$ (712,025)	\$ (51,064)
Other comprehensive income (loss), net of income tax effect			
Fair value changes of own credit risk of financial liabilities	141,306	(47,130)	-
Foreign currency translation	85,498	40,617	410
Fair value changes on available for sale assets	-	-	22,933
Total other comprehensive income (loss), net of income tax effect	226,804	(6,513)	23,343
Comprehensive loss	(1,160,636)	(718,538)	(27,721)
Comprehensive (loss) income attributable to noncontrolling interests and redeemable noncontrolling interest	(66,114)	24,220	20,252
Comprehensive loss attributable to Canopy Growth Corporation	<u>\$ (1,094,522)</u>	<u>\$ (742,758)</u>	<u>\$ (47,973)</u>

The accompanying notes are an integral part of these consolidated financial statements.

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of Canadian dollars)

		Additional paid-in capital				Accumulated			
	Common	Share-		Ownership	Redeemable	other		Noncontrolling	Total
	shares	based	Warrants	changes	noncontrolling	comprehensive	Deficit	interests	
		reserve			interest	income (loss)			
Balance at March 31, 2017	\$ 621,541	\$ 23,415	\$ -	\$ -	\$ 305	\$ 16,098	\$ (65,621)	\$ 425	\$ 596,163
Equity financings and private placements, net of costs	390,752	-	70,265	-	-	-	-	-	461,017
Other issuances of common shares and warrants	46,069	(4,886)	1,303	-	-	-	-	-	42,486
Exercise of warrants	1,883	-	(1,113)	-	-	-	-	-	770
Exercise of Omnibus Plan stock options	19,197	(8,144)	-	-	-	-	-	-	11,053
Share-based compensation	-	47,597	-	-	-	-	-	-	47,597
Changes in redeemable noncontrolling interest	-	-	-	-	(65,050)	-	-	(1,100)	(66,150)
Ownership changes relating to noncontrolling interests	-	-	-	(1,019)	-	-	-	66,155	65,136
Comprehensive income (loss)	-	-	-	-	-	19,310	(67,283)	20,252	(27,721)
Balance at March 31, 2018	\$1,079,442	\$ 57,982	\$ 70,455	\$ (1,019)	\$ (64,745)	\$ 35,408	\$ (132,904)	\$ 85,732	\$1,130,351

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of Canadian dollars)

		Additional paid-in capital				Accumulated other comprehensive income (loss)		Noncontrolling interests		Total
	Common shares	Share-based reserve	Warrants	Ownership changes	Redeemable noncontrolling interest		Deficit			
Balance at March 31, 2018	\$1,079,442	\$ 57,982	\$ 70,455	\$ (1,019)	\$ (64,745)	\$ 35,408	\$(132,904)	\$ 85,732		\$1,130,351
Cumulative effect from adoption of ASU 2016-1	-	-	-	-	-	(34,800)	34,800	-		-
Equity financings and private placements, net of costs	3,558,640	-	1,501,760	-	-	-	-	-		5,060,400
Other issuances of common shares and warrants	1,264,273	202,635	-	(427,843)	-	-	-	331		1,039,396
Exercise of warrants	31,691	-	(12,901)	-	-	-	-	-		18,790
Exercise of Omnibus Plan stock options	92,985	(44,826)	-	-	-	-	-	-		48,159
Share-based compensation	-	266,639	-	-	-	-	-	-		266,639
Issuance of replacement equity instruments	-	22,685	30,611	-	-	-	-	-		53,296
Issuance and vesting of restricted share units	2,191	57	-	-	-	-	-	-		2,248
Changes in redeemable noncontrolling interest	-	-	-	-	(14,965)	-	-	(2,885)		(17,850)
Ownership changes relating to noncontrolling interests	-	-	-	(72,101)	77,600	-	(733)	178,087		182,853
Comprehensive (loss) income	-	-	-	-	-	(6,513)	(736,281)	24,220		(718,574)
Balance at March 31, 2019	\$6,029,222	\$505,172	\$1,589,925	\$ (500,963)	\$ (2,110)	\$ (5,905)	\$(835,118)	\$ 285,485		\$7,065,708

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of Canadian dollars)

		Additional paid-in capital				Accumulated			
	Common	Share-		Ownership	Redeemable	other		Noncontrolling	Total
	shares	based	Warrants	changes	noncontrolling	comprehensive	Deficit	interests	
		reserve			interest	income (loss)			
Balance at March 31, 2019	\$6,029,222	\$ 505,172	\$1,589,925	\$ (500,963)	\$ (2,110)	\$ (5,905)	\$ (835,118)	\$ 285,485	\$ 7,065,708
Other issuances of common shares and warrants	271,966	(272,234)	359	-	-	-	-	-	91
Exercise of warrants	932	-	(486)	-	-	-	-	-	446
Exercise of Omnibus Plan stock options	69,951	(28,538)	-	-	-	-	-	-	41,413
Share-based compensation	-	312,929	-	-	-	-	-	-	312,929
Issuance of replacement equity instruments	-	1,885	-	-	-	-	-	-	1,885
Issuance and vesting of restricted share units	1,473	(1,473)	-	-	-	-	-	-	-
Acreage warrant modification	-	-	1,049,153	-	-	-	(2,166,792)	-	(1,117,639)
Changes in redeemable noncontrolling interest	-	-	-	-	(38,024)	-	-	(6,489)	(44,513)
Ownership changes relating to noncontrolling interests	-	-	-	(440)	-	-	-	8,876	8,436
Comprehensive income (loss)	-	-	-	-	-	226,804	(1,321,326)	(66,114)	(1,160,636)
Balance at March 31, 2020	\$6,373,544	\$ 517,741	\$2,638,951	\$ (501,403)	\$ (40,134)	\$ 220,899	\$ (4,323,236)	\$ 221,758	\$ 5,108,120

The accompanying notes are an integral part of these consolidated financial statements.

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

	Years ended March 31,		
	2020	2019	2018
Cash flows from operating activities:			
Net loss	\$ (1,387,440)	\$ (712,025)	\$ (51,064)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation of property, plant and equipment	73,716	30,062	8,725
Amortization of intangible assets	51,297	16,856	11,761
Share of loss on equity method investments	64,420	10,752	1,473
Share-based compensation	320,276	278,228	51,177
Asset impairment and restructuring costs	623,266	-	-
Income tax (recovery) expense	(121,614)	4,112	(392)
Non-cash foreign currency	(2,012)	(18,776)	(201)
Interest paid	(25,472)	(14,521)	-
Change in operating assets and liabilities, net of effects from purchases of businesses:			
Amounts receivable	20,979	(67,688)	(15,738)
Prepaid expenses and other assets	(26,917)	(87,476)	(15,770)
Inventory	(177,091)	(144,917)	(21,811)
Accounts payable and accrued liabilities	(20,750)	69,540	27,130
Other, including non-cash fair value adjustments	(165,293)	100,822	(76,796)
Net cash used in operating activities	(772,635)	(535,031)	(81,506)
Cash flows from investing activities:			
Purchases of and deposits on property, plant and equipment	(704,944)	(644,456)	(175,962)
Purchases of intangible assets	(16,957)	(74,359)	(2,132)
Redemption (purchases) of short-term investments	1,427,482	(2,029,812)	(118)
Proceeds on assets classified as held for sale	-	-	7,000
Investments in equity method investments	(5,135)	(36,896)	(26,179)
Investments in other financial assets	(129,590)	(91,337)	(22,439)
Investment in Acreage Arrangement	(395,190)	-	-
Change in acquisition related liabilities	(24,482)	-	-
Net cash outflow on acquisition of noncontrolling interests	-	(6,712)	-
Net cash outflow on acquisition of subsidiaries	(498,838)	(344,413)	(3,753)
Net cash used in investing activities	(347,654)	(3,227,985)	(223,583)
Cash flows from financing activities:			
Proceeds from issuance of common shares and warrants	-	5,072,500	470,670
Payment of share issue costs	-	(21,646)	(10,008)
Proceeds from issuance of shares by Canopy Rivers	1,172	154,976	54,876
Proceeds from exercise of stock options	41,413	48,159	11,053
Proceeds from exercise of warrants	446	18,790	770
Issuance of long-term debt	14,761	600,000	-
Payment of debt issue costs	-	(16,380)	-
Repayment of long-term debt	(114,953)	(4,680)	(1,512)
Net cash (used in) provided by financing activities	(57,161)	5,851,719	525,849
Effect of exchange rate changes on cash and cash equivalents	(204)	69,567	-
Net (decrease) increase in cash and cash equivalents	(1,177,654)	2,158,270	220,760
Cash and cash equivalents, beginning of year	2,480,830	322,560	101,800
Cash and cash equivalents, end of year	\$ 1,303,176	\$ 2,480,830	\$ 322,560
Supplemental disclosure of cash flow information			
Cash paid during the year:			
Income taxes	\$ 5,460	\$ 502	\$ -
Noncash investing and financing activities			
Additions to property, plant and equipment	\$ 44,573	\$ 96,875	\$ 49,627

The accompanying notes are an integral part of these consolidated financial statements.

CANOPY GROWTH CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands of Canadian dollars)

1. DESCRIPTION OF BUSINESS

Canopy Growth Corporation is a publicly traded corporation, incorporated in Canada, with its head office located at 1 Hershey Drive, Smiths Falls, Ontario. References in these consolidated financial statements to “Canopy Growth” or “the Company” refer to Canopy Growth Corporation and its subsidiaries.

The principal activities of the Company are the production, distribution and sale of cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations (“ACMPR”) in Canada, up to and including October 16, 2018. On October 17, 2018, the ACMPR was superseded by The Cannabis Act, which regulates the production, distribution, and possession of cannabis for both medical and adult recreational access in Canada. The Company is also expanding to jurisdictions outside of Canada where federally lawful and regulated for cannabis and/or hemp including subsidiaries that operate in the United States, Europe, Latin America and the Caribbean, Asia / Pacific, and Africa. Through its partially owned subsidiary Canopy Rivers Inc. (“Canopy Rivers”), the Company also provides growth capital and a strategic support platform that pursues investment opportunities in the global cannabis sector, where federally lawful.

In the year ended March 31, 2020, the Company commenced an organizational and strategic review of its business which resulted in a restructuring of the Company’s global operations, including the closure of certain of the Company’s production facilities, and other organizational changes. Please refer to Note 5 for further details regarding these restructuring actions.

2. BASIS OF PRESENTATION

The consolidated financial statements have been presented in Canadian dollars and are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Canopy Growth has determined that the Canadian dollar is the most relevant and appropriate reporting currency as, despite continuing shifts in the relative size of our operations across multiple geographies, the majority of our operations are conducted in Canadian dollars and our financial results are prepared and reviewed internally by management in Canadian dollars. Our consolidated financial statements, and the financial information contained herein, are reported in thousands of Canadian dollars, except share and per share amounts or as otherwise stated.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all entities in which the Company either has a controlling voting interest or is the primary beneficiary of a variable interest entity. All intercompany accounts and transactions have been eliminated on consolidation.

Variable interest entities

A variable interest entity (“VIE”) is an entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to control the entity’s activities or do not substantially participate in the gains and losses of the entity. Upon inception of a contractual agreement, and thereafter, if a reconsideration event occurs, the Company performs an assessment to determine whether the arrangement contains a variable interest in an entity and whether that entity is a VIE. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the VIE’s economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Under Accounting Standards Codification (“ASC”) 810 – *Consolidations*, where the Company concludes that it is the primary beneficiary of a VIE, the Company consolidates the accounts of that VIE.

Equity method investments

Investments accounted for using the equity method include those investments where the Company (i) can exercise significant influence over the other entity and (ii) holds common stock and/or in-substance common stock of the other entity. Under the equity method, investments are carried at cost, and subsequently adjusted for the Company’s share of net income (loss), comprehensive income (loss) and distributions received from the investee. If the current fair value of an investment falls below its carrying amount, this may indicate that an impairment loss should be recorded. Any impairment losses recognized are not reversed in subsequent periods.

Use of estimates

The preparation of these consolidated financial statements and accompanying notes in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

In preparing the financial statements of individual entities, transactions in currencies other than the entity's functional currency are recognized at exchange rates in effect on the date of the transactions. At each reporting date monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates applicable at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Realized and unrealized exchange gains and losses are recognized through net income (loss).

For the purposes of presenting consolidated financial statements the assets and liabilities of foreign operations, are translated into Canadian dollars at the exchange rates applicable at the balance sheet date. Income and expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in accumulated other comprehensive income (loss).

Cash equivalents and short-term investments

Cash equivalents consist of highly liquid investments with original maturities of three months or less. Investments with maturities greater than 90 days but less than one year at the date of purchase are included in short-term investments.

The Company's investments in debt securities, which consist of U.S. government securities, have been classified and accounted for using the fair value option. Unrealized gains and losses on debt securities are recognized in net income (loss). All other short-term investments are recorded at fair value with gains or losses recognized in net income (loss).

Inventory

Inventory consists of raw materials, supplies and consumables used in the inventory process, merchandise for sale, finished goods and work-in-process such as pre-harvested cannabis plants, by-products to be extracted, oils, gel capsules and edible products. Inventory is valued at the lower of cost and net realizable value, with cost determined using the weighted average cost method. Costs are capitalized to inventory, until substantially ready for sale. Costs include direct and indirect labor, consumables, materials, packaging supplies, utilities, facilities costs, quality and testing costs, production related depreciation and other overhead costs. The Company records inventory reserves for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, historical experience and application of the specific identification method. The Company classifies cannabis inventory as a current asset, although part of such inventory, because of the duration of the cultivation, drying, and conversion process, ordinarily would not be utilized within one year.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items or components of property, plant and equipment. When assets are retired or disposed of, the cost and accumulated depreciation are removed from the respective accounts and any related gain or loss is recognized in net income (loss).

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

	Years
Buildings and greenhouses	20 - 50
Land improvements	10 - 20
Leasehold improvements	3 - 25
Production and warehouse equipment	3 - 30
Computer equipment	3 - 10
Office and lab equipment	3 - 10

Estimates of useful life and residual value, and the method of depreciation, are reviewed only when events or changes in circumstances indicate that the current estimates or depreciation method are no longer appropriate. Any changes are accounted for on a prospective basis as a change in estimate.

Intangible assets

Finite life intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the following terms:

	Years
Health Canada licenses	Useful life of facility or lease term
Licensed brands	2 - 8
Distribution channel	5 - 11
Intellectual property	10 - 15
Software and domain names	3 - 5

The estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill and indefinite life intangible assets

Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. The Company has determined that the goodwill associated with all acquisitions belongs to the one reporting unit within the Cannabis, Hemp and Other Consumer Products operating and reportable segment, as this is the reporting unit that holds the acquired entities. The Company reviews the goodwill and indefinite life intangible assets annually for impairment in the fourth quarter, or sooner, if events or circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company early adopted Accounting Standards Update (“ASU”) 2017-04 - *Intangibles: Goodwill and Other (Topic 350)* which eliminates the two-step goodwill impairment process and, consistent with this guidance, the Company tests goodwill for impairment using a one-step quantitative test. The quantitative test compares the reporting unit’s fair value to its carrying value. An impairment is recorded for any excess carrying value above the reporting unit's fair value, not to exceed the amount of goodwill.

Indefinite life intangible assets are comprised of certain acquired brand names and licenses to grow, which are carried at cost less accumulated impairment losses. The Company reviews the classification each reporting period to decide whether the assessment made about the useful life as indefinite or finite is still appropriate. Any change is accounted for on a prospective basis as a change in estimate.

Impairment of long-lived assets

The Company evaluates the recoverability of long-lived assets, including property, plant and equipment and finite life intangible assets whenever events or changes in circumstances indicate a potential impairment exists. The Company groups assets at the lowest level for which cash flows are separately identifiable, referred to as an asset group. When indicators of potential impairment are present the Company prepares a projected undiscounted cash flow analysis for the respective asset or asset group. If the sum of the undiscounted cash flow is less than the carrying value of the asset or asset group, an impairment loss is recognized equal to the excess of the carrying value over the fair value, if any.

Restricted short-term investments

The Company considers short-term investments to be restricted when withdrawal or general use is legally restricted. The Company records restricted short-term investments as current or non-current in the consolidated balance sheets based on the classification of the underlying securities.

Redeemable noncontrolling interest

Redeemable noncontrolling interest is presented as mezzanine equity. The balance of the redeemable noncontrolling interest is reported at the greater of the initial carrying amount adjusted for the redeemable noncontrolling interest's share of earnings or losses and other comprehensive income or loss, or its estimated redemption value. The Company adjusts the carrying amount of the redeemable interest to the redemption amount each period, assuming the interest was redeemable at the balance sheet date with changes in fair value recorded in equity.

Revenue recognition

The Company's cannabis revenue is comprised of sales of (i) recreational cannabis products in Canada, either to government agencies or third-party retailers under a "business-to-business" wholesale model, or directly to consumers through the Company's network of retail stores and e-commerce platforms; and (ii) medical cannabis products in Canada and certain European countries. The Company's other revenue is comprised of sales of delivery devices, beauty, wellness and sleep products, sports nutrition beverages, merchandise, and revenue from other strategic sources.

The Company's revenue-generating activities have a single performance obligation and revenue is recognized at the point in time when control of the product transfers and the Company's obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the customer contract. In accordance with contracts with certain of the Company's Canadian provincial customers, the Company fulfills its obligations only when the customer transfers control of the product to the end consumer. Revenue is measured as the amount of consideration the Company expects to receive in exchange for the sale of the Company's product. Certain of the Company's customer contracts, most notably those with the Canadian provincial and territorial agencies, may provide the customer with a right of return. In certain circumstances the Company may also provide a retrospective price adjustment to a customer. These items give rise to variable consideration, which is recognized as a reduction of the transaction price based upon the expected amounts of the product returns and price adjustments at the time revenue for the corresponding product sale is recognized. The determination of the reduction of the transaction price for variable consideration requires that the Company make certain estimates and assumptions that affect the timing and amounts of revenue recognized. The Company estimates this variable consideration by taking into account factors such as historical information, current trends, forecasts, provincial and territorial inventory levels, availability of actual results and expectations of demand. The Company recognizes a liability for sales refunds within other current liabilities, and an asset for the value of inventory which is expected to be returned is recognized within prepaid expenses and other assets on the consolidated balance sheets.

Sales of products are for cash or otherwise agreed-upon credit terms. The Company's payment terms vary by location and customer; however, the time period between when revenue is recognized and when payment is due is not significant. The Company estimates and reserves for its bad debt exposure based on its experience with past due accounts and collectability, write-off history, the aging of accounts receivable and an analysis of customer data.

Cost of goods sold

The types of costs included in cost of goods sold are raw materials, packaging materials, manufacturing costs, plant facilities administrative support and overheads, and freight and warehouse costs, including distribution costs.

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled \$78,474, \$56,659 and \$1,038 in fiscal 2020, 2019, and 2018, respectively.

Research and development

Research and development costs are expensed as incurred. Research and development expenses totaled \$61,812, \$15,238, and \$2,053 in fiscal 2020, 2019, and 2018, respectively.

Asset impairment and restructuring costs

Asset impairment and restructuring costs consist of property, plant and equipment and intangible asset impairment charges, asset abandonment costs, inventory write-downs, contractual and other settlement costs, and employee-related and other restructuring costs recognized in connection with the restructuring of the Company's global operations in the year ended March 31, 2020. When a long-lived asset is abandoned its carrying amount is adjusted to its salvage value, if any. In determining the salvage value of our long-lived assets, management considers information from manufacturers, historical data, and industry standards. In certain cases, management may obtain third party appraisals to estimate salvage value.

Share-based compensation

The Company accounts for share-based compensation using the fair value method. With the exception of a limited number of share-based awards subject to market-based performance conditions that are valued using the Monte Carlo simulation model, the fair value of awards granted is estimated at the date of grant using the Black-Scholes model. The share-based compensation expense is based on the fair value of share-based awards at the grant date and the expense is recognized over the related service period following a graded vesting expense schedule. Forfeitures are estimated at the time of grant and revised in subsequent periods if there is a difference in actual forfeitures and the estimate. Effective April 1, 2018, the Company early-adopted ASU 2018-07 – *Compensation - Stock Compensation (Topic 718)*, which among other items, aligns the accounting for non-employee awards with that of employee awards.

For awards with service and/or non-market based performance conditions, the amount of compensation expense recognized is based on the number of awards expected to vest, reflecting estimated expected forfeitures, and is adjusted to reflect those awards that do ultimately vest. For awards with performance conditions, the Company recognizes the compensation expense if and when the Company concludes that it is probable that the performance condition will be achieved. The Company reassesses the probability of achieving the performance condition at each reporting date. Restricted stock units ("RSUs") that are settled in cash or common stock at the election of the employee are remeasured to fair value at the end of each reporting period until settlement. This fair value is based on the closing price of the Company's common shares on the last business day before each period end.

Income taxes

Income taxes are comprised of current and deferred taxes. These taxes are accounted for using the liability method. Current tax is recognized in connection with income for tax purposes, unrealized tax benefits and the recovery of tax paid in a prior period and measured using the enacted tax rates and laws applicable to the taxation period during which the income for tax purposes arose. Deferred tax is recognized on the difference between the carrying amount of an asset or a liability, as reflected in the financial statements, and the corresponding tax base, used in the computation of income for tax purposes ("temporary difference") and measured using the enacted tax rates and laws as at the balance sheet date that are expected to apply to the income that the Company expects to arise for tax purposes in the period during which the difference is expected to reverse. Management assesses the likelihood that a deferred tax asset will be realized and a valuation allowance is provided to the extent that it is more likely than not that all or a portion of a deferred tax asset will not be realized. The determination of both current and deferred taxes reflects the Company's interpretation of the relevant tax rules and judgement.

An unrealized tax benefit may arise in connection with a period that has not yet been reviewed by the relevant tax authority. A change in the recognition or measurement of an unrealized tax benefit is reflected in the period during which the change occurs.

Income taxes are recognized in the consolidated statement of operations, except when they relate to an item that is recognized in other comprehensive income (loss) or directly in equity, in which case, the taxes are also recognized in other comprehensive income (loss) or directly in equity respectively. Where income taxes arise from the initial accounting for a business combination, these are included in the accounting for the business combination.

Interest and penalties in respect of income taxes are not recognized in the consolidated statement of operations as a component of income taxes but as a component of interest expense.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing reported net income (loss) by the weighted average number of common shares outstanding for the reporting period. Diluted earnings (loss) per share is computed by dividing earnings (loss) by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common shares of the Company during the reporting periods. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of warrants, vested share options, RSUs and the incremental shares issuable upon conversion of the convertible senior notes. As at March 31, 2020, 2019, and 2018, all instruments were anti-dilutive.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company calculates the estimated fair value of financial instruments using quoted market prices whenever available. When quoted market prices are not available, the Company uses standard pricing models.

COVID-19 estimation uncertainty

In March 2020, the World Health Organization recognized the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially impact the Company's operations during the year ended March 31, 2020. The production and sale of cannabis have been recognized as essential services in Canada and across Europe. Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

4. NEW ACCOUNTING POLICIES

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued new guidance on the recognition and measurement of leases, ASC 842 - *Leases*. Under this guidance, a lessee recognizes assets and liabilities on its balance sheet for most leases. Lease expense continues to be consistent with previous guidance. Additionally, this guidance requires enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leasing arrangements.

The Company adopted the guidance on April 1, 2019, using the modified retrospective approach and, accordingly, prior period balances and disclosures have not been restated. The Company elected the package of transition practical expedients for expired or existing contracts, which retains prior conclusions reached on lease identification, classification, and initial direct costs incurred.

The adoption of this guidance resulted in the recognition of operating lease right-of-use assets of \$99,880, net of lease provisions of \$10,703 and \$110,583 of lease liabilities, with a \$nil impact on deficit. The transition to ASC 842 did not have a material impact on the Company’s results of operations or liquidity. When measuring lease liabilities, the Company used its incremental borrowing rate of April 1, 2019 of 4.5%. Further information is disclosed in Note 30.

Revenues

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”), which provides a single comprehensive model for accounting for revenue from contracts with customers and supersedes nearly all previously existing revenue recognition guidance. The core principle of ASU 2014-09 is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Canopy Growth adopted the new standard as of April 1, 2018. There was no impact of adopting ASU 2014-09 on the consolidated financial statements.

Financial Instruments

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities*, which provides new guidance for the recognition, measurement, presentation, and disclosure of financial assets and liabilities. Canopy Growth adopted the standard on April 1, 2018. Under the new standard, changes in the fair value of equity investments with readily determinable fair values are recorded in other (income) expense, net within the consolidated statement of operations. Previously, such fair value changes were recorded in other comprehensive income (loss). The impact of this transition is a cumulative-effect adjustment to deficit of \$34,800.

Canopy Growth has elected to continue to measure its equity investments without readily determinable fair values at fair value. Changes in the measurement of these investments will continue to be recorded in other (income) expense, net within the consolidated statement of operations.

Income taxes

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory* (“ASU 2016-16”), which requires the recognition of the income tax effects of intercompany sales and transfers of assets, other than inventory, in the period in which the transfer occurs. Canopy Growth adopted the standard on April 1, 2018, using a modified retrospective approach. There was minimal impact of adopting ASU 2016-16 on the consolidated financial statements.

Accounting Guidance not yet adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”). ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. Adoption of ASU 2016-13 will require financial institutions and other organizations to use forward-looking information to better formulate their credit loss estimates. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU 2016-13 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2016-13 effective April 1, 2020.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)* (“ASU 2018-13”). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2018-13 effective April 1, 2020.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (“ASU 2019-12”), which among other things, eliminates certain exceptions in the current rules regarding the approach for intraperiod tax allocations and the methodology for calculating income taxes in an interim period, and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. ASU 2019-12 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company is evaluating the impact on the consolidated financial statements and expects to implement the provisions of ASU 2019-12 effective April 1, 2020.

5. ASSET IMPAIRMENT AND RESTRUCTURING COSTS

Restructuring and other charges

In the three months ended March 31, 2020, the Company commenced an organizational and strategic review of its business which resulted in the following restructuring actions designed to improve organizational focus, streamline operations and align the Company’s production capability with projected demand: (i) the closure of certain of the Company’s greenhouses as they are no longer essential to our Canadian cannabis cultivation footprint; (ii) exiting non-strategic geographies, including South Africa and Lesotho and the Company’s hemp farming operations in New York, and shifting the Company’s strategy in Colombia; and (iii) rationalizing certain marketing and research and development activities. The Company recorded a write-down of inventory in the amount of \$55,890 related to these restructuring actions, as well as additional amounts totaling \$76,199 deemed excess based on current and projected market demand.

As a result of these actions the Company recognized aggregate pre-tax charges of \$742,929 in the year ended March 31, 2020 and approximately 600 full-time positions were eliminated.

Other impairments

In the year ended March 31, 2020, the Company recognized contractual and other settlement obligations and brand and license impairment charges totaling \$60,020, which were identified during its annual impairment testing process. These charges are reflected in asset impairment and restructuring costs. Additionally, the Company recognized impairment charges relating to certain of its equity method investments totaling \$40,326. These charges are recorded in other income (expense), net within the consolidated statements of operations. These other impairment charges are in addition to the restructuring and impairment costs described above and associated with the Company’s restructuring actions.

A summary of the pre-tax charges totaling \$843,275 recognized in connection with the Company’s restructuring actions and other impairments is as follows:

	Year ended March 31, 2020		
	Restructuring and other charges	Other impairments	Total
Costs recorded in cost of goods sold:			
Inventory write-downs	\$ 132,089	\$ -	\$ 132,089
Costs recorded in operating expenses:			
Impairment and abandonment of property, plant and equipment	334,964	-	334,964
Impairment and abandonment of intangible assets	192,987	54,020	247,007
Contractual and other settlement obligations	18,712	6,000	24,712
Employee-related and other restructuring costs	16,583	-	16,583
Asset impairment and restructuring costs	563,246	60,020	623,266
Acceleration of share-based compensation expense related to acquisition milestones	32,694	-	32,694
Share-based compensation expense	32,694	-	32,694
Costs recorded in other income (expense), net:			
Impairment of equity method investments	14,900	40,326	55,226
Total restructuring, asset impairments and related costs	<u>\$ 742,929</u>	<u>\$ 100,346</u>	<u>\$ 843,275</u>

Costs recorded in cost of goods sold

In the year ended March 31, 2020, the Company recognized charges of \$132,089 relating to restructuring charges and inventory write-downs, as described above.

Costs recorded in operating expenses

The Company recognized asset impairment and restructuring costs of \$563,246 in the year ended March 31, 2020 as a result of the restructuring actions described above.

As a result of the restructuring actions described above the Company impaired and abandoned certain production facilities, operating licenses and other intangible assets. A loss totaling \$527,951 was recognized in the year ended March 31, 2020 representing the difference between the net book value of the long-lived assets and their estimated salvage value or fair value. Of this loss, \$334,964 related to property, plant and equipment and \$192,987 related to brand, intellectual property and license intangible assets, were recognized in the year ended March 31, 2020. The losses relating to property, plant and equipment were primarily attributable to buildings and greenhouses, and production and warehouse equipment.

In the year ended March 31, 2020, the Company recognized contractual and other settlement obligations of \$18,712 and, employee-related and other restructuring costs of \$16,583.

In the year ended March 31, 2020, as a result of the restructuring of our operations in Colombia and Lesotho, the Company accelerated share-based compensation expense relating to the unvested milestones associated with the acquisitions of Spectrum Cannabis Colombia S.A.S. ("Spectrum Colombia"), Canindica Capital Ltd. ("Canindica"), and DaddyCann Lesotho PTY Limited ("DCL") in the year ended March 31, 2019. Accordingly, the Company recognized share-based compensation expense of \$32,694 in the year ended March 31, 2020.

6. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents are as follows:

	March 31, 2020	March 31, 2019
Cash	\$ 679,581	\$ 1,703,550
Cash equivalents	623,595	777,280
	<u>\$ 1,303,176</u>	<u>\$ 2,480,830</u>

7. SHORT-TERM INVESTMENTS

The components of short-term investments are as follows:

	March 31, 2020	March 31, 2019
Term deposits	\$ 374,000	\$ 1,600
U.S. government securities	184,923	1,663,245
Canadian government securities	41,164	369,288
Canadian commercial paper and other	60,260	-
U.S. commercial paper and other	12,976	-
	<u>\$ 673,323</u>	<u>\$ 2,034,133</u>

The amortized cost of short-term investments at March 31, 2020 is \$673,022 (March 31, 2019 – \$2,032,770).

8. AMOUNTS RECEIVABLE, NET

The components of amounts receivable, net are as follows:

	March 31, 2020	March 31, 2019
Accounts receivable, net	\$ 51,166	\$ 61,830
Indirect taxes receivable	22,982	27,805
Interest receivable	10,303	7,193
Other receivables	5,704	10,146
	<u>\$ 90,155</u>	<u>\$ 106,974</u>

Included in the accounts receivable, net balance at March 31, 2020 is an allowance for doubtful accounts of \$655 (March 31, 2019 – \$635).

9. INVENTORY

The components of inventory are as follows:

	March 31, 2020	March 31, 2019
Raw materials	\$ 36,835	\$ 845
Work in progress	255,934	109,672
Finished goods	59,645	30,054
Supplies and consumables	38,672	49,501
	<u>\$ 391,086</u>	<u>\$ 190,072</u>

In the year ended March 31, 2020, the Company recorded write-downs related to inventory of \$169,338, including charges of \$132,089 associated with the strategic review, as described in Note 5.

10. PREPAID EXPENSES AND OTHER ASSETS

The components of prepaid and other assets are as follows:

	March 31, 2020	March 31, 2019
Prepaid expenses	\$ 41,423	\$ 25,939
Deposits	7,773	29,138
Prepaid inventory	21,217	21,267
Other assets	14,681	9,347
	<u>\$ 85,094</u>	<u>\$ 85,691</u>

11. EQUITY METHOD INVESTMENTS

The following tables present changes in the Company's investments in associates that are accounted for using the equity method in the years ended March 31, 2020 and 2019:

Entity	Instrument	Ownership percentage	Balance at March 31, 2019	Additions	Share of net loss	Impairment losses	Derecognition of investment	Balance at March 31, 2020
PharmHouse	Shares	49%	\$ 39,278	\$ -	\$ (2,253)	\$ -	\$ -	\$ 37,025
Agripharm ¹	Shares	40%	36,127	-	(1,963)	(29,164)	-	5,000
More Life	Shares	40%	-	25,200	-	(14,900)	-	10,300
CanapaR	Shares	49%	18,062	-	(1,386)	(8,176)	-	8,500
BCT	Shares	47%	11,653	-	(385)	-	(11,268)	-
Other	Shares	18%-27%	7,265	5,135	(3,207)	(2,986)	(1,189)	5,018
			<u>\$ 112,385</u>	<u>\$ 30,335</u>	<u>\$ (9,194)</u>	<u>\$ (55,226)</u>	<u>\$ (12,457)</u>	<u>\$ 65,843</u>

¹Refer to Note 28 (c), disposal of a consolidated entity.

Entity	Instrument	Ownership percentage	Balance at March 31, 2018	Additions	Share of net loss	Derecognition of investment	Balance at March 31, 2019
PharmHouse	Shares	49%	\$ -	\$ 40,231	\$ (953)	\$ -	\$ 39,278
Agripharm	Shares	40%	38,479	-	(2,352)	-	36,127
BCT	Shares	42%	-	12,549	(896)	-	11,653
TerrAscend	Shares	-	16,912	-	(2,217)	(14,695)	-
CanapaR	Shares	49%	-	18,150	(88)	-	18,062
Other	Shares	18%-40%	7,715	3,796	(4,246)	-	7,265
			<u>\$ 63,106</u>	<u>\$ 74,726</u>	<u>\$ (10,752)</u>	<u>\$ (14,695)</u>	<u>\$ 112,385</u>

Where the Company does not have the same reporting date as its investees, the Company will account for its investment one quarter in arrears. Accordingly, certain of the figures in the above tables, including the Company's share of the investee's net income (loss), are based on the investees' results for the years ended December 31, 2019 and December 31, 2018 (with respect to March 31, 2020 and March 31, 2019 balances) with adjustments for any significant transactions.

PharmHouse

On May 7, 2018 the Company and an unrelated partner entered into an agreement to form a new company, 10730076 Canada Inc. ("PharmHouse"), with the intent of it becoming a licensed producer of cannabis in Ontario. In exchange for equity financing of \$9,800 and the issuance of Canopy Rivers warrants to the joint venture partner, the Company received a 49% interest in PharmHouse and a global non-competition agreement from the 51% partner.

The warrants are exercisable for a period of two years following the date that PharmHouse receives a license to sell cannabis at an exercise price which is the lesser of \$2.00 per share and the price of a defined liquidity event. The fair value of the warrants at inception was estimated to be \$29,232, and they were initially accounted for as a derivative liability as the exercise price was not fixed. On September 17, 2018, Canopy Rivers closed a private placement of subscription receipts in connection with its planned public listing at \$3.50 per subscription receipt and, as a result, the exercise price of the warrants was fixed at \$2.00 per share and the warrant liability was reclassified to equity. The Company recognized a gain of \$720 in other income (expense), net from the warrant liability re-measurement and reclassified \$28,512 to noncontrolling interests.

PharmHouse was determined to be a VIE. Since decisions are shared amongst Canopy Growth and its partner, Canopy Growth was not determined to be the primary beneficiary of the VIE and was not required to consolidate PharmHouse. PharmHouse is accounted for using the equity method.

On November 21, 2018, the Company entered into a shareholder loan agreement with PharmHouse pursuant to which the Company advanced \$40,000 of secured debt financing with a three-year term and an annual interest rate of 12%, calculated monthly and payable quarterly after the first full quarter after receipt of the sales license at PharmHouse's initial production and processing facility. The secured debt financing has been recorded in other financial assets (see Note 12) and measured at amortized cost.

PharmHouse completed an additional financing in January 2019 whereby the Company invested a further \$1,199.

CHI and BCT

As described in Note 28, the Company acquired a controlling interest in Canopy Health Innovations Inc. ("CHI") on August 3, 2018, resulting in the consolidation of CHI and its equity method investment, Beckley Canopy Therapeutics Limited ("BCT"). BCT is a cannabis research and development organization in the United Kingdom which had been formed through a collaboration agreement between CHI and Beckley Research and Innovations Limited and which gave the parties joint control over the arrangement and a 50% equity interest. As at the date of the CHI acquisition, in accordance with ASC 805 - *Business Combinations* ("ASC 805"), the Company calculated the fair value of the equity investment in BCT to be \$8,563.

On September 28, 2018, BCT completed a private placement financing where the Company, indirectly through CHI, acquired additional common shares for \$3,986. The Company's participating share was diluted from 50% to 42.2%. The previously mentioned collaboration agreement remains in effect and management has concluded that CHI has maintained joint control over BCT.

On October 11, 2019, the Company acquired all of its unowned interests in BCT and Spectrum Biomedical UK. See Note 28(a)(iv).

CanapaR

On July 24, 2018, the Company acquired a 35% ownership interest in CanapaR Corp. ("CanapaR") for cash consideration of \$750. This ownership interest and other rights give the Company significant influence over the investee and the investment is being accounted for using the equity method. As part of the investment, the Company also received a call option to purchase 100% of CanapaR SrL, a Sicily-based company formed for the purposes of organic hemp cultivation and extraction in Italy. The call option is accounted for at fair value with changes recorded in other income (expense), net.

In December 2018 and February 2019, the Company invested a further \$17,400 in CanapaR. These follow-on investments increased the Company's ownership interest to 49.2%.

In the year ended March 31, 2020, the Company recognized an impairment loss of \$8,176 related to its investment in CanapaR. The fair value was determined using a cost approach by estimating the recoverable amounts of its assets and deducting the value of its liabilities.

More Life

On November 7, 2019 the Company entered into agreements with certain entities that are controlled by Aubrey "Drake" Graham to launch the More Life Growth Company ("More Life"). Under the agreements Canopy Growth sold 100% of the shares of

1955625 Ontario Inc., a wholly owned subsidiary of Canopy Growth that holds the Health Canada license for a facility located in Scarborough, Ontario to More Life ("More Life Facility") in exchange for a 40% interest in More Life. Certain entities that are controlled by Drake hold a 60% ownership interest in More Life.

As consideration for the 60% interest in More Life, certain entities that are controlled by Drake granted More Life the right to exclusively exploit certain intellectual property and brands in association with the growth, manufacture, production, marketing and sale of cannabis and cannabis-related products, accessories, merchandise and paraphernalia in Canada and internationally. The maintenance of the non-Canada rights after 18 months is contingent upon certain performance criteria of More Life. More Life has sublicensed such rights in Canada to Canopy Growth in exchange for royalty payments. On the transaction date Canopy Growth recorded an intangible asset equal to the present value of the agreed minimum royalty payments. As part of the Company's restructuring of its global operations in the year ended March 31, 2020 (see Note 5), the Company recognized an impairment charge related to the remaining intangible assets in the amount of \$32,717.

Following this transaction, the Company no longer controls 1955625 Ontario Inc. and the Company derecognized the assets and liabilities of 1955625 Ontario Inc. from its consolidated financial statements at their carrying amounts. Management has concluded that the subsidiary does not meet the definition of an operation and no goodwill was allocated. The derecognized assets and liabilities on November 7, 2019, were as follows:

Current assets	\$	100
Intangible assets		2,810
Net assets disposed	\$	2,910
Fair value of retained interest		25,200
Gain on disposal of consolidated entity	\$	22,290

The gain calculated on the derecognition of 1955625 Ontario Inc.'s assets and liabilities is the difference between the carrying amounts of the derecognized assets and liabilities of 1955625 Ontario Inc. and the fair value of the consideration received, being the fair value of the Company's interest in More Life. The fair value of this interest on the transaction date was estimated to be \$25,200 which was determined using a discounted cash flow approach. The most significant inputs to the fair value measurement are the discount rate and expectations about future royalties.

Through its ownership and other rights, the Company was determined to have significant influence over More Life and accounts for its interest in More Life using the equity method of accounting. The investment was initially recognized at its fair value and adjusted thereafter to recognize the Company's share of net income (loss) and other comprehensive income (loss). To the extent that there are differences between the fair value of the assets and liabilities of More Life and the book value of these assets and liabilities that would impact earnings the Company will account for these differences in its equity earnings in the investee. The fair value of the Company's interest in More Life was estimated to be \$10,300 at March 31, 2020 using the same valuation techniques and inputs as described above. As a result, the Company recognized an impairment on its equity method investment in the amount of \$14,900 in the year ended March 31, 2020 as part of the restructuring of its global operations. See Note 5 for further information.

Canopy Growth and certain entities controlled by Drake have entered into an operating agreement which governs the operations of the More Life Facility. Under this agreement Canopy Growth will continue to provide all of the day-to-day operations and maintenance of the More Life Facility and will retain all of the rights to distribute the product that is cultivated at the More Life Facility in exchange for the payment of an additional amount to More Life on the sales of cannabis produced at the More Life Facility. The term of the operating agreement is five years plus two subsequent five year renewals at Canopy Growth's option, provided that the Canopy Growth sub-license term is also extended for such periods. Since Canopy Growth controls the facility and the inventory grown at that facility the property, plant and equipment at the facility and the related inventory are being recorded as assets of Canopy Growth.

The following tables present current and non-current assets, current and non-current liabilities as well as revenues and net loss of the Company's equity method investments as at and for the years ended December 31, 2019 and 2018, respectively:

Entity	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net loss
PharmHouse	\$ 5,584	\$ 163,888	\$ 65,765	\$ 87,659	\$ 219	\$ (4,665)
Agripharm	9,565	68,608	25,776	-	5,093	(8,668)
CanapaR	15,232	10,277	1,722	-	425	(2,624)
Other	10,980	22,338	3,187	10,600	7,022	(10,322)
	<u>\$ 41,361</u>	<u>\$ 265,111</u>	<u>\$ 96,450</u>	<u>\$ 98,259</u>	<u>\$ 12,759</u>	<u>\$ (26,279)</u>

Entity	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Net loss
PharmHouse	\$ 8,807	\$ 53,762	\$ 4,514	\$ 40,000	\$ -	\$ (1,944)
Agripharm	5,900	91,767	13,167	7,163	2,149	(5,901)
BCT	11,958	502	455	-	-	(2,101)
Other	26,538	12,900	662	6,106	1,125	(5,081)
	<u>\$ 53,203</u>	<u>\$ 158,931</u>	<u>\$ 18,798</u>	<u>\$ 53,269</u>	<u>\$ 3,274</u>	<u>\$ (15,027)</u>

12. OTHER FINANCIAL ASSETS

The following tables outline changes in other financial assets. Additional details on how the fair value of significant investments are calculated are included in Note 24.

Entity	Instrument	Balance at March 31, 2019	Additions	FVTPL	Exercise of options / disposal of shares	Balance at March 31, 2020
TerrAscend	Exchangeable shares	\$ 160,000	\$ -	\$ (113,000)	\$ -	\$ 47,000
TerrAscend	Warrants	-	28,016	(3,012)	-	25,004
TerrAscend Canada	Term loan / debenture	-	65,653	(11,833)	-	53,820
PharmHouse	Loan receivable	40,000	-	-	-	40,000
Agripharm ¹	Royalty interest	10,254	8,000	(5,654)	-	12,600
ZeaKal	Shares	-	13,487	699	-	14,186
Greenhouse	Convertible debenture	5,944	3,000	1,573	-	10,517
SLANG	Warrants	44,000	-	(40,500)	-	3,500
Other - classified as fair value through net income (loss)	Various	91,816	6,909	(69,255)	(10,475)	18,995
Other - elected as fair value through net income (loss)	Various	9,564	3,127	(2,983)	(225)	9,483
Other - classified as held for investment	Loan receivable	1,849	12,400	-	(101)	14,148
		<u>\$ 363,427</u>	<u>\$ 140,592</u>	<u>\$ (243,965)</u>	<u>\$ (10,801)</u>	<u>\$ 249,253</u>

¹Refer to Note 28 (c), disposal of a consolidated entity.

Entity	Instrument	Balance at March 31, 2018	Additions	FVTPL	Exercise of options / disposal of shares	Balance at March 31, 2019
TerrAscend	Warrants	\$ 75,154	\$ -	\$ 36,473	\$ (111,627)	\$ -
TerrAscend	Exchangeable shares	-	135,000	25,000	-	160,000
SLANG	Warrants	-	-	44,000	-	44,000
PharmHouse	Loan receivable	-	40,000	-	-	40,000
HydRx Farms	Shares	12,401	-	-	5,210	17,611
HydRx Farms	Warrants	5,210	-	-	(5,210)	-
Agripharm	Repayable debenture	2,326	9,000	(1,072)	-	10,254
James E. Wagner Cultivation	Shares	10,591	2,124	(326)	-	12,389
AusCann Group Holdings	Shares	39,086	3,975	(30,988)	-	12,073
CanapaR	Options	-	-	7,500	-	7,500
Greenhouse	Convertible debenture	-	5,911	33	-	5,944
Radicle Medical Marijuana	Repayable debenture	3,075	2,000	(11)	-	5,064
Good Leaf	Shares	-	4,566	45	-	4,611
Other - classified as fair value through net income (loss)	Various	15,620	19,939	2,073	-	37,632
Other - elected as fair value through net income (loss)	Various	-	3,834	666	-	4,500
Other - classified as held for investment	Loan receivable	-	1,849	-	-	1,849
		<u>\$ 163,463</u>	<u>\$ 228,198</u>	<u>\$ 83,393</u>	<u>\$ (111,627)</u>	<u>\$ 363,427</u>

TerrAscend

TerrAscend Corp. (“TerrAscend”) is a publicly traded licensed producer. On December 8, 2017, the Company subscribed for TerrAscend units which included one common share and one warrant. The Company allocated the purchase price to the shares and warrants based on their relative fair values, in the amount of \$13,460 and \$7,540 respectively. On November 27, 2017, the Company acquired additional TerrAscend shares and following these transactions, the Company owned 24% of the issued and outstanding shares of TerrAscend and the Company concluded it had significant influence over TerrAscend and accounted for its investment using the equity method.

On November 30, 2018, TerrAscend completed the restructuring of its share capital by way of a plan of arrangement (“Arrangement”), pursuant to which the Company exercised its warrants for no cash consideration. After giving effect to the exercise of the warrants the Company held common shares of TerrAscend which were exchanged pursuant to the Arrangement for new, conditionally exchangeable shares in the capital of TerrAscend (the “Exchangeable Shares”). The Exchangeable Shares would only become convertible into common shares following changes in U.S. federal laws regarding the cultivation, distribution or possession of cannabis, the compliance of TerrAscend with such laws and the approval of the various securities exchanges upon which the issuer’s securities are listed (the “TerrAscend Triggering Event”). The Exchangeable Shares are not transferrable or monetizable until exchanged into common shares. In the interim, the Company will not be entitled to voting rights, dividends or other rights upon dissolution of TerrAscend. As a result, the Company no longer has significant influence over TerrAscend and ceased using the equity method.

On November 30, 2018 the Company derecognized its investment in the common shares which were being accounted for using the equity method and recognized the Exchangeable Shares. The Company recognized a net gain of \$8,678 in other (expense) income, net on the derecognition of the equity investment. The Company accounts for its investment in the Exchangeable Shares at fair value with any changes recorded in other income (expense).

Upon initial recognition, the fair value of the Company’s investment in the Exchangeable Shares was estimated to be \$135,000. At March 31, 2020 the fair value of the Company’s investment in the Exchangeable Shares was estimated to be \$47,000 with a loss of \$113,000 recorded in other income (expense), net in the year ended March 31, 2020 (March 31, 2019 – fair value of \$160,000, with a gain of \$25,000 recorded in other income (expense), net in the year ended March 31, 2019). See Note 24 for additional details on how the fair value of the Company’s investment is calculated on a recurring basis.

TerrAscend Canada

On October 2, 2019, Canopy Rivers completed a \$13,243 (US\$10,000) investment in TerrAscend Canada Inc (“TerrAscend Canada”), a wholly-owned subsidiary of TerrAscend, which included a term loan with a fair value of \$10,853 and TerrAscend warrants with a fair value of \$2,390. As of March 31, 2020, the fair value of the term loan was \$9,520, and the fair value of the warrants was \$804.

On March 11, 2020, Canopy Growth completed an \$80,526 investment in TerrAscend Canada. The investment includes a secured debenture (“debenture”) for \$80,526, that matures the earliest of (i) March 10, 2030 and (ii) the later of March 10, 2025 and the date that is 24 months following the date that is the TerrAscend Triggering Event. The debenture bears interest at a rate of 6.1% and is payable annually.

As additional consideration, TerrAscend issued 17,808,975 common share purchase warrants (collectively, the “Warrants”). The Warrants consist of two tranches. The first tranche Warrants total 15,656,242 and are exercisable at a price of \$5.41 per common share. They are exercisable upon the occurrence or waiver of TerrAscend the Triggering Event until the earliest of (i) March 10, 2030 and (ii) the later of (A) March 10, 2025 and (B) the date that is 24 months following the occurrence of the TerrAscend Triggering Event.

The second tranche Warrants total of 2,152,733 and are exercisable at a price of \$3.74 per common share. They are exercisable upon the occurrence or waiver of the TerrAscend Triggering Event until the earliest of (i) March 10, 2031 and (ii) the later of (A) March 10, 2026 and (B) the date that is 36 months following the occurrence of the TerrAscend Triggering Event.

Canopy Growth has the right to set-off the applicable exercise price payable for the exercise of the Warrants against any amounts owing by TerrAscend, or any amounts owing under the Loan by TerrAscend Canada.

At issuance, the term loan had a fair value of \$54,800 and the Warrants had a fair value of \$25,626 with \$100 of related transaction costs expensed. As of March 31, 2020, the fair value of the debenture was \$44,300 and the Warrants had a fair value of \$24,000. See Note 24 for additional details on how the fair value of the Company’s investment is calculated on a recurring basis.

ZeaKal

On June 14, 2019, Canopy Rivers acquired 248,473 preferred shares of ZeaKal, Inc. (“ZeaKal”), a California-based plant science company, for \$13,487 which represents a 9% equity interest on a fully diluted basis. See Note 24 for additional details on how the fair value of the Company’s investment is calculated on a recurring basis.

Greenhouse

On January 14, 2019, Canopy Rivers invested \$6,000 in 10831425 Canada Ltd. (“Greenhouse”), an organic, plant-based beverage producer and distributor, pursuant to a senior secured convertible debenture agreement (“Greenhouse Secured Debenture”). As part of the investment, the Company also committed to invest an additional \$3,000 in Greenhouse pursuant to an unsecured convertible debenture agreement (the “Greenhouse Unsecured Debenture”) and received preferred share purchase warrants and a control warrant. The Company is required to exercise \$3,000 in preferred share purchase warrants upon achievement of future revenue targets. On May 1, 2019, the Company advanced \$3,000 to Greenhouse pursuant to the Greenhouse Unsecured Debenture. The Greenhouse Secured Debenture, Greenhouse Unsecured Debenture, and warrants are currently exercisable and, if exercised, would together represent approximately 26% of the equity of Greenhouse on a fully diluted basis. In connection with its original investment in Greenhouse, the Company also owns an additional warrant that, if exercised, would increase its ownership interest in Greenhouse to 51%. See Note 24 for additional details on how the fair value of the Company’s investment is calculated on a recurring basis.

SLANG

SLANG Worldwide Inc. (“SLANG”) is a cannabis-focused branded consumer products company which is listed on the Canadian Securities Exchange. The Company holds share purchase warrants which allow it to acquire shares of SLANG on the occurrence of the triggering event, as defined below, provided the Company enters into a collaboration agreement with SLANG at the time of exercise. The number and exercise price of the share purchase warrants is dependent on the financings completed by SLANG up until the point of exercise. The triggering event is the date the growth, cultivation, production, sale, use and consumption of cannabis and cannabis-related products are permitted in the U.S. for any and all purposes under all applicable federal laws. The warrants expire the earlier of two years following the triggering event and December 15, 2032.

As at March 31, 2020, the share purchase warrants would provide the Company with the right to acquire:

- 31,619,975 shares for an aggregate exercise price of one dollar
- 11,602,370 shares at an exercise price of \$1.50 per share
- 5,801,184 shares at an exercise price of \$2.25 per share

As at March 31, 2020, management has estimated the fair value of the warrant at to be \$3,500, and a loss of \$40,500 was recorded in other income (expense), net in the year ended March 31, 2020 (March 31, 2019 - fair value of \$44,000, and a gain of \$4,000 was recorded in other income (expense), net in the year ended March 31, 2019). See Note 24 for additional details on how the fair value of the Company’s investment is calculated on a recurring basis.

13. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment are as follows:

	March 31, 2020	March 31, 2019
Buildings and greenhouses	\$ 876,732	\$ 361,958
Production and warehouse equipment	300,666	175,325
Leasehold improvements	75,964	32,264
Land	65,003	37,681
Office and lab equipment	29,978	23,495
Computer equipment	30,744	19,228
Right-of-use-assets		
Buildings and greenhouses	169,754	-
Production and warehouse equipment	927	-
Assets in process	365,644	491,722
	1,915,412	1,141,673
Less: Accumulated depreciation	(390,609)	(45,333)
	<u>\$ 1,524,803</u>	<u>\$ 1,096,340</u>

Depreciation expense included in cost of goods sold for the year ended March 31, 2020 is \$52,249 (2019 – \$25,373, 2018 – \$7,502). Depreciation expense included in selling, general and administrative expenses for the year ended March 31, 2020 is \$21,467 (2019 – \$4,689, 2018 – \$1,223).

See Note 5 for information on the impairment and abandonment of property, plant and equipment that resulted in a charge in the amount of \$334,964 that the Company recognized as part of the restructuring of its global operations in the year ended March 31, 2020.

14. INTANGIBLE ASSETS

The components of intangible assets are as follows:

	March 31, 2020		March 31, 2019	
	Gross Carrying Amount	Net Carrying Amount	Gross Carrying Amount	Net Carrying Amount
<u>Finite lived intangible assets</u>				
Licensed brands	\$ 66,227	\$ 53,797	\$ 57,802	\$ 57,678
Distribution channel	74,768	47,117	42,400	25,297
Health Canada and operating licenses	63,631	57,250	104,608	99,587
Intellectual property	240,386	215,044	153,797	149,360
Software and domain names	16,056	10,013	9,701	6,819
Amortizable intangibles in process	9,590	9,590	4,122	4,046
Total	<u>470,658</u>	<u>392,811</u>	<u>372,430</u>	<u>342,787</u>
<u>Indefinite lived intangible assets</u>				
Operating licenses		\$ 7,000		\$ 151,509
Acquired brands		76,555		63,774
Total intangible assets		<u>\$ 476,366</u>		<u>\$ 558,070</u>

Amortization expense included in cost of goods sold for the year ended March 31, 2020 is \$1,030 (2019 – \$35, 2018 – \$95). Amortization expense included in selling, general and administrative expenses for the year ended March 31, 2020 is \$50,267 (2019 – \$16,821, 2018 – \$11,666).

Estimated amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

2021	\$	51,542
2022	\$	44,709
2023	\$	43,964
2024	\$	43,701
2025	\$	43,083
Thereafter	\$	165,812

See Note 5 for information on the impairment and abandonment of intangible assets that resulted from the restructuring of the Company's global operations in the amount of \$192,987 and impairment charges of \$54,020 in the year ended March 31, 2020.

DCL

On May 30, 2018, the Company purchased 100% of the issued and outstanding shares of DCL. Based in the Kingdom of Lesotho, DCL holds a license to cultivate, manufacture, supply, hold, import, export and transport cannabis and its resin.

On closing, 666,362 common shares were issued to former shareholders of DCL at a price of \$37.07 for consideration of \$24,702. An additional 79,892 common shares were to be issued on the achievement of a licensing milestone. These shares were accounted for as equity classified contingent consideration. Management assessed the probability and timing of achievement and then discounted to present value using a put option pricing model in order to derive a fair value of the contingent consideration of \$2,100. There was also the effective settlement of a note receivable of \$500, which was advanced in cash by the Company prior to closing, for total consideration of \$27,302.

An additional 253,586 common shares were to be issued to the former shareholders of DCL contingent on the achievement of certain operational milestones. These were accounted for as share-based compensation expense, and the fair value of the May 30, 2018 grant of \$9,400 was being amortized over the expected vesting period.

The transaction was determined to be an asset acquisition under ASC 805 as DCL did not meet the definition of a business. A relative fair value approach was taken for allocating the consideration to the acquired assets and liabilities. This resulted in a value of \$30,421 allocated to the operating license and a related \$3,042 deferred income tax liability. The remaining assets and liabilities were not significant. The operating license is not being amortized as the Company concluded that it had an indefinite useful life.

As part of the Company's restructuring of its global operations (see Note 5), the Company exited its operations in South Africa and Lesotho by transferring ownership of all of its African operations to a local business, with the transaction closing subsequent to March 31, 2020. Accordingly, the remaining intangible asset associated with the operating license acquired from DCL was impaired as at March 31, 2020 and the resulting charge is included in the restructuring-related impairment charge noted above. Additionally, the Company accelerated the share-based compensation expense relating to the unvested milestones described above, and recognized share-based compensation of \$215 in the year ended March 31, 2020.

Spectrum Colombia

On July 5, 2018, the Company acquired Spectrum Colombia, which previously operated as Colombia Cannabis S.A.S. The consideration for the transaction was 1,193,237 common shares with a fair value of \$46,119 based on the Company's share price on the closing date.

On July 5, 2018, in conjunction with the acquisition of Spectrum Colombia the Company acquired all the outstanding shares of Canindica in exchange for 595,184 common shares. Canindica was controlled by the principal of a company that provided services to the Company in connection with its Latin American and Caribbean businesses in the years ended March 31, 2020 and March 31, 2019. Canindica does not meet the definition of a business and the fair value of the consideration paid of \$23,004 has been recorded as share-based compensation expense.

Upon the achievement of future cultivation and sales milestones, the Company was to issue up to 2,098,304 additional common shares of the Company to the former shareholders of Spectrum Colombia and shares to a value of \$42,623 to the former shareholders of Canindica. The milestone shares were being provided in exchange for services and were being accounted for as share-based compensation expense. Management has estimated the grant date fair value of all these milestone shares to be \$106,377 which was expensed ratably over the estimated vesting periods.

The acquisition of Spectrum Colombia was determined to be an asset acquisition under ASC 805 as it did not meet the definition of a business. A relative fair value approach was taken for allocating the consideration to the acquired assets and liabilities.

This resulted in a value of \$71,519 allocated to the operating license and a related \$21,456 deferred income tax liability. The remaining assets and liabilities were not significant.

The operating license was not amortized as the Company concluded that it had an indefinite useful life.

As part of the Company's restructuring of its global operations (see Note 5), the Company ceased operations at the cultivation facility in Colombia. Accordingly, the operating license acquired from Spectrum Colombia was abandoned as at March 31, 2020 and the difference between the carrying value and expected salvage value is included in restructuring charges. Additionally, the Company accelerated the share-based compensation expense relating to certain of the unvested milestones associated with the acquisitions of Spectrum Colombia and Canindica, and recognized share-based compensation of \$32,479 in the year ended March 31, 2020.

Cafina

On March 25, 2019, the Company acquired Cáñamo y Fibras Naturales, S.L. ("Cafina"), a Spanish-based licensed cannabis producer for consideration of \$43,940 of which \$36,074 in cash was advanced on closing. The acquisition date fair value of the remaining consideration was estimated to be \$7,866 and was to be released to the former shareholders on the second and fourth anniversary of the acquisition, subject to certain representations and warranties.

The acquisition of Cafina was determined to be an asset acquisition under ASC 805 as it did not meet the definition of a business. A relative fair value approach was taken for allocating the consideration to the acquired assets and liabilities. This resulted in a value of \$58,467 allocated to the operating license and a related \$14,617 deferred income tax liability. The remaining assets and liabilities were not significant. The operating license was not amortized as the Company concluded that it had an indefinite useful life.

As part of the Company's restructuring of its global operations (see Note 5), the Company abandoned the operating license acquired from Cafina and the difference between the carrying value and expected salvage value is included in restructuring charges.

15. GOODWILL

The changes in the carrying amount of goodwill are as follows:

Balance, March 31, 2018	\$	277,445
Purchase accounting allocations		1,215,750
Foreign currency translation adjustments		(3,336)
Balance, March 31, 2019		1,489,859
Purchase accounting allocations		443,724
Finalization of S&B purchase price allocation		(24,990)
Foreign currency translation adjustments		45,878
Balance, March 31, 2020	\$	1,954,471

16. OTHER ACCRUED EXPENSES AND LIABILITIES

The components of other accrued expenses and liabilities are as follows:

	March 31, 2020	March 31, 2019
Property, plant and equipment	\$ 1,173	\$ 8,013
Professional fees	7,677	2,059
Employee compensation	33,415	20,577
Other	22,729	6,964
	<u>\$ 64,994</u>	<u>\$ 37,613</u>

17. DEBT

The components of debt are as follows:

	Maturity Date	March 31, 2020	March 31, 2019
Convertible senior notes at 4.25% interest with semi-annual interest payments	July 15, 2023		
Principal amount		\$ 600,000	\$ 600,000
Accrued interest		5,454	5,454
Non-credit risk fair value adjustment		(27,120)	183,120
Credit risk fair value adjustment		(128,130)	47,130
		450,204	835,704
Term loan facility advanced in the form of prime rate operating loan		-	95,000
Transferred receivables, bearing interest rate of EURIBOR plus 0.850%		4,678	-
Other revolving debt facility, loan, and financings		10,533	15,271
		465,415	945,975
Less: current portion		(16,393)	(103,716)
Long-term portion		\$ 449,022	\$ 842,259

Convertible senior notes

On June 20, 2018, the Company issued convertible senior notes (the “notes”) with an aggregate principal amount of \$600,000. The notes bear interest at a rate of 4.25% per annum, payable semi-annually on January 15th and July 15th of each year commencing from January 15, 2019. The notes will mature on July 15, 2023. The notes are subordinated in right of payment to any existing and future senior indebtedness, including indebtedness under the revolving credit facility. The notes will rank senior in right of payment to any future subordinated borrowings. The notes are effectively junior to any secured indebtedness and the notes are structurally subordinated to all indebtedness and other liabilities of the Company’s subsidiaries.

Holders of the notes may convert the notes at their option at any time from January 15, 2023 to the maturity date. The notes will be convertible, at the holder’s option, at a conversion rate of 20.7577 common shares for every \$1 principal amount of notes (equal to an initial conversion price of approximately \$48.18 per common share), subject to adjustments in certain events. In addition, the holder has the right to exercise the conversion option from September 30, 2018 to January 15, 2023, if (i) the market price of the Company common shares for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day, (ii) during the 5 business day period after any consecutive 5 trading day period (the “measurement period”) in which the trading price per \$1 principal amount of the notes for each trading day in the measurement period was less than 98% of the product of the last reported sales price of the Company’s common shares and the conversion rate on each such trading day, (iii) the notes are called for redemption or (iv) upon occurrence of certain corporate events (“Fundamental Change”). A Fundamental Change occurred upon completion of the investment by Constellation Brands, Inc. (“CBI”) in November 2018, and no note holders surrendered any portion of their notes as at the repurchase date of December 5, 2018.

The Company may, upon conversion by the holder, elect to settle in either cash, common shares, or a combination of cash and common shares, subject to certain circumstances. Under the terms of the indenture if a Fundamental Change occurs and a holder elects to convert its notes from and including on the date of the fundamental change up to, and including, the business day immediately prior to the fundamental change repurchase date, the Company may be required to increase the conversion rate for the notes so surrendered for conversion by a number of additional common shares.

The Company cannot redeem the notes prior to July 20, 2021, except in the event of certain changes in Canadian tax law. On or after July 20, 2021, the Company could redeem for cash, subject to certain conditions, any or all of the notes, at its option, if the last reported sales price of the Company’s common shares for at least 20 trading days during any 30 consecutive trading day period ending within 5 trading days immediately preceding the date on which the Company provides notice of redemption exceeds 130% of the conversion price on each applicable trading day. The Company may also redeem the notes, if certain tax laws related to Canadian withholding tax change subject to certain further conditions. The redemption of notes in either case shall be at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

For accounting purposes, the equity conversion feature did not meet the equity classification guidance, therefore the Company elected the fair value option under ASC 825 - *Fair Value Measurements*. The notes were initially recognized at fair value on the balance sheet. All subsequent changes in fair value, excluding the impact of the change in fair value related to Company’s own credit risk are recorded in other income (expenses), net. The changes in fair value related to the Company’s own credit risk is recorded

through other comprehensive income (loss). Transaction costs directly attributable to the issuance of the notes were immediately expensed in the consolidated statements of operations in the amount of \$16,380.

The overall change in fair value of the notes during the years ended March 31, 2020 and March 31, 2019 was a decrease of \$385,500 and an increase of \$235,704, respectively, which included contractual interest of \$25,500 and \$19,975, respectively. Refer to Note 24 for additional details on how the fair value of the notes is calculated.

Alberta Treasury Board financing

On March 31, 2019 the Company acquired the limited partnership units of the limited partnerships that held the Delta and Aldergrove, British Columbia facilities and assumed the Alberta Treasury Board (“ATB”) financing liability. The facility bears interest at prime plus 1.0% and matures on October 31, 2021. Quarterly principal payments are \$2,500. The ATB term loan is secured by a financial charge over real property held by the Company in Delta and Aldergrove. On June 14, 2019, the Company repaid and terminated its ATB term loan facility. A payment of \$95,180 was made to settle the loan balance.

Transferred receivables

The carrying amount of the transferred receivables include receivables which are subject to a factoring arrangement. Under this agreement, C3 has transferred the relevant receivables to PB Factoring GmbH in exchange for cash. The transferred receivables to PB Factoring GmbH are \$4,851 and the associated secured borrowing is \$4,678.

Other revolving debt facility, loans, and financings

On August 13, 2019 the Company, through its wholly owned subsidiary, Tweed Farms Inc., entered into a \$40,000 revolving debt facility with Farm Credit Canada (“FCC”). The new facility replaces the previous loans with FCC and is secured by the Company’s property in Niagara-on-the-Lake. The extinguishment of \$4,912 in previous FCC debt resulted in no gain or loss.

The current outstanding balance of the FCC debt facility is \$5,268 with an interest rate of 3.45%, or FCC prime rate plus 1.0%, and matures on September 3, 2024.

The revolving debt facility with FCC is secured by a first charge on the properties in Niagara-on-the-Lake, Ontario, a corporate guarantee from the Company, and a general corporate security agreement.

Debt payments

As of March 31, 2020, the required principal repayments under long-term debt obligations for each of the five succeeding fiscal years and thereafter are as follows:

2021	\$	11,062
2022		978
2023		975
2024		600,975
2025		975
Thereafter		246
	\$	<u>615,211</u>

18. OTHER LIABILITIES

The components of other liabilities are as follows:

	As at March 31, 2020			As at March 31, 2019		
	Current	Long-term	Total	Current	Long-term	Total
Acquisition consideration related liabilities	\$ 104,028	\$ 9,791	\$ 113,819	\$ 22,176	\$ 87,747	\$ 109,923
Lease liabilities	40,356	120,047	160,403	-	-	-
Minimum royalty obligations	9,368	50,445	59,813	3,445	24,392	27,837
Due to former partners of Storz & Bickel	-	-	-	21,447	-	21,447
Refund liability	17,586	-	17,586	-	-	-
Settlement liability	33,162	7,932	41,094	11,980	16,631	28,611
Other	11,309	2,445	13,754	22,366	5,234	27,600
	<u>\$ 215,809</u>	<u>\$ 190,660</u>	<u>\$ 406,469</u>	<u>\$ 81,414</u>	<u>\$ 134,004</u>	<u>\$ 215,418</u>

19. REDEEMABLE NONCONTROLLING INTEREST

The net change in the redeemable noncontrolling interests is as follows:

	BC Tweed	Vert Mirabel	BioSteel	Total
As at March 31, 2017	\$ -	\$ -	\$ -	\$ -
Initial recognition of noncontrolling interest	36,400	3,750	-	40,150
Loss attributable to noncontrolling interest	(5,000)	(470)	-	(5,470)
Adjustments to redemption amount	24,900	1,570	-	26,470
As at March 31, 2018	56,300	4,850	-	61,150
Income attributable to noncontrolling interest	-	2,885	-	2,885
Adjustments to redemption amount	16,300	(1,335)	-	14,965
Purchase of redeemable noncontrolling interest	(72,600)	-	-	(72,600)
As at March 31, 2019	-	6,400	-	6,400
Initial recognition of noncontrolling interest	-	-	18,733	18,733
Income (loss) attributable to noncontrolling interest	-	8,220	(1,731)	6,489
Adjustments to redemption amount	-	5,630	32,498	38,128
As at March 31, 2020	\$ -	\$ 20,250	\$ 49,500	\$ 69,750

20. SHARE CAPITAL

CANOPY GROWTH

Authorized

An unlimited number of common shares.

(i) Equity financings

There were no equity financings during the year ended March 31, 2020.

On November 1, 2018, the Company issued 104,500,000 common shares from treasury and two tranches of warrants to CBI in exchange for proceeds of \$5,072,500. The first tranche warrants ("New Warrants") will allow CBI to acquire 88.5 million additional shares of Canopy Growth for a fixed price of \$50.40 per share. The second tranche warrants ("Final Warrants") allows the purchase of 51.3 million additional shares at a price equal to the 5-day volume weighted average price immediately prior to exercise. These warrants can only be exercised after the New Warrants have been exercised. The New Warrants vested immediately upon closing of the share purchase agreement and the Final Warrants become exercisable once the New Warrants have been exercised. Both the New and Final Warrants expire on November 1, 2021.

The proceeds of the common share issuance were allocated to the common shares and New Warrants based on their relative fair values in the amount of \$3,567,149 and \$1,505,351, respectively. The fair value of the common shares was determined using the closing price on October 31, 2018, and the fair value of the warrants was determined using a Black-Scholes model. Share issuance costs of \$8,509 were allocated to the common shares and \$3,591 to the warrants. Since the Final Warrants will be issued for a price that is equal to the 5-day volume weighted average price immediately prior to exercise, they fail the 'fixed for fixed' criterion and will be classified as a derivative liability. Management has estimated that the value of this liability is nominal, and no value was allocated to the Final Warrants. The New Warrants and Final Warrants were subsequently modified on June 27, 2019, refer to Note 29 for additional details.

During the year ended March 31, 2018, the Company completed the following equity financings net of share issue costs of \$9,400.

	Number of shares	Share capital
Bought deal - July 21, 2017	3,105,590	\$ 24,922
Greenstar investment - November 2, 2017	18,876,901	173,765
Private placement - February 7, 2018	5,800,000	192,065
Total equity financing share issuances	27,782,491	\$ 390,752

On November 2, 2017, Greenstar Canada Investment Limited Partnership ("Greenstar"), which is an affiliate of CBI acquired 18,876,901 common shares from treasury and 18,876,901 warrants in exchange for \$244,990. The common shares had a hold period of four months and one day from the closing date. The warrants, each exercisable at \$12.9783 per warrant for a common share, expire

May 2, 2020 and are exercisable in two equal tranches, with the first exercisable tranche date being August 1, 2018, and the second exercisable tranche date being February 1, 2019, provided at the time of exercising the warrants, the Company still owns the 18,876,901 common shares. The proceeds of the common share issuance were allocated to the common shares and warrants based on their relative fair values in the amount of \$174,472 and \$70,518, respectively. The fair value of the common shares was determined using the closing price on the day the share subscription closed, and the fair value of the warrants was determined using a Black-Scholes model. Share issuance costs of \$707 were allocated to the common shares and \$253 to the warrants. On May 1, 2020, the 18,876,901 warrants were exercised by Greenstar; see Note 34.

(ii) Other issuances of common shares

During the year ended March 31, 2020, the Company issued the following shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of shares	Share capital	Share based reserve
Acquisition of BC Tweed NCI release from escrow	6,940,531	\$ 223,036	\$ (223,036)
Completion of acquisition milestones	1,121,605	29,561	(29,687)
Other issuances	597,936	19,369	(19,511)
Total	<u>8,660,072</u>	<u>\$ 271,966</u>	<u>\$ (272,234)</u>

During the year ended March 31, 2019, the Company issued the following shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of shares	Share capital	Share based reserve
Hiku	7,943,123	\$ 543,616	\$ -
BC Tweed NCI	6,353,438	244,100	223,036
ebbu	5,275,005	233,802	29,880
CHI	3,076,941	97,832	-
Spectrum Colombia	1,193,237	46,018	-
Completion of acquisition milestones	2,455,446	45,277	(45,310)
DCL	666,362	24,644	1,956
Other issuances	897,079	28,984	(6,927)
Total	<u>27,860,631</u>	<u>\$ 1,264,273</u>	<u>\$ 202,635</u>

During the year ended March 31, 2018, the Company issued the following shares, net of share issuance costs, as a result of business combinations, milestones being met, and other equity-settled transactions:

	Number of shares	Share capital	Share based reserve
rTrees	3,494,505	\$ 28,026	\$ 1,079
Completion of acquisition milestones	398,651	4,278	(4,278)
Other issuances	1,337,829	13,765	(1,687)
Total	<u>5,230,985</u>	<u>\$ 46,069</u>	<u>\$ (4,886)</u>

(iii) Warrants

	Number of whole warrants	Average exercise price	Warrant value
Balance outstanding at March 31, 2017	-	\$ -	\$ -
Greenstar equity investment - net of warrant issue cost of \$253	18,876,901	12.98	70,265
rTrees acquisition	242,408	3.83	1,303
Exercise of warrants	(207,297)	3.72	(1,113)
Balance outstanding at March 31, 2018	18,912,012	\$ 12.96	\$ 70,455
Issuance of warrants	88,472,861	50.40	1,501,760
Replacement warrants granted through Hiku acquisition	920,452	41.28	30,611
Exercise of warrants	(457,002)	41.12	(12,901)
Expiry of warrants	(1)	3.80	-
Balance outstanding at March 31, 2019	107,848,322	\$ 43.80	\$ 1,589,925
Tranche A warrant modification	-	-	1,049,153
Issuance of Tranche B warrants	38,454,444	76.68	-
Other issuance of warrants	9,200	32.83	359
Exercise of warrants	(12,523)	35.55	(486)
Balance outstanding at March 31, 2020 ¹	146,299,443	\$ 52.44	\$ 2,638,951

¹ This balance excludes the Tranche C Warrants, which represent a derivative liability and have nominal value, see note 29.

CANOPY RIVERS

Authorized capital

Canopy Rivers Corporation (“Canopy Rivers”) is authorized to issue an unlimited number of common shares. There are two classes of common shares: Multiple Voting Shares and Subordinated Voting Shares. Each Multiple Voting Share is entitled to receive 20 votes, while each Subordinated Voting Share is entitled to receive one vote at all meetings of the shareholders. There is no priority or distinction between the two classes of shares in respect of their entitlement to the payment of dividends or participation on liquidation, dissolution or winding-up of the Company.

Prior to the completion of the Qualifying Transaction described below, Canopy Rivers had two classes of common shares: “Class A Shares” and “Class B Shares”. Pursuant to the terms of the Qualifying Transaction, Class A shareholders received one Multiple Voting Share for each Class A Share held, and Class B shareholders received one Subordinated Voting Share for each Class B Share held upon completion of the Qualifying Transaction. Accordingly, the terms “Class A Shares” and “Multiple Voting Shares” may be used interchangeably, and the terms “Class B Shares” and “Subordinated Voting Shares” may be used interchangeably.

Issued and outstanding

As at March 31, 2020, Canopy Rivers had 36,468,318 Multiple Voting Shares (March 31, 2019 – 36,468,318) and 152,837,131 Subordinated Voting Shares (March 31, 2019 – 150,592,136) issued and outstanding. As at March 31, 2020, the Company held 36,468,318 Multiple Voting Shares (March 31, 2019 – 36,468,318) and 15,223,938 Subordinated Voting shares (March 31, 2019 – 15,223,938) which represented a 27.3% ownership interest in Canopy Rivers and 84.4% of the voting rights (March 31, 2019 – 27.6% and 84.6% respectively). The voting rights allow the Company to direct the relevant activities of Canopy Rivers such that the Company has control over Canopy Rivers and Canopy Rivers is consolidated in these financial statements.

Financings

Year ended March 31, 2020

There were no financings during the year ended March 31, 2020, other than the release of shares related to share purchase financing as noted above.

Year ended March 31, 2019

On April 6, 2018, Canopy Rivers completed a non-brokered private placement of 454,545 Class B Shares for aggregate gross proceeds of \$500 and share issuance costs of \$nil.

On July 6, 2018, Canopy Rivers completed a private placement offering, pursuant to which Canopy Rivers issued an aggregate of 29,774,857 subscription receipts at a price of \$3.50 per subscription receipt for gross proceeds of \$104,212, including \$15,050 invested by the Company. Canopy Rivers issued 28,792,000 subscription receipts pursuant to a brokered offering and 982,857 subscription receipts on a non-brokered basis. Funds from the private placement were placed in escrow pending the completion of the

reverse takeover (“RTO”) with AIM2 Ventures Inc. (“AIM2”), defined as the Qualifying Transaction. Share issue costs of \$3,371 were incurred as part of this private placement offering, which have been deducted from the carrying value of the noncontrolling interest.

On September 17, 2018 Canopy Rivers completed the RTO, the funds were released from escrow and Canopy Rivers began trading on the TSX Venture Exchange.

Since AIM2 does not have the inputs and processes capable of producing outputs that are necessary to meet the definition of a business as defined by ASC 805, the RTO has been accounted for under ASC 718 - *Stock-based compensation*. Accordingly, the RTO has been accounted for at the fair value of the equity instruments granted by the shareholders of Canopy Rivers to the shareholders and option holders of AIM2. Consideration paid by the acquirer of \$1,353 is measured at the fair value of the equity issued to the shareholders of AIM2 (361,377 shares at \$3.50 per share, 36,137 options with a fair value of \$89 calculated using a Black-Scholes option pricing model and 18,821 broker warrants measured using the Black-Scholes option pricing model), with the excess amount above the fair value of the net assets acquired, treated as a reduction to equity.

The assets acquired and liabilities assumed at their fair value on the acquisition date are as follows.

	Amount
Consideration	\$ 1,353
Cash acquired	584
Difference to deficit	769

On February 27, 2019, Canopy Rivers completed a brokered equity financing pursuant to which a syndicate of underwriters purchased 13,225,000 Subordinated Voting Shares of Canopy Rivers on a bought deal basis at a price of \$4.80 per Subordinated Voting Share (the “Issue Price”) for gross proceeds of approximately \$63,479 (the “Bought Deal”). Concurrent with the Bought Deal, the Company purchased 6,250,000 Subordinated Voting Shares on a private placement basis, at a price per Subordinated Voting Share equal to the Issue Price for additional gross proceeds of approximately \$30,000. Share issuance costs of \$2,979 were paid in connection with the offering.

Associated with the July 2018 and February 2019 financings, an amount of \$5,246 has been recorded as an increase in equity attributable to the parent which represents the change in the carrying amount of the noncontrolling interest as a result of the difference between the consideration paid and the net assets acquired and the dilution of Canopy Growth’s ownership interest.

Year ended March 31, 2018

Associated with the fiscal 2018 financings, an amount of \$(55) has been recorded as a decrease in equity attributable to the parent which represents the dilution of Canopy Growth’s ownership interest.

Initial financing

On May 12, 2017, the Company advanced \$20,000 in the form of a convertible debenture to Canopy Rivers. Other investors advanced \$953 of seed capital to purchase 19,066,668 Class B Shares. Of this amount, \$503 representing 10,066,668 Class B Shares was paid for through share purchase loans, whereby funds were advanced to Canopy Rivers by the Company on behalf of certain employees and another individual. The Class B Shares acquired by each Canopy Growth employee and other individual through these share purchase loans have been placed in trust and vest in three equal tranches over three years if: (i) each person, individually, remains an employee or consultant of Canopy Growth; and (ii) the individual loans are repaid. In certain cases, there are also additional performance targets. If the loan is not repaid, the shares will be cancelled by the Company and the proceeds received by Canopy Rivers from the initial sale of the Class B Shares would be returned to Canopy Growth. Accordingly, the 10,066,668 Class B Shares acquired by way of the share purchase loans were initially accounted for as seed capital options and are not considered issued for accounting purposes until the loans are repaid on an individual employee/consultant basis. During the years ended March 31, 2020, and March 31, 2019, share purchase loans in the amount of \$50 and \$311, respectively, relating to the Shares held in trust by Canopy Growth on behalf of certain employees were repaid. This resulted in the release from escrow of 999,998 and 6,227,776 Subordinated Voting Shares, respectively. As at March 31, 2020, share purchase loans relating to 2,805,560 of the original seed capital options have been repaid, resulting in the release from escrow of the same number of Subordinated Voting Shares (March 31, 2019 –3,838,892). Please refer to Note 21 for additional details on the seed capital options.

21. SHARE-BASED COMPENSATION

CANOPY GROWTH CORPORATION SHARE-BASED COMPENSATION PLAN

Canopy Growth's eligible employees participate in a share-based compensation plan as noted below.

On September 15, 2017, shareholders approved an Omnibus Incentive Plan (as amended and restated, the “Omnibus Plan”) pursuant to which the Company can issue share-based long-term incentives. All directors, officers, employees and independent

contractors of the Company are eligible to receive awards of common share purchase options (“Options”), restricted share units (“RSUs”), deferred share units, stock appreciation rights (“Stock Appreciation Rights”), performance awards (“Performance Awards”) or other stock based awards (collectively, the “Awards”) under the Omnibus Plan. In addition, shareholders also approved the 2017 Employee Stock Purchase Plan of the Company (the “Purchase Plan”). Under the Purchase Plan, the aggregate number of common shares that may be issued is 400,000, and the maximum number of common shares which may be issued in any one fiscal year shall not exceed 200,000.

Under the Omnibus Plan, the maximum number of shares issuable from treasury pursuant to Awards shall not exceed 15% of the total outstanding shares from time to time less the number of shares issuable pursuant to all other security-based compensation arrangements of the Company. The maximum number of common shares reserved for Awards is 52,516,939 at March 31, 2020 (50,626,561 at March 31, 2019). As of March 31, 2020, the only Awards issued have been options and RSUs under the Omnibus Plan.

The Omnibus Plan is administered by the Board of Directors of the Company who establishes exercise prices, at not less than the market price at the date of grant, and expiry dates. Options under the Omnibus Plan generally remain exercisable in increments with 1/3 being exercisable on each of the first, second and third anniversaries from the date of grant, with expiry dates set at six years from issuance. The Board of Directors has the discretion to amend general vesting provisions and the term of any award, subject to limits contained in the Omnibus Plan.

The following is a summary of the changes in the Company’s Omnibus Plan employee options during the years ended March 31, 2018, 2019 and 2020:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2017	10,044,112	\$ 3.97
Options granted	12,832,237	16.50
Replacement options issued as a result of the rTrees acquisition	224,433	3.18
Options exercised	(3,912,946)	2.82
Options forfeited/cancelled	(1,942,001)	9.32
Balance outstanding at March 31, 2018	17,245,835	\$ 12.95
Options granted	22,145,198	51.49
Replacement options issued as a result of the CHI acquisition	568,005	14.98
Replacement options issued as a result of the Hiku acquisition	291,629	10.64
Options exercised	(5,318,923)	11.48
Options forfeited/cancelled	(2,099,849)	55.37
Balance outstanding at March 31, 2019	32,831,895	\$ 34.10
Options granted	9,454,714	33.87
Options exercised	(3,900,032)	10.63
Options forfeited/cancelled	(5,878,182)	44.95
Balance outstanding at March 31, 2020	<u>32,508,395</u>	<u>\$ 34.89</u>

The following is a summary of the outstanding stock options as at March 31, 2020:

Range of Exercise Prices	Options Outstanding		Options Exercisable	
	Outstanding at March 31, 2020	Weighted Average Remaining Contractual Life (years)	Exercisable at March 31, 2020	Weighted Average Remaining Contractual Life (years)
\$0.06 - \$24.62	6,358,041	3.46	3,145,532	2.73
\$24.63 - \$35.00	6,385,373	4.90	1,676,188	3.90
\$35.01 - \$36.80	6,509,072	4.57	2,764,327	4.36
\$36.81 - \$42.84	5,906,787	4.48	1,936,652	4.25
\$42.85 - \$67.64	7,349,122	4.92	1,530,205	4.66
	<u>32,508,395</u>	<u>4.48</u>	<u>11,052,904</u>	<u>3.85</u>

At March 31, 2020, the weighted average exercise price of options outstanding and options exercisable was \$34.89 and \$31.84, respectively (March 31, 2019 - \$34.10 and \$13.99, respectively).

The Company recorded \$244,594 in share-based compensation expense related to options issued to employees for the year ended March 31, 2020 (for the year ended March 31, 2019 - \$141,451, for the year ended March 31, 2018 - \$21,278) and \$3,856 in share-based compensation expense related to options issued to contractors (for the year ended March 31, 2019 - \$10,362, for the year ended March 31, 2018 - \$4,774). The compensation expense for the year ended March 31, 2020 includes an amount related to

2,160,068 options being provided in exchange for services which are subject to performance conditions (for the year ended March 31, 2019 - 595,000, for the year ended March 31, 2018 – 420,000).

During the year ended March 31, 2019, the Company issued replacement options to employees in relation to the acquisitions of CHI and Hiku Brands Company Ltd. (“Hiku”) (Note 28) and recorded share-based compensation expense of \$10,917, related to these replacement options, of which \$7,503 relates to an immediate share-based compensation expense recorded at the CHI acquisition date to reflect the accelerated vesting of certain CHI replacement options.

With the exception of 571,689 options which are subject to market-based performance conditions and valued using the Monte Carlo simulation model, the Company uses the Black-Scholes option pricing model to establish the fair value of options granted during the years ended March 31, 2020, 2019 and 2018 on their measurement date by applying the following assumptions:

	March 31, 2020	March 31, 2019	March 31, 2018
Risk-free interest rate	1.38%	2.00%	1.54%
Expected life of options (years)	3 - 5	2 - 5	3 - 5
Expected annualized volatility	73%	75%	64%
Expected forfeiture rate	12%	12%	11%
Expected dividend yield	nil	nil	nil
Black-Scholes value of each option	\$19.83	\$24.98	\$8.88

Volatility was estimated by using the historical volatility of the Company and other companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

During the year ended March 31, 2020, 3,900,032 Omnibus Plan options were exercised ranging in price from \$0.06 to \$40.68 for gross proceeds of \$41,413 (for the year ended March 31, 2019 - 5,318,923 Omnibus Plan options were exercised ranging in price from \$0.56 to \$40.68 for gross proceeds of \$48,159, for the year ended March 31, 2018 – 3,912,946 Omnibus Plan options were exercised ranging in prices from \$0.43 to \$11.71 for gross proceeds of \$11,053).

During the year ended March 31, 2020, the Company issued 875,673 RSUs to consultants and directors of the Company of which 850,517 vest over 3 years, and 25,156 vest over 1 year. For the year ended March 31, 2020, the Company recorded \$2,308 in share-based compensation expense related to these RSUs (for the year ended March 31, 2019 - \$3,709, for the year ended March 31, 2018 - \$nil).

Share-based compensation expense related to acquisition milestones is comprised of:

	Years ended		
	March 31 2020	March 31 2019	March 31 2018
Canindica	\$ 15,308	\$ 42,499	\$ -
Spectrum Colombia	34,861	28,893	-
Spectrum Denmark	550	9,895	7,206
Other	11,453	18,877	12,269
	<u>\$ 62,172</u>	<u>\$ 100,164</u>	<u>\$ 19,475</u>

During the year ended March 31, 2020, 1,121,605 shares (during the year ended March 31, 2019 - 2,455,446, during the year ended March 31, 2018 – 398,651) were released on completion of acquisition milestones. At March 31, 2020, there were up to 4,867,371 shares to be issued on the completion of acquisition and asset purchase milestones. In certain cases, the number of shares to be issued is based on the volume weighted average share price at the time the milestones are met. The number of shares has been estimated assuming the milestones were met at March 31, 2020. The number of shares excludes shares that were to be issued on July 4, 2023 to the previous shareholders of Spectrum Colombia and Canindica based on the fair market value of the Company’s Latin American business on that date. See Note 14 for further information.

In the year ended March 31, 2020, as a result of the restructuring of our operations in Colombia and Lesotho, the Company accelerated share-based compensation expense relating to the unvested milestones associated with the acquisitions of Spectrum Colombia, Canindica, and DCL in the year ended March 31, 2019. Accordingly, the Company recognized share-based compensation expense of \$32,694 in the year ended March 31, 2020. See Note 5 for further information.

During the year ended March 31, 2020, the Company recorded share-based payments of \$nil (during the year ended March 31, 2019 - \$4,781, during the year ended March 31, 2018 - \$2,071) related to shares issued for payment of royalties and sales and marketing services.

BioSteel share-based payments

On October 1, 2019, the Company purchased 72% of the outstanding shares of BioSteel Sports Nutrition Inc. (“BioSteel”) (see Note 28(a)(iii)). BioSteel has a stock option plan (the “Plan”) under which non-transferable options to purchase common shares of BioSteel may be granted to directors, officers, employees, or independent contractors of the BioSteel. As at March 31, 2020, the Company had 1,008,000 options outstanding which vest in equal tranches over a 5-year period. In determining the amount of share-based compensation related to these options, BioSteel used the Black-Scholes option pricing model to establish the fair value of options on their measurement date. The Company recorded \$489 of share-based compensation expense related to the BioSteel options during the year ended March 31, 2020 with a corresponding increase in noncontrolling interest.

CANOPY RIVERS SHARE-BASED COMPENSATION PLAN

Seed Capital Options

On May 12, 2017, seed capital options were issued. These seed capital options consisted of 10,066,668 Class B shares that were issued by way of share purchase loans. Since they were issued through loans, they are not considered issued for accounting purposes until the loan is repaid. The seed capital options were measured at fair value on May 12, 2017, using a Black-Scholes option pricing model and will be expensed over their vesting period. Where there are performance conditions in addition to service requirements Canopy Rivers has estimated the number of shares it expects to vest and is amortizing the expense over the expected vesting period.

	Seed capital options issued	Seed capital loan balance
Balance outstanding at March 31, 2017	-	\$ -
Options granted	10,066,668	503
Balance outstanding at March 31, 2018	10,066,668	503
Options exercised	(6,227,776)	(311)
Balance outstanding at March 31, 2019	3,838,892	192
Options exercised	(999,998)	(50)
Options forfeited	(33,334)	(2)
Balance outstanding at March 31, 2020	<u>2,805,560</u>	<u>\$ 140</u>

Canopy Rivers has a stock option plan (the “Plan”) under which non-transferable options to purchase Subordinated Voting Shares of the Company may be granted to directors, officers, employees, or independent contractors of the Company. Pursuant to the Plan, the maximum number of Subordinated Voting Shares issuable from treasury pursuant to outstanding options shall not exceed 10% of the issued and outstanding Subordinated Voting Shares. The Plan is administered by the Board who establishes exercise prices, at not less than the market price at the date of the grant, and expiry dates. Options under the Plan generally remain exercisable in increments, with one-third being exercisable on each of the first, second, and third anniversaries from the date of grant, and have expiry dates five years from the date of grant. The Board has the discretion to amend general vesting provisions and the term of any option grant, subject to limits contained in the Plan. The seed capital options are not within the scope of the Plan.

The following is a summary of the changes in Canopy Rivers’ stock options, excluding the seed capital options presented separately, during the years ended March 31, 2018, 2019 and 2020:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2017	-	\$ -
Options granted	5,915,000	0.68
Balance outstanding at March 31, 2018	5,915,000	\$ 0.68
Options granted	6,762,137	3.32
Options exercised	(154,882)	0.78
Balance outstanding at March 31, 2019	12,522,255	\$ 1.98
Options granted	2,068,000	3.38
Options exercised	(1,244,997)	0.90
Options forfeited	(166,667)	0.60
Options expired	(112,587)	3.33
Balance outstanding at March 31, 2020	<u>13,066,004</u>	<u>\$ 2.31</u>

In determining the amount of share-based compensation related to options issued during the year, Canopy Rivers used the Black-Scholes option pricing model to establish the fair value of options granted during the years ended March 31, 2020, 2019 and 2018 on their measurement date by applying the following assumptions:

	March 31, 2020	March 31, 2019	March 31, 2018
Risk-free interest rate	1.40%	1.70%	1.00%
Expected life of options (years)	3 - 4	0.4 - 4	1 - 3
Expected annualized volatility	70%	70%	70%
Expected forfeiture rate	nil	nil	nil
Expected dividend yield	nil	nil	nil
Black-Scholes value of each option	\$1.69	\$1.80	\$0.55 - \$1.05

Volatility was estimated using companies that Canopy Rivers considers comparable that have trading and volatility history prior to Canopy Rivers becoming public. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

For the year ended March 31, 2020, the Company recorded \$6,567 (year ended March 31, 2019 - \$6,844, year ended March 31, 2018 - \$3,579) in share-based compensation expense related to these options and the seed capital options with a corresponding increase to noncontrolling interests.

In the year ended March 31, 2020, Canopy Rivers granted \$590 worth of RSUs which vest over a one year period. For the year ended March 31, 2020, the Company recorded \$290 of share-based compensation expense related to these RSUs.

22. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income includes the following components:

	Foreign currency translation adjustments	Changes of own credit risk of financial liabilities	Fair value of other financial assets	Accumulated other comprehensive income (loss)
As at March 31, 2017	\$ 198	\$ -	\$ 15,900	\$ 16,098
Other comprehensive income	410	-	26,272	26,682
Income tax expense	-	-	(3,339)	(3,339)
Noncontrolling interest	-	-	(4,033)	(4,033)
As at March 31, 2018	608	-	34,800	35,408
Cumulative effect from adoption of ASU2016-1	-	-	(34,800)	(34,800)
Other comprehensive income (loss)	40,617	(47,130)	-	(6,513)
As at March 31, 2019	41,225	(47,130)	-	(5,905)
Other comprehensive income	85,498	175,260	-	260,758
Income tax expense	-	(33,954)	-	(33,954)
As at March 31, 2020	\$ 126,723	\$ 94,176	\$ -	\$ 220,899

23. NONCONTROLLING INTERESTS

The net change in the noncontrolling interests is as follows:

	Canopy Rivers	Vert Mirabel	BioSteel	Other non- material interests	Total
As at March 31, 2017	\$ -	\$ (305)	\$ -	\$ 730	\$ 425
Comprehensive income (loss)	21,488	(721)	-	(515)	20,252
Share-based compensation	3,579	-	-	-	3,579
Net income attributable to redeemable noncontrolling interest	-	470	-	-	470
Redeemable noncontrolling interest redemption amount adjustment	-	(1,570)	-	-	(1,570)
Acquisition and ownership changes	55,777	2,876	-	3,923	62,576
As at March 31, 2018	80,844	750	-	4,138	85,732
Comprehensive income (loss)	20,325	4,550	-	(655)	24,220
Share-based compensation	6,844	-	-	-	6,844
Net loss attributable to redeemable noncontrolling interest	-	(2,885)	-	-	(2,885)
Ownership changes	143,487	7	-	(432)	143,062
Warrants	28,512	-	-	-	28,512
As at March 31, 2019	280,012	2,422	-	3,051	285,485
Comprehensive (loss) income	(77,313)	12,930	(1,731)	-	(66,114)
Net (loss) income attributable to redeemable noncontrolling interest	-	(8,220)	1,731	-	(6,489)
Share-based compensation	6,857	-	489	-	7,346
Ownership changes	1,530	-	-	-	1,530
As at March 31, 2020	<u>\$ 211,086</u>	<u>\$ 7,132</u>	<u>\$ 489</u>	<u>\$ 3,051</u>	<u>\$ 221,758</u>

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are made using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value:

- Level 1 - defined as observable inputs such as quoted prices in active markets;
- Level 2 - defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 - defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair value measurement is categorized in its entirety by reference to its lowest level of significant input.

The Company records cash, accounts receivable, interest receivable and, accounts payable, and other accrued expenses and liabilities at cost. The carrying values of these instruments approximate their fair value due to their short-term maturities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments.

Assets and liabilities recognized or disclosed at fair value on a nonrecurring basis may include items such as property, plant and equipment, goodwill and other intangible assets, equity and other investments and other assets. We determine the fair value of these items using Level 3 inputs, as described in the related sections below.

The following table represents our financial assets and liabilities measured at estimated fair value on a recurring basis:

	Fair value measurement using			
	Quoted prices prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
March 31, 2020				
Assets:				
Short-term investments	\$ 673,323	\$ -	\$ -	\$ 673,323
Restricted short-term investments	21,539	-	-	21,539
Other financial assets	2,596	36	192,473	195,105
Liabilities:				
Convertible senior notes	-	465,415	-	465,415
Liability arising from Acreage Arrangement	-	-	250,000	250,000
Warrant derivative liability	-	-	322,491	322,491

March 31, 2019

Assets:				
Short-term investments	\$ 2,034,133	\$ -	\$ -	\$ 2,034,133
Restricted short-term investments	21,432	-	-	21,432
Other financial assets	39,239	2,698	279,641	321,578
Liabilities:				
Convertible senior notes	-	945,975	-	945,975

See Note 5 for further details regarding the impairment of long-lived assets as a result of the Company's restructuring of its global operations and its annual impairment testing for the year ended March 31, 2020.

The following table summarizes the valuation techniques and significant unobservable inputs in the fair value measurement of significant level 2 financial instruments:

Financial asset / financial liability	Valuation techniques	Key inputs
Convertible senior note	Convertible note pricing model	Quoted prices in over-the-counter broker market

The following table summarizes the valuation techniques and significant unobservable inputs in the fair value measurement of significant level 3 financial instruments:

Financial asset / financial liability	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Acreage financial instrument	Probability weighted expected return model	Probability of each scenario	Change in probability of occurrence in each scenario will result in a change in fair value
		Value and number of Canopy shares issued	Increase or decrease in value and number of Canopy shares will result in a decrease or increase in fair value
		Intrinsic value of Acreage	Increase or decrease in intrinsic value will result in an increase or decrease in fair value
		Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
		Estimated premium on US legalization	Increase or decrease in estimated premium on US legalization will result in an increase or decrease in fair value
		Control premium	Increase or decrease in estimated control premium will result in an increase or decrease in fair value
		Synergy value to Canopy Growth	Increase or decrease in estimated synergy value to Canopy Growth will result in an increase or decrease in fair value
TerrAscend exchangeable shares	Put option pricing model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
TerrAscend warrants	Monte Carlo simulation model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
TerrAscend Canada term loan	Discounted cash flow	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
ZeaKal shares	Market approach	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
Greenhouse convertible debenture	FinCAD model	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
Agripharm royalty interest and repayable debenture	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
		Future royalties	Increase in future royalties to be paid will result in an increase in fair value
SLANG Worldwide warrant	Black-Scholes option pricing model	Probability and timing of US legalization	Increase or decrease in probability of US legalization will result in an increase or decrease in fair value
Warrant derivative liability	Monte Carlo simulation model	Volatility of Canopy Growth share price	Increase or decrease in volatility will result in an increase or decrease in fair value
		Expected life	Increase or decrease in expected life will result in an increase or decrease in fair value
BioSteel redeemable noncontrolling interest	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
		Future wholesale price and production levels	Increase in future wholesale price and production levels will result in an increase in fair value
Vert Mirabel redeemable noncontrolling interest	Discounted cash flow	Discount rate	Increase or decrease in discount rate will result in a decrease or increase in fair value
		Future wholesale price and production levels	Increase in future wholesale price and production levels will result in an increase in fair value

25. REVENUE

Revenue is disaggregated as follows:

	Years ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Recreational cannabis revenue			
Business to business	\$ 157,254	\$ 117,388	\$ -
Business to consumer	52,044	23,144	-
Medical cannabis revenue			
Canadian	56,852	68,759	70,617
International	67,975	10,091	3,732
Other revenue	105,501	34,049	3,599
Gross revenue	439,626	253,431	77,948
Excise taxes	40,854	27,090	-
Net revenue	\$ 398,772	\$ 226,341	\$ 77,948

The Company recognizes variable consideration related to estimated future product returns and price adjustments as a reduction of the transaction price at the time revenue for the corresponding product sale is recognized. Net revenue reflects actual returns and variable consideration related to estimated returns and price adjustments in the amount of \$51,500 for the year ended March 31, 2020 (years ended March 31, 2019 and March 31, 2018 – \$nil). As of March 31, 2020, the liability for estimated returns and price adjustments was \$17,586 (2019 – \$nil).

26. OTHER INCOME (EXPENSE), NET

Other income (expense), net is disaggregated as follows:

	Years ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Fair value changes on other financial assets	\$ (243,965)	\$ 83,393	\$ 90,573
Fair value changes on liability arising from Acreage Arrangement	(645,190)	-	-
Fair value changes on convertible senior notes	184,740	(203,095)	-
Fair value change on warrant derivative liability	795,149	-	-
Fair value changes on acquisition related contingent consideration	12,293	(1,016)	-
Interest income	66,327	49,312	1,350
Interest expense	(6,716)	(2,035)	(784)
Foreign currency loss	(1,245)	(5,572)	(2,440)
Gain on acquisition/disposal of consolidated entity	61,775	62,682	8,820
Debt issuance costs	-	(16,380)	-
Settlement loss	-	(28,611)	-
Impairment of product rights	-	-	(28,000)
Other income (expense), net	1,161	1,613	95
	\$ 224,329	\$ (59,709)	\$ 69,614

27. INCOME TAXES

Net loss before income taxes was generated as follows:

	Years ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Domestic - Canada	\$ (1,167,000)	\$ (670,508)	\$ (51,456)
Foreign - outside of Canada	(342,054)	(37,405)	-
	\$ (1,509,054)	\$ (707,913)	\$ (51,456)

The income tax recovery (expense) consists of the following:

	Years ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Current			
Domestic - Canada	\$ (12,342)	\$ (1,428)	\$ -
Foreign - outside of Canada	(4,356)	(960)	-
	<u>\$ (16,698)</u>	<u>\$ (2,388)</u>	<u>\$ -</u>
Deferred			
Domestic - Canada	\$ 78,624	\$ (2,464)	\$ 392
Foreign - outside of Canada	59,688	740	-
	<u>138,312</u>	<u>(1,724)</u>	<u>392</u>
Income tax recovery (expense)	<u><u>\$ 121,614</u></u>	<u><u>\$ (4,112)</u></u>	<u><u>\$ 392</u></u>

As more fully described in Note 3, income taxes that are required to be reflected in equity, instead of in the consolidated statements of operations, are included in the consolidated statements of shareholders' equity.

Current and deferred income tax referred to above is recognized based on the Company's best estimate of the tax rates expected to apply to the income, loss or temporary difference. The Company is subject to income tax in numerous jurisdictions with varying tax rates. During the current year ended, there were no material changes to the enacted statutory tax rates in the jurisdictions where the majority of the Company's income for tax purposes was earned or where its material temporary differences or losses are expected to be realized or settled, however the impact of commercial decisions and market forces result in changes to the distribution of income for tax purposes amongst taxing jurisdictions that may result in a change of the effective tax rate applicable to such income, loss or temporary difference.

A reconciliation of the amount of income taxes reflected above compared to the expected income taxes calculated at the combined Canadian federal and provincial enacted statutory tax rate of 26.5% for each of the three years ended March 31, 2020, 2019 and 2018 is as follows:

	Years ended		
	March 31, 2020	March 31, 2019	March 31, 2018
Net loss before income taxes	\$ (1,509,054)	\$ (707,913)	\$ (51,456)
Expected tax rate	26.5%	26.5%	26.5%
Expected income tax recovery (expense)	399,899	187,597	13,636
Non-deductible and non-taxable items	22,947	(34,999)	(6,297)
Non-deductible fair value changes on Acreage Arrangement	(170,975)	-	-
Non-taxable fair value changes on warrant derivative liability	210,715	-	-
Non-deductible share-based compensation	(84,873)	(72,463)	(13,013)
Change in valuation allowance	(215,975)	(78,425)	(3,234)
Effect of tax rates outside of Canada	(3,248)	(4,060)	-
Non-taxable portion of capital gains and losses	(34,961)	-	9,421
Other	(1,915)	(1,762)	(121)
Income tax recovery (expense)	<u><u>\$ 121,614</u></u>	<u><u>\$ (4,112)</u></u>	<u><u>\$ 392</u></u>

Current income taxes payable in the amount of \$14,690 (2019 - \$927) is included in accounts payable.

As at March 31, 2020, the Company has no uncertain tax positions that requires recording of an income tax provision.

Significant components of deferred income tax assets (liabilities) consist of the following:

	Years ended	
	March 31, 2020	March 31, 2019
Deferred income tax assets		
Property, plant and equipment	\$ 47,497	\$ 262
Intangible assets	29,848	-
Inventory reserves and write-downs	27,815	-
Other reserves and accruals	6,556	13,543
Losses carried forward	300,332	108,991
Equity method investments and other financial assets	17,309	684
Deferred financing costs	8,049	12,101
Other	8,765	1,400
Gross deferred income tax assets	446,171	136,981
Valuation allowances	(318,883)	(102,908)
Total deferred income tax assets, net	\$ 127,288	\$ 34,073
Deferred income tax liabilities		
Property, plant and equipment	\$ (38,556)	\$ (10,602)
Intangible assets	(82,953)	(100,547)
Convertible senior notes	(41,141)	-
Equity method investments and other financial assets	(53)	(24,469)
Other	(7,753)	(3,536)
Total deferred income tax liabilities	(170,456)	(139,154)
Net deferred income tax assets (liabilities)*	\$ (43,168)	\$ (105,081)

* A balance of deferred tax asset in the amount of \$3,945 is included in other assets and \$(47,113) is included in deferred income tax liabilities.

In evaluating whether it is more likely than not that all or a portion of a deferred income tax asset will be realized consideration is given to the estimated reversal of deferred income tax liabilities and future taxable income. The Company has recognized valuation allowances for operating losses carried forward, capital losses carried forward and other deferred income tax assets when it is believed that it is more likely than not that these items will not be realized.

As at March 31, 2020 the Company has the following losses carried forward available to reduce future years' taxable income, which losses expire as follows:

Expiring within 5 years	\$ -
Expiring between 5 and 10 years	40
Expiring between 10 and 15 years	16,097
Expiring between 15 and 20 years	936,706
Indefinite	183,014
	<u>\$ 1,135,857</u>
Total in Canada	\$ 952,844
Total in United States	55,171
Total in Europe	67,319
Total in other jurisdictions	60,523
	<u><u>\$ 1,135,857</u></u>

As at March 31, 2020, the Company had temporary differences associated with investments in foreign subsidiaries for which no deferred income tax liabilities have been recognized, as the Company is able to control the timing of the reversal of these temporary differences and undistributed earnings are considered permanently invested. Determination of the amount of the unrecognized deferred income tax liability is not practicable due to the inherent complexity of the multi-jurisdictional operations of the Company.

28. ACQUISITIONS

(a) Acquisitions completed in the year ended March 31, 2020

The following table summarizes the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2020:

	Spectrum						
	C ³	This	BioSteel	BCT	UK	S&B	Total
	(i)	Works	(iii)	(iv)	(iv)	28(b)(v)	
	(i)	(ii)	(iii)	(iv)	(iv)	28(b)(v)	
Cash and cash equivalents	\$ 2,818	\$ 1,619	\$ 225	\$ 7,886	\$ -	\$ -	\$ 12,548
Other current assets	15,140	8,239	12,972	2,296	67	-	38,714
Property, plant and equipment	8,345	478	391	5	895	-	10,114
Intangible assets							
Brands	10,613	22,114	3,600	-	-	-	36,327
Distribution channel	4,058	12,988	14,700	-	-	-	31,746
Operating licenses	-	-	-	-	1,158	-	1,158
Intellectual property	36,520	16,848	20,900	5,267	-	24,990	104,525
Software and domain names	8	176	541	-	-	-	725
Goodwill	287,010	22,214	35,939	85,700	12,861	(24,990)	418,734
Accounts payable and other accrued expenses and liabilities	(3,652)	(4,100)	(3,852)	(2,176)	(922)	-	(14,702)
Debt and other liabilities	(3,942)	-	(3,659)	-	-	-	(7,601)
Deferred income tax liabilities	(11,219)	(7,911)	(3,817)	(838)	(36)	-	(23,821)
Net assets	\$ 345,699	\$ 72,665	\$ 77,940	\$ 98,140	\$ 14,023	\$ -	\$ 608,467
Noncontrolling interests	-	-	(18,733)	-	-	-	(18,733)
Net assets acquired	\$ 345,699	\$ 72,665	\$ 59,207	\$ 98,140	\$ 14,023	\$ -	\$ 589,734
Consideration paid in cash	\$ 345,699	\$ 72,665	\$ 47,924	\$ 45,098	\$ -	\$ -	\$ 511,386
Fair value of previously held equity interest	-	-	-	37,919	14,023	-	51,942
Replacement options	-	-	-	1,885	-	-	1,885
Other consideration	-	-	11,283	13,238	-	-	24,521
Total consideration	\$ 345,699	\$ 72,665	\$ 59,207	\$ 98,140	\$ 14,023	\$ -	\$ 589,734
Consideration paid in cash	\$ 345,699	\$ 72,665	\$ 47,924	\$ 45,098	\$ -	\$ -	\$ 511,386
Less: Cash and cash equivalents acquired	(2,818)	(1,619)	(225)	(7,886)	-	-	(12,548)
Net cash outflow	\$ 342,881	\$ 71,046	\$ 47,699	\$ 37,212	\$ -	\$ -	\$ 498,838

The table above summarizes the fair value of the consideration given and the fair values assigned to the assets acquired and liabilities assumed for each acquisition. Goodwill arose in these acquisitions because the cost of acquisition included a control premium. In addition, the consideration paid for the combination reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Except for the goodwill arising in respect of the S&B acquisition, none of the goodwill arising on these acquisitions is expected to be deductible in the computation of income for tax purposes.

(i) C3

On April 30, 2019, the Company acquired 100% of the shares of C3 Cannabinoid Compound Company (“C3”) for total cash consideration of \$345,699. C3 is a European based biopharmaceutical company that develops, manufactures and commercializes natural and synthetic cannabinoid based active ingredients. In connection with the acquisition, the Company entered into a five-year cooperation agreement with the former majority shareholder of C3, for which the Company paid \$7,804. This amount will be expensed ratably over the contract term.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments include:

Measurement period impact	Adjustments	Useful life (years)	Valuation methodology
Acquisition related intangible assets			
Distribution channel	\$ 4,058	10	Income approach
Intellectual property	36,520	10	Relief-from-royalty
Licensed brands	10,613	2	Relief-from-royalty
Other adjustments			
Inventory step-up	1,814		
Deferred income tax liabilities	(11,219)		
Net impact to goodwill	\$ (41,786)		

(ii) This Works

On May 21, 2019, the Company acquired 100% of the shares of TWP UK Holdings Limited (“This Works”) and its subsidiary companies, This Works Products Limited, TWP USA Inc. and TWP IP Limited for total cash consideration of \$72,665 (GBP 43,296). Based in London, United Kingdom, This Works is a natural skincare and sleep solutions company.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments include:

Measurement period impact	Adjustments	Useful life (years)	Valuation methodology
Acquisition related intangible assets			
Acquired brands	\$ 19,130	Indefinite	Relief-from-royalty
Distribution channel	12,988	10	Income approach using a multi-period excess earnings method
Intellectual property	16,848	10	Replacement cost
Licensed brands	2,984	5	Income approach using a multi-period excess earnings method
Other adjustments			
Inventory step-up	1,755		
Deferred income tax liabilities	(7,911)		
Net Impact to Goodwill	\$ (45,794)		

(iii) BioSteel

On October 1, 2019, the Company purchased 72% of the outstanding shares of BioSteel, a North America-based producer of sports nutrition products. Initial cash consideration was \$50,707 subject to certain adjustments and holdbacks such that \$47,924 was advanced on closing. The purchase price was to be further adjusted based on a multiple of BioSteel’s calendar 2019 net revenue. Management has concluded that this purchase price adjustment is nominal.

Through its voting rights, the Company controls BioSteel and therefore, the acquisition was accounted for as a business combination. The noncontrolling interests of \$18,733 recognized at acquisition date were recorded at their share of fair value.

Prior to September 30, 2019, the Company had advanced a total of \$8,500 to BioSteel under a secured loan agreement. The acquisition resulted in an effective settlement of the loan payable of \$8,500 which has been recorded as other consideration. Immediately following the October 1 acquisition, the Company subscribed for additional shares of BioSteel for consideration of \$14,000 which was funded through a cash advance of \$10,000 and the conversion of \$4,000 of the loan payable. After completing this investment, the Company’s ownership interest in BioSteel is 76.7%.

The shares not purchased by the Company will be retained by certain current shareholders and management for a period of up to 5 years (the “Rollover Shareholders”). On the third anniversary of the closing Canopy Growth will have a right to purchase, and the

Rollover Shareholders will have a right to sell one half of the remaining interest held by the Rollover Shareholders to Canopy Growth at a specified valuation based on a multiple of Biosteel's net revenue. On the fifth anniversary of the closing Canopy Growth will have a right to purchase, and the Rollover Shareholders will have a right to sell the balance of the remaining interest held by the Rollover Shareholders to Canopy Growth at a valuation to be mutually agreed upon by the parties. The call and put options represent redeemable noncontrolling interest ("BioSteel Redeemable NCI") and is recorded at fair value on initial recognition. The fair value of the BioSteel Redeemable NCI was estimated using an income approach to be \$25,000 and \$49,500 on the acquisition date and March 31, 2020, respectively. See Note 24 for additional details on how the fair value is calculated.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments include:

Measurement period impact	Adjustments	Useful life (years)	Valuation methodology
Acquisition related intangible assets			
Acquired brands	\$ 3,600	Indefinite	Relief-from-royalty
Distribution channel	14,700	11	Income approach using a multi-period excess earnings method
Intellectual property	20,900	11	Relief-from-royalty, net of product migration
Other adjustments			
Inventory step-up	2,710		
Deferred income tax liabilities	(3,817)		
Net impact to goodwill	\$ (38,093)		

(iv) BCT and Spectrum UK

BCT is a cannabis research and development organization in the United Kingdom which was formed in fiscal 2018 through a collaboration agreement between CHI and Beckley Research and Innovations Limited. In the fourth quarter of fiscal 2019, the Company and BCT had formed another joint venture – Spectrum Biomedical UK ("Spectrum UK"). The purpose of Spectrum UK was to become the exclusive distributor of cannabis-based medicinal products made by the Company. Since their inception the Company had been accounting for its 42% interest in BCT and its 67% interest in Spectrum UK using the equity method. Though BCT and Spectrum UK are VIE's, due to the fact that both entities are jointly controlled, Canopy Growth is not the primary beneficiary of either entity and therefore is not required to consolidate either entity.

On October 11, 2019, the Company acquired all its unowned interest in BCT to increase its total ownership of BCT's issued and outstanding shares to 100%. Following this transaction, the Company will control both BCT and Spectrum UK, and both BCT and Spectrum UK will be accounted for as wholly owned subsidiaries.

Cash consideration for this transaction was \$58,336 of which \$45,098 was advanced on closing, and \$14,427 will be paid on October 1, 2020 and 2021 and has a fair value of \$13,238.

Consideration also included 155,565 replacement options. The fair value of the replacement options was determined using a Black-Scholes model and \$1,885 of the total fair value has been included as consideration paid to acquire BCT as it related to pre-combination vesting service and \$1,987 of the fair value will be recognized as share-based compensation expense rateably over the post-combination vesting period.

The acquisition of the unowned interests is accounted for as business combinations achieved in stages under ASC 805. The Company remeasured its 42% interest in BCT and its 67% interest in Spectrum UK to fair value and recognized a total gain of \$39,485 which reflects the difference between the carrying value of \$12,457 and the implied fair value \$51,942. The fair value was estimated to be the transaction price less an estimated control premium of 5%.

The consideration paid for BCT included \$250 cash and 16,430 replacement options that were issued to a member of key management of the Company that was a shareholder and option holder in BCT.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments include:

Measurement period impact	Adjustments	Useful life (years)	Valuation methodology
Acquisition related intangible assets			
Intellectual property	\$ 5,267	1	Replacement cost
Operating license	1,158	1	Replacement cost
Other adjustments			
Deferred income tax liabilities	(874)		
Net impact to goodwill	\$ (5,551)		

(b) Acquisitions completed in the year ended March 31, 2019

The following table summarizes the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2019:

	CHI (i)	Hiku (ii)	ebbu (iii)	POS (iv)	S&B (v)	Other	Total
Cash and cash equivalents	\$ 8,369	\$ 4,089	\$ -	\$ 2,908	\$ 1,056	\$ (37)	\$ 16,385
Other current assets	177	6,327	138	12,992	8,363	83	28,080
Property, plant and equipment	121	15,846	1,821	9,541	23,609	-	50,938
Investments	8,563	1,204	-	-	-	-	9,767
Intangible assets							
Brands	-	17,000	-	-	38,463	-	55,463
Distribution channel	-	-	-	-	3,143	-	3,143
Operating licenses	-	37,300	-	-	-	-	37,300
Intellectual property	20,000	-	51,600	23,300	58,816	-	153,716
Software and domain names	-	103	-	328	276	-	707
Goodwill	137,445	539,331	327,013	93,248	117,175	1,538	1,215,750
Accounts payable and other accrued expenses and liabilities	(954)	(3,691)	-	(4,172)	(4,490)	(16)	(13,323)
Debt and other liabilities	-	(1,954)	(665)	(3,145)	(28,247)	-	(34,011)
Deferred income tax liabilities	(4,806)	(14,598)	(13,731)	(6,042)	(23)	-	(39,200)
Net assets	168,915	600,957	366,176	128,958	218,141	1,568	1,484,715
Noncontrolling interests	-	-	-	-	-	-	-
Net assets acquired	\$ 168,915	\$ 600,957	\$ 366,176	\$ 128,958	\$ 218,141	\$ 1,568	\$ 1,484,715
Consideration paid in cash	\$ -	\$ 11,994	\$ 16,060	\$ 128,958	\$ 203,786	\$ -	\$ 360,798
Consideration paid in shares	98,034	543,866	234,052	-	-	1,568	877,520
Gain on fair value of previously held equity interest	62,682	-	-	-	-	-	62,682
Replacement options	8,199	13,537	-	-	-	-	21,736
Replacement warrants	-	30,611	-	-	-	-	30,611
Other consideration	-	949	-	-	-	-	949
Contingent consideration	-	-	116,064	-	14,355	-	130,419
Total consideration	\$ 168,915	\$ 600,957	\$ 366,176	\$ 128,958	\$ 218,141	\$ 1,568	\$ 1,484,715
Consideration paid in cash	\$ -	\$ 11,994	\$ 16,060	\$ 128,958	\$ 203,786	\$ -	\$ 360,798
Less: Cash and cash equivalents acquired	(8,369)	(4,089)	-	(2,908)	(1,056)	37	(16,385)
Net cash outflow	\$ (8,369)	\$ 7,905	\$ 16,060	\$ 126,050	\$ 202,730	\$ 37	\$ 344,413

(i) CHI

CHI is a cannabis research innovator. On August 3, 2018, the Company acquired all its unowned interest in CHI to increase its total ownership to 100% of CHI's issued and outstanding shares. Immediately preceding the acquisition, CHI amalgamated with its wholly owned subsidiary, Canopy Animal Health ("CAH"), creating one amalgamated corporation which continued as CHI. In addition, the vesting of certain CHI and CAH options was accelerated and certain options were exercised. Following this transaction, the Company will control CHI and CHI will be accounted for as a wholly owned subsidiary. CHI shares and options were exchanged at a ratio of 0.379014 CHI shares to one Canopy Growth share or replacement option, resulting in 2,591,369 common shares, 568,005 replacement options and 485,572 common shares of which 217,859 are subject to certain trading restrictions ("Compensation Shares") being issued. This consideration included 278,230 shares and 154,208 replacement options that were issued to key management personnel of the Company that were shareholders and option holders in CHI.

The fair value of the shares issued totaled \$98,034 which is comprised of \$87,717 calculated as the 2,591,369 common shares issued at the Company's share price on the date of the transaction and \$10,317 which reflects the fair value of the Compensation Shares issued, calculated using a Black-Scholes model.

The fair value of the replacement options was determined using a Black-Scholes model and the total fair value has been allocated to the consideration paid for CHI only to the extent that it related to pre-combination services. As a result, \$8,199 of the total fair value has been included as consideration paid to acquire CHI as it related to pre-combination vesting service and \$11,714 of the fair value will be recognized as share-based compensation expense rateably over the post-combination vesting period (see Note 21 for details on the share-based compensation expense).

Prior to this acquisition, the Company's 43% participating share was accounted for using the equity method. The acquisition of the 57% interest is accounted for as a business combination achieved in stages under ASC 805. The Company remeasured its 43% interest to fair value and recognized a gain of \$62,682 which reflects the difference between the carrying value of \$nil and the implied fair value \$62,682. The fair value was estimated to be the transaction price less an estimated control premium of 5%.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments made were to recognize the acquired intellectual property ("IP") intangible asset with a fair value of \$20,000 and a deferred income tax liability of \$4,806. The fair value of the IP was estimated using a cost-based approach, where a rate of return has been applied to the amount that CHI had invested in research and development up to the date of acquisition. The IP will be amortized over the estimated useful life of 15 years.

(ii) Hiku

On September 5, 2018, the Company purchased 100% of the issued and outstanding shares of Hiku Brands Company Ltd. ("Hiku"). Hiku is federally licensed to cultivate and sell cannabis through its wholly owned subsidiary DOJA Cannabis Ltd. Hiku also operates a network of retail stores selling coffee, clothing and curated accessories, across British Columbia, Alberta and Ontario. Hiku shares, options and warrants were exchanged at a ratio of 0.046 Hiku shares to one Canopy Growth share, replacement option, or warrant.

On the acquisition date Hiku had convertible debentures outstanding with a principal amount of \$618 which were convertible into 498,387 Hiku common shares. As a result of the acquisition the conversion feature was adjusted in accordance with the above exchange ratio. The fair value of these debentures on September 5, 2018 was estimated to be \$1,570 which was allocated \$949 to the conversion feature and \$621 to the debt component. On November 5, 2018 in accordance with the terms of the debenture the Company completed the forced conversion of the debenture in exchange for 22,866 shares.

Prior to closing the Company advanced cash of \$10,000 to Hiku pursuant to a promissory note. The funds were used to pay the termination fee owed by Hiku in connection with a previously announced transaction.

On closing the Company issued 7,943,123 common shares with a fair value of \$543,866, based on the Company's share price on the date of the transaction, cash consideration of \$11,994, 920,452 replacement warrants and 291,629 replacement options. The fair value of the replacement warrants was estimated to be \$30,611 using a Black-Scholes model. The replacement options' fair value totaled \$17,693, calculated using a Black-Scholes model, of which \$13,537 was included as consideration paid as it related to pre-combination services and the residual \$4,156 fair value will be recognized as share-based compensation expense rateably over the post-combination vesting period. Other consideration also included \$949 related to the convertible debenture and the effective settlement of the promissory note of \$10,000.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments made were to recognize the acquired brand and operating license intangible assets with a fair value of \$17,000 and \$37,300, respectively, and a deferred income tax liability of \$14,598. The fair value of the brand was estimated using a cost-based approach, where a rate of return has been applied to the amount that Hiku had invested in developing their Tokyo Smoke brand up to the date of acquisition. The fair value of the operating license was estimated using a market approach where recent transactions to purchase the same type of license were analyzed and applied to the licenses held by

Hiku at the date of acquisition. Both the brand and operating licenses will not be amortized as the Company has concluded that both intangible assets have an indefinite useful life.

(iii) *ebbu*

On November 23, 2018 the Company acquired substantially all the assets and intellectual property of *ebbu* Inc. (“*ebbu*”), a Colorado-based hemp research operation in exchange for \$25,000 cash and 6,221,210 common shares of which \$7,462 cash and 899,424 shares were held back for a period of 12 to 18 months in respect of certain representations and warranties of the seller. Up to a further \$100,000 will be paid subject to the achievement of certain scientific related milestones within a period of two years of closing. The Company will have the option of satisfying these milestone payments in cash, shares or a combination of cash and shares, subject to the restriction that each payment must be comprised of at least 10% cash but the cash portion cannot exceed 19.9% of the payment. If such payments are satisfied in shares, the number of shares will be calculated based on the volume weighted average price of the shares on the TSX for the 20 trading days immediately prior to the date of achievement of the milestone.

The assets transferred constitute a business and the transaction will be accounted for as a business combination. The consideration for this transaction is estimated to be \$366,176. This includes cash and shares transferred on closing with a value of \$16,060 and \$234,052 respectively and contingent consideration of \$116,064. The contingent consideration includes \$29,880 which is classified as equity and \$86,184 which is classified as a liability. Management has estimated the fair value of the contingent consideration by assessing the probability of releasing the holdback amounts and probability and timing of achieving the milestones. The fair value of the equity classified contingent consideration is determined using a put option pricing model. The fair value of the liability classified contingent consideration is determined by discounting the expected cash outflows to present value. The fair value of acquisition consideration related liabilities at March 31, 2020 is \$79,936 (March 31, 2019 is \$87,584).

Management has determined that a portion of the consideration transferred is being provided in exchange for services and will be accounted for as compensation expense. The grant date fair value of this compensation has been estimated to be \$8,416 which will be expensed ratably over the estimated vesting periods.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments made were to recognize the acquired intellectual property (“IP”) intangible asset with a fair value of \$51,600 and a deferred income tax liability of \$13,731. The fair value of the IP was estimated using a market-based approach, where a valuation multiple was derived from a review of comparable companies’ investment in IP. This multiple was then applied to *ebbu*’s investment in research and development up to the date of the acquisition. The IP will be amortized over the estimated useful life of 15 years.

(iv) *POS*

On November 23, 2018 the Company entered into a debenture financing arrangement with POS Holdings Inc. (“POS”), concurrent with the grant of an option to acquire 100% of the outstanding shares of POS. POS is a bio-processing facility located in Saskatchewan, Canada. POS was determined to be a VIE with Canopy Growth as the primary beneficiary and was therefore consolidated effective November 23, 2018.

On July 1, 2018, the Company had entered into an agreement whereby the Company was granted an option to acquire all the assets of POS in exchange for \$6,000. The amount advanced for this option was to be applied against the purchase price of the assets of POS when the option was exercised and had been recorded as a deposit. In addition, the Company had entered into an agreement for processing services to be conducted by POS on behalf of the Company and had made advances of \$13,864 under this agreement. Since processing under this agreement had not yet commenced, all the amounts advanced prior to November 23, 2018 had been recorded as a prepaid expense. The deposit and prepaid amounts form part of the consideration transferred. On November 23, 2018, the Company advanced \$109,094 pursuant to a convertible debenture for total cash consideration of \$128,958 to date.

The Company has finalized the purchase price allocation to the individual assets acquired and liabilities assumed using the acquisition method. The measurement period adjustments made were to recognize the acquired IP intangible asset with a fair value of \$23,300 and a deferred income tax liability of \$6,042. The fair value of the IP was estimated using an income approach which involved estimating future net cash flows and applying an appropriate discount rate to those future cash flows. The IP will be amortized over the estimated useful life of 15 years.

(v) *S&B*

On December 6, 2018 the Company acquired Storz & Bickel GmbH & Co., KG (“S&B”), related entities, and IP for \$203,786 cash. Based in Tuttlingen, Germany S&B are designers and manufacturers of medically approved vaporizers.

Up to an additional €10,000 will be paid to the former shareholders subject to the achievement of certain market launch milestones. This represents liability classified contingent consideration. Management has estimated the fair value of this consideration to be \$14,355 by assessing the probability and timing of achievement of the milestones and discounting the expected cash outflows to present value. Other liabilities assumed include an amount of \$21,447 owing to the former shareholders of S&B.

During the year ended March 31, 2020, the Company completed its final assessment of the fair value of the assets acquired and liabilities assumed of Storz & Bickel. The measurement period adjustments resulted in an increase to the fair value of intangible assets of \$24,990 and a corresponding decrease to goodwill (see Note 28(a)). On finalization of the purchase price allocation, a charge to amortization expense of \$2,030 was recorded in the statement of consolidated operations to reflect the increased fair value of the amortizable intangible assets acquired.

Acquisition of noncontrolling shareholder's interest in BC Tweed

On October 10, 2017, the Company entered into a definitive joint venture agreement with a large-scale greenhouse operator (the "Partner") to form a new company, BC Tweed Joint Venture Inc. ("BC Tweed") ("Original Transaction"). BC Tweed was 66.67% owned by the Company and 33.33% owned by the Partner. As part of the Original Transaction, BC Tweed agreed to lease from the Partner a 1.3 million square foot greenhouse facility located on a 55-acre parcel of land in British Columbia ("Aldergrove Lease"). In December 2017, BC Tweed agreed to lease and develop a second greenhouse of 1.7 million square feet ("Delta Lease") from the Partner. The greenhouse operation transferred by the Partner met the definition of a business and was accounted for as a business combination. The Company concluded that, based on the shareholders' agreement and the contractual terms of the offtake agreement, the significant relevant activities are unilaterally controlled by the Company and BC Tweed was consolidated in these financial statements.

The Partner had the option to sell its interest in BC Tweed, in whole or in part, to the Company. This put option was exercisable only on specific dates following the license date – the 4th anniversary of the sales license date, then at the 6th, 8th, 10th and 12th anniversaries. The put option represents redeemable noncontrolling interest ("BC Tweed Redeemable NCI"). On October 10, 2017 the fair value of the BC Tweed Redeemable NCI was estimated to be \$36,400 using a discounted cash flow approach by estimating the expected future cash flows and applying a discount rate to arrive at the present value of the put option's strike price. On March 31, 2018 the BC Tweed Redeemable NCI was estimated to be \$56,300 and the increase of \$19,900 was recorded in additional paid in capital.

As part of the Original Transaction, BC Tweed entered into call/put option agreements with the Partner to acquire all the limited partnership units of the limited partnerships which hold the greenhouses and related property. BC Tweed has the right to exercise the call options for a term of seven years from the respective license dates of the facilities. Since these options represent options to acquire the limited partnership units, the options were accounted for as derivative financial instruments which were recognized initially and subsequently at fair value through profit or loss. Management had estimated that the fair value of these options is \$nil as the exercise price of the options approximates the fair value of the limited partnership units.

On July 5, 2018, the Company acquired the noncontrolling shareholder's (the "Partner's") 33% interest in BC Tweed (the "Subsequent Transaction") for total consideration of \$495,386. Consideration included \$1,000 in cash and 13,293,969 shares of the Company of which 5,091,523 shares were released on closing and the remaining 8,202,446 shares were placed in escrow. The shares placed in escrow will be released over a period of up to three years, with the exact timing of release dependent on the occurrence of specified events. As of March 31, 2019, 1,261,915 of the escrowed shares have been released.

The 5,091,523 shares issued on close were recorded at an issue price of \$39.70 per share for consideration of \$202,133. The fair value of the shares held in escrow was estimated to be \$265,253 using a put option pricing model discounted to reflect management's best estimate of the expected dates of release. On closing of the Subsequent Transaction, the call option held by BC Tweed on the limited partnership units of the limited partnerships which hold the greenhouses and related property was amended to effectively increase the call option price by \$27,000. Management has determined that this increase in the call option price represents additional consideration for the Partner's interest. On closing of the Subsequent Transaction the excess of the consideration paid for the Partner's 33% interest over the fair value of the BC Tweed Redeemable NCI on the transaction date of \$72,600 was recognized as a \$422,786 charge to Equity.

Under the Original Transaction, upon various milestones being achieved, the Company had agreed to issue 310,316 common shares over two tranches and a further \$2,750 of common shares of the Company in two additional tranches to the Partner. These payments were accounted for as share-based compensation expense and the grant date fair value of \$6,731 was being amortized over the estimated vesting period. On closing of the Subsequent Transaction, the Company amended the terms of this share-based compensation arrangement to accelerate the vesting of 155,158 shares, and to cancel the remaining tranches of the compensation arrangement. As a result, the unamortized balance of the grant date fair value of the share-based compensation of \$954 was expensed in the year ended March 31, 2019.

On October 24, 2018 the Company amended the terms of the lease agreements for Aldergrove Lease and Delta Lease and the amended leases were classified as finance leases. The Company recognized the assets under finance lease and finance lease liability of \$73,000. On March 31, 2019 the Company exercised the call options and acquired the limited partnership units of the limited partnerships that held greenhouse facilities under lease which resulted in the Company derecognizing the asset under finance lease, the finance lease liability and the contingent consideration and recognizing the greenhouse facilities and the ATB financing with a principal amount of \$95,000.

(c) Acquisitions completed in the year ended March 31, 2018

The following table summarizes the consolidated balance sheet impact at acquisition of the Company's business combinations that occurred in the year ended March 31, 2018:

	Tweed Grasslands (i)	Tweed JA (ii)	Odense (iii)	Other	Total
Cash and cash equivalents	\$ 59	\$ 125	\$ -	\$ 7	\$ 191
Other current assets	22	3,669	173	121	3,985
Property, plant and equipment	1,446	182	3,990	468	6,086
Goodwill	29,736	3,745	-	1,562	35,043
Accounts payable and other accrued expenses and liabilities	(336)	(29)	-	(143)	(508)
Debt and other liabilities	-	-	(297)	-	(297)
Net assets	30,927	7,692	3,866	2,015	44,500
Noncontrolling interests	-	(3,923)	-	(964)	(4,887)
Net assets acquired	\$ 30,927	\$ 3,769	\$ 3,866	\$ 1,051	\$ 39,613
Consideration paid in cash	\$ 450	\$ 100	\$ 3,228	\$ 166	\$ 3,944
Consideration paid in shares	6,381	-	-	1,849	8,230
Future cash consideration	-	3,669	-	-	3,669
Replacement options	1,079	-	-	-	1,079
Replacement warrants	1,303	-	-	-	1,303
Contingent consideration	21,714	-	-	-	21,714
Total consideration	\$ 30,927	\$ 3,769	\$ 3,228	\$ 2,015	\$ 39,939
Consideration paid in cash	\$ 450	\$ 100	\$ 3,228	\$ 166	\$ 3,944
Less: Cash and cash equivalents acquired	(59)	(125)	-	(7)	(191)
Net cash outflow	\$ 391	\$ (25)	\$ 3,228	\$ 159	\$ 3,753

(i) Tweed Grasslands (formerly rTrees)

On May 1, 2017, the Company purchased 100% of the issued and outstanding shares of rTrees Producers Inc. (“rTrees”), a late-stage ACMPR applicant based in Yorkton, Saskatchewan. On June 30, 2017, rTrees changed its name to Tweed Grasslands Cannabis Inc. (“Tweed Grasslands”).

The consideration for the transaction included 3,494,505 common shares issued to former shareholders of rTrees, of which 2,795,604 common shares were to be held in escrow and will either be released to the former shareholders of rTrees upon the satisfaction of certain specific license achievement, or released to the Company for cancellation. The 698,901 shares released on closing were recorded at \$9.13 per share for consideration of \$6,381.

The shares being held in escrow were recorded as equity based contingent consideration. The achievement of milestones was assessed probabilities by management which were then discounted to present value in order to derive a fair value of the contingent consideration. In aggregate, the amount of contingent consideration is up to \$25,524 with a fair value of \$21,714 at the acquisition date. All milestones were achieved in the year ended March 31, 2018 and the shares were released from escrow.

Other consideration included \$1,079 of replacement options and \$1,303 of replacement warrants. There was also an effective settlement of a note receivable of \$450 for total consideration of \$30,927.

(ii) Tweed JA

On September 6, 2017, the Company subscribed for 49% of the issued and outstanding shares of Grow House JA Limited (now operating as Tweed JA), for \$3,769 payable in cash. Tweed JA is a Jamaican company that received a provisional license to cultivate and sell medical cannabis. As of March 31, 2018, \$2,000 of the subscription price had been advanced and the balance of the subscription price was advanced in fiscal year 2019.

Through the shareholder agreement, the Company has rights that allow it to direct the relevant activities of Tweed JA such that the Company has control, and Tweed JA is consolidated in these financial statements. The noncontrolling interest recognized at the acquisition date was recorded at fair value.

(iii) Spectrum Denmark and acquisition of Odense operation

On September 20, 2017, the Company formed Spectrum Cannabis Denmark Aps (“Spectrum Denmark”) for the purpose of producing, cultivating and distributing medical cannabis products in Denmark. Spectrum Denmark will also seek to establish operations in other jurisdictions in Europe where federally lawful and regulated. At inception, the Company owned 62% of the issued shares of Spectrum Denmark and Danish Cannabis ApS (“Danish Cannabis”), an unrelated party, owned the remaining 38% of shares.

Upon achievement of defined milestones, Danish Cannabis has a right to exchange its shares in Spectrum Denmark for a maximum of 1,906,214 common shares of the Company. On issuance, the shares are subject to either a three- or six-month restriction on trading. If after 4 years, the defined milestones are not met then the Company will be entitled to purchase any remaining interest of Danish Cannabis in Spectrum Denmark for up to \$6,000. The shares are being provided in exchange for the services that the principals of Danish Cannabis are providing to Spectrum Denmark and are being accounted for as share-based compensation expense. The fair value on the September 30, 2017 grant date of \$18,805 was estimated by discounting the quoted price of the shares to reflect the restriction on trading using a put option pricing model. The Company is amortizing the expense over the estimated vesting period.

On December 5, 2017, Spectrum Denmark purchased a 430,000 square foot operating greenhouse facility in Odense, Denmark (“Odense”) from a liquidator for cash consideration of \$3,228. This transaction was accounted for as a business combination and generated a bargain purchase gain of \$638 which is included in other income (expense), net. The Company completed its final assessment of the accounting for the acquisition of Odense in the year ended March 31, 2018.

Formation of Vert Mirabel

On December 18, 2017, the Company, Canopy Rivers and Les Serres Stephane Bertrand Inc. (“Bertrand”) formed a new company, Les Serres Vert Cannabis Inc. (“Vert Mirabel”). Bertrand was a large-scale greenhouse operator in Mirabel, Quebec. The Company owns 40.7%, Canopy Rivers 26% and Bertrand owns 33.3% of the common shares of Vert Mirabel. Vert Mirabel will lease from Bertrand its 700,000-square foot greenhouse which will be retrofitted for cannabis production. Vert Mirabel has an option to acquire the property for a term of ten years from the date Vert Mirabel receives its sales and cultivation license under ACMPR. The purchase price for acquiring the property is \$20 million (this price will increase by 3% per year from the License Date with a minimum purchase price of \$23 million if exercised within five years of signing this agreement). Through its direct and indirect voting rights, the Company controls Vert Mirabel and Vert Mirabel is consolidated in these financial statements.

The Company has the option to purchase from Bertrand its interest in Vert Mirabel and Bertrand has the option to sell its interest in Vert Mirabel to the Company in exchange for shares in the Company equal to the fair value of their interest in Vert Mirabel on the date of exercise. The call and put options are exercisable only on specific dates – the 5th and 10th anniversary of receiving the sales license, the 5th anniversary of the date the property is acquired and such earlier date, as the parties may mutually agree. The call and

put options represent redeemable noncontrolling interest (“Vert Mirabel Redeemable NCI”) and is recorded at fair value on initial recognition. On the acquisition date the fair value of the Vert Mirabel Redeemable NCI was estimated to be \$3,750 using a discounted cash flow approach by estimating the expected future cash flows and applying a discount rate to arrive at the present value of the put option’s strike price. On March 31, 2020, the Vert Mirabel Redeemable NCI was estimated to be \$20,250 (March 31, 2019 - \$6,400). For further information on valuation techniques and significant unobservable inputs used to estimate the fair value refer to Note 24.

The Company has agreed to purchase from Vert Mirabel 100% of the cannabis produced under an offtake agreement. The offtake agreement terminates upon acquisition of the property by Vert Mirabel. Upon termination of the offtake agreement, Vert Mirabel will agree to provide the Company with a right of first offer to the cannabis produced by Vert Mirabel.

The Company will issue to Bertrand \$2,750 of common stock in four equal tranches upon achievement of various milestones. These payments will be accounted for as share-based compensation expense. The fair value on the grant date of December 18, 2018, of \$2,599 was estimated by discounting the value of the shares. The Company is amortizing the expense over the estimated vesting period.

Disposal of consolidated entity

Prior to December 1, 2017, Agripharm was a wholly owned subsidiary of the Company. Agripharm holds the lease and a Health Canada license for a facility at Creemore, Ontario. On December 1, 2017, the Company’s interest in Agripharm was diluted from 100% to 40% under an arrangement whereby Green House Holdings North America Inc. and National Concessions Group Inc. granted exclusive royalty-free licenses in Canada to certain proprietary technology, trademarks, genetics, know-how and other intellectual property to Agripharm in exchange for shares of Agripharm. At the same time, Agripharm entered into an agreement to sublicense these licenses to the Company, as permitted under the arrangement.

Current assets	\$	2,043
Property, plant and equipment		6,962
Intangible assets		26,282
Goodwill		2,259
Accounts payable, accrued and other liabilities		(2,267)
Deferred income tax liabilities		(5,699)
Net assets disposed	\$	29,580
Fair value of retained interest		38,400
Gain on disposal of consolidated entity	\$	8,820

Following this transaction, the Company no longer controls Agripharm and the Company derecognized the assets and liabilities of Agripharm from these consolidated financial statements at their carrying amounts. Goodwill of \$2,259 was allocated to Agripharm on the basis of the relative values of Agripharm on the date control was lost and the Company as a whole.

The gain calculated on the derecognition of Agripharm’s assets and liabilities is the difference between the carrying amounts of the derecognized assets and liabilities of Agripharm and the fair value of consideration received, being the fair value of the Company’s retained interest in Agripharm. The fair value of this interest on the transaction date was estimated to be \$38,400 which was determined using a discounted cash flow approach. The most significant inputs to the fair value measurement are the discount rate, expectations about future prices and capacity of the facility.

Agripharm was determined to be a VIE but Canopy Growth was not determined to be the primary beneficiary as it is not the primary decision maker. Through its 40% ownership interest, the Company has significant influence over Agripharm and will account for its retained interest in Agripharm using the equity method of accounting. Transaction costs of \$311 have been included in the carrying value of the investment. The fair value of the Company’s interest in Agripharm was estimated to be \$5,000 at March 31, 2020 using the same valuation techniques and inputs as described above. As a result the Company recognized an impairment charge related to its equity method investment in the amount of \$29,164 in the year ended March 31, 2020.

Canopy Rivers has advanced \$20,000 to Agripharm under a royalty agreement which is classified and measured at fair value. See Note 24 for additional details on how the fair value of the Company’s investment is calculated on a recurring basis.

29. ACREAGE ARRANGEMENT AND AMENDMENTS TO CBI INVESTOR RIGHTS AGREEMENT AND WARRANTS

Acreage Arrangement

On June 27, 2019 (the “Effective Date”) Canopy Growth and Acreage Holdings, Inc. (“Acreage”) completed a Plan of Arrangement (the “Arrangement”). Pursuant to the terms of the Arrangement, Acreage shareholders and holders of certain securities convertible into Acreage shares as of June 26, 2019, received an immediate aggregate total payment of US\$300 million (\$395,190) in exchange for granting Canopy Growth both the right and the obligation (the “Acreage financial instrument”) to acquire 100% of the shares of Acreage, at such time as the occurrence or waiver of changes in U.S. federal law to permit the general cultivation, distribution, and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States (the “Acreage Triggering Event”). If the Acreage Triggering Event is not satisfied or waived by December 27, 2026, the Arrangement will terminate.

Following the occurrence, or waiver by Canopy Growth, of the Acreage Triggering Event and the satisfaction or waiver of certain customary closing conditions to the completion of the acquisition, Canopy Growth will issue to the shareholders of Acreage 0.5818 of a common share of Canopy Growth (the “Acreage exchange ratio”) for each issued and outstanding subordinate voting share of Acreage held (following the automatic conversion of other classes of Acreage shares into subordinate voting shares in accordance with the Arrangement). In the event Acreage issues more than 188,235,587 subordinate voting shares on a fully diluted basis, and Canopy Growth has not provided written approval for the issuance of such additional securities, the Acreage exchange ratio shall be the fraction, calculated to six decimal places, determined by the formula of $A \times B/C$ where:

- “A” equals 0.5818,
- “B” equals 188,235,587, and
- “C” equals the aggregate number of subordinate voting shares of Acreage on a fully diluted basis at the time of acquisition.

On the Effective Date Canopy Growth also granted Acreage a non-exclusive, non-transferable, royalty-free license and right to use the intellectual property, systems and trademarks in the United States for a period of 90 months. Management has estimated the fair value of this license to be nominal.

On initial recognition, the Acreage financial instrument represented a financial asset and was recorded at its fair value of \$395,190 with subsequent changes in fair value recognized in net income (loss). As of March 31, 2020, the Acreage financial instrument represents a financial liability of \$250,000, as the estimated fair value of the Acreage business is less than the estimated fair value of the consideration to be provided upon required exercise of the Acreage financial instrument. The fair value determination includes a high degree of subjectivity and judgement, which results in significant estimation uncertainty. See Note 24 for additional details on how the fair value of the Acreage financial instrument is calculated on a recurring basis. From a measurement perspective, Canopy Growth has elected the fair value option under ASC 825.

Amendment to the CBI Investor Rights Agreement and warrants

On November 1, 2018 Canopy Growth issued 104,500,000 common shares from treasury and two tranches of warrants to a subsidiary of CBI in exchange for proceeds of \$5,072,500 and entered into an Amended and Restated Investor Rights Agreement. The first tranche warrants (“Tranche A Warrants”) allowed CBI to acquire 88.5 million additional shares of Canopy Growth for a fixed price of \$50.40 per share. The second tranche warrants (“Final Warrants”) allowed for the purchase of 51.3 million additional shares at a price equal to the 5-day volume-weighted average price immediately prior to exercise. The Final Warrants could only be exercised if the Tranche A Warrants had been exercised in full. Both the Tranche A Warrants and the Final Warrants expire on November 1, 2021. Canopy Growth accounted for the Tranche A Warrants as equity instruments with a relative fair value of \$1,505,351 and the Final Warrants as equity instruments with a nominal value.

On June 27, 2019 CBI and Canopy Growth entered into the Second Amended and Restated Investor Rights Agreement and Consent Agreement. In contemplation of these agreements, Canopy Growth also amended the terms of the Tranche A Warrants and Final Warrants as follows:

- Extended the term of the Tranche A Warrants to November 1, 2023 and the term of the Final Warrants to November 1, 2026.
- The Final Warrants were also replaced by two tranches of warrants (the “Tranche B Warrants” and “Tranche C Warrants”) with different terms:
 - Tranche B Warrants allow CBI to acquire 38.5 million shares of Canopy Growth for a fixed price of \$76.68 per share.
 - Tranche C Warrants allow CBI to acquire 12.8 million shares of Canopy Growth at a price equal to the 5-day volume-weighted average price immediately prior to exercise.

- In connection with the Tranche B Warrants and the Tranche C Warrants, Canopy Growth will provide CBI with a share repurchase credit of up to \$1.583 billion on the aggregate exercise price of the Tranche B Warrants and Tranche C Warrants in the event that Canopy Growth does not repurchase the lesser of (i) 27,378,866 common shares, and (ii) common shares with a value of \$1.583 billion, during the period commencing on June 27, 2019 and ending on the date that is 24 months after the date that CBI exercises all of the Tranche A Warrants.

The modifications to the Tranche A Warrants resulted in them meeting the definition of a derivative instrument under ASC 815 -- *Derivatives and Hedging*. They continue to be classified in equity as the number of shares and exercise price were both fixed at inception. The extension of the term of the Tranche A Warrants resulted in additional value being attributed to those warrants. On June 27, 2019 the fair value of the Tranche A Warrants was estimated to be \$2,554,503 using a Monte Carlo model and assuming a volatility of 66.7%. The Company recorded a deemed dividend of \$1,049,152 in shareholders' deficit related to the difference between the original and modified Tranche A warrants.

The Tranche B Warrants failed the fixed-for-fixed criterion and, as a result, the Tranche B Warrants were classified as derivative instruments measured at fair value in accordance with ASC 815. On June 27, 2019 the fair value of the Tranche B Warrants was estimated to be \$1,117,640 using a Monte Carlo model and assuming a volatility of 66.7%. The value of the Tranche B warrants was recorded directly in shareholders' deficit as a deemed dividend. Any subsequent changes in fair value will be recorded in net income (loss). As at March 31, 2020, the fair value of the warrant derivative liability is \$322,491, and a gain of \$795,149 has been recorded during the year ended March 31, 2020 in other income (expense), net. The fair value determination includes a high degree of subjectivity and judgement, which results in significant estimation uncertainty. See Note 24 for additional details on how the fair value of the warrant derivative liability is calculated on a recurring basis.

The Tranche C Warrants are also accounted for as derivative liabilities. Therefore, 12.8 million of the Final Warrants were derecognized and 12.8 million Tranche C Warrants were recognized as new derivative liabilities. The fair values of the Final Warrants and Tranche C Warrants both approximate \$nil therefore there was no impact to equity. Any subsequent changes in fair value will be recorded in net income (loss).

The share repurchase credit feature is a derivative liability as Canopy Growth has an obligation to repurchase a variable number of its common shares in order to settle the liability in the future within the share repurchase period or has the option to settle the liability in cash. The fair value of this liability is nominal. The initial value of the derivative liability is a deemed dividend recorded directly in shareholders' deficit. Any subsequent changes in fair value will be recorded in net income (loss).

30. LEASES

The Company primarily leases office and production facilities, warehouses, production equipment and vehicles. The Company assesses service arrangements to determine if an asset is explicitly or implicitly specified in the agreement and if we have the right to control the use of the identified asset.

The right-of-use asset is initially measured at cost, which is primarily comprised of the initial amount of the lease liability, plus initial direct costs and lease payments at or before the lease commencement date, less any lease incentives received, and is amortized on a straight-line basis over the remaining lease term. All right-of-use assets are reviewed periodically for impairment. The lease liability is initially measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. We elected to recognize expenses for leases with a term of 12 months or less on a straight-line basis over the lease term and not to recognize these short-term leases on the balance sheet. Leases have varying terms with remaining lease terms of up to approximately 30 years. Certain of our lease arrangements provide us with the option to extend or to terminate the lease early.

Lease payments included in the measurement of the lease liability comprise (a) fixed payments, including in-substance fixed payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and (d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

At inception or reassessment of a contract that contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Balance sheet location

A summary of lease right-of-use assets and liabilities are as follows:

Assets

Property, plant and equipment		
Operating lease	\$	73,435
Finance lease		85,784
	\$	<u>159,219</u>

Liabilities

Current:		
Operating lease	\$	15,050
Finance lease		25,306
Non-current:		
Operating lease		68,409
Finance lease		51,638
	\$	<u>160,403</u>

Lease expense

The components of total lease expense are as follows:

Operating lease expense	\$	10,340
Finance lease expense:		
Amortization of right-of-use assets		1,494
Interest on lease liabilities		1,163
	\$	<u>12,997</u>

Lease maturities

As of March 31, 2020, the minimum payments due for lease liabilities for each of the five succeeding fiscal years and thereafter are as follows:

	Operating Leases	Finance Leases
2021	\$ 15,811	\$ 27,681
2022	14,394	5,298
2023	13,266	5,301
2024	11,326	5,313
2025	9,989	5,313
Thereafter	32,319	39,488
Total lease payments	\$ 97,105	\$ 88,394
Less: Interest	13,646	11,450
Total lease liabilities	<u>\$ 83,459</u>	<u>\$ 76,944</u>

As of March 31, 2020, we have additional operating leases that have not yet commenced with immaterial aggregated minimum payments on an undiscounted basis.

As of March 31, 2020, future lease expense for operating leases is expected to be as follows:

2021	\$	12,828
2022		10,929
2023		9,788
2024		8,212
2025		7,061
Thereafter		24,617
	\$	<u>73,435</u>

Supplemental information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$	18,715
Operating cash flows from finance leases		1,163
Financing cash flows from finance leases		1,425

Right-of-use assets obtained in exchange for new lease liabilities:

Operating leases	\$	20,734
Finance leases		58,443

Weighted average remaining lease term (in years):

Operating leases	7
Finance leases	4

Weighted average discount rate:

Operating leases	4.50%
Finance leases	4.50%

31. RELATED PARTY

Year ended March 31, 2020

In connection with entry into the Acreage agreement, we entered into several agreements with CBI and its affiliates, including the Second Amended and Restated Investor Rights Agreement, the Consent Agreement and amendments to the Tranche B Warrants. See Note 29 for further information.

Year ended March 31, 2019

On November 16, 2018, the Company acquired two previously leased facilities from a company controlled by a former director of the Company for cash proceeds of \$31,281, including \$1,454 to repay the loan to the director's company. The director resigned from the Company's Board on November 1, 2018 following the previously discussed investment by CBI. The basis for the consideration paid was supported by independent appraisals of the properties. The Toronto facility leases had original expiration dates on October 15, 2018 and August 31, 2024 and the Edmonton facility lease was to expire on July 31, 2037. One of the Toronto facilities and the Edmonton facility were purchased on November 16, 2018. Included in the expenses for the year ended March 31, 2019 for rent and operating costs was \$1,259 (for the year ended March 31, 2018 - \$2,686).

The Company has entered into cannabis offtake agreements with certain of its equity method investees (Note 11) and entities in which it holds equity or other financial instruments (Note 12). These agreements are in the normal course of operations and will be measured at the exchange amounts agreed to by the parties.

32. COMMITMENTS

The Company has entered into agreements in which it has committed to purchase a minimum amount of inventory, pay a minimum amount of royalty expenses, incur expenditures for property, plant and equipment and procure various other goods or services. The following summarizes the Company's annual minimum commitments associated with its contractual agreements as of March 31, 2020. This amount excludes the Company's debt and lease related commitments which are disclosed elsewhere in Notes 17 and 30, respectively in these consolidated financial statements.

2021	\$	226,683
2022		100,237
2023		61,054
2024		20,188
2025		21,850
Thereafter		55,550
	\$	<u>485,562</u>

33. SEGMENTED INFORMATION

Reportable segments

The Company operates in two segments: 1) Cannabis, Hemp and Other Consumer Products, which encompasses the production, distribution and sale of a diverse range of cannabis, hemp-based, and other consumer products in Canada and internationally pursuant to applicable international and domestic legislation, regulations and permits; and 2) Canopy Rivers, a publicly-traded company in Canada, through which Canopy Growth provides growth capital and strategic support in the global cannabis sector, where federally lawful. Financial information for Canopy Rivers is included in the table below, and in Note 23.

	March 31, 2020	March 31, 2019
Ownership interest	27%	28%
Cash and cash equivalents	\$ 46,724	\$ 104,145
Prepaid expenses and other current assets	11,598	15,490
Investments in associates	50,543	64,606
Other financial assets	146,812	181,572
Other long-term assets	22,058	17,696
Deferred income tax liabilities	-	(6,641)
Other liabilities	(2,771)	(3,458)
Noncontrolling interests	(211,086)	(280,012)
Equity attributable to Canopy Growth	<u>\$ 63,878</u>	<u>\$ 93,398</u>

Entity-wide disclosures

All property, plant and equipment are located in Canada, except for \$499,059 which is located outside of Canada as at March 31, 2020 (March 31, 2019 - \$350,125).

All revenues were principally generated in Canada during the year ended March 31, 2020, except for \$142,606 related to exported medical cannabis and cannabis related merchandise generated outside of Canada (years ended March 31, 2019 and 2018, \$27,865 and \$3,746, respectively).

For the year ended March 31, 2020, one customer represented more than 10% of the Company's net revenue (years ended March 31, 2019 and 2018, two and none, respectively).

34. SUBSEQUENT EVENTS

Exercise of warrants

On May 1, 2020, an indirect, wholly-owned subsidiary of CBI exercised an aggregate of 18,876,901 warrants to purchase common shares of Canopy Growth. The warrants, which were originally issued on November 2, 2017, were exercised at an average price of \$12.9783 per common share for an aggregate of approximately \$245 million. Upon issuance, the common shares represented approximately 5.1% of the issued and outstanding common shares of Canopy Growth. As a result of the acquisition of new common shares, CBI now indirectly holds, in the aggregate, 142,253,802 common shares, 139,745,453 warrants to purchase common shares and \$200 million principal amount of convertible senior notes. Collectively, the common shares increase CBI's ownership of Canopy Growth to 38.6% of the issued and outstanding common shares. Assuming full exercise of all remaining warrants and full conversion of the notes (but for these purposes excluding any effect from a Canopy Growth exercise of its right to acquire Acreage Holdings, Inc. pursuant to its option under the plan of arrangement previously announced on June 27, 2019) CBI would own approximately 55.8% of the issued and outstanding common shares of Canopy Growth.

35. SELECTED QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

A summary of selected quarterly financial information is as follows:

	QUARTER ENDED				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	Full year
Net revenue	\$ 90,482	\$ 76,613	\$ 123,764	\$ 107,913	\$ 398,772
Gross margin	\$ 18,290	\$ 3,643	\$ 38,208	\$ (91,825)	\$ (31,684)
Net (loss) income	\$ (194,051)	\$ 242,650	\$ (109,634)	\$ (1,326,405)	\$ (1,387,440)
Net (loss) income attributable to Canopy Growth Corporation	\$ (185,869)	\$ 258,918	\$ (91,354)	\$ (1,303,021)	\$ (1,321,326)
Net (loss) income per common share attributable to Canopy Growth Corporation:					
Basic (loss) earnings per share	\$ (0.54)	\$ 0.75	\$ (0.26)	\$ (3.72)	\$ (3.80)
Diluted (loss) earnings per share	\$ (0.54)	\$ 0.25	\$ (0.26)	\$ (3.72)	\$ (3.80)

	QUARTER ENDED				
	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	Full year
Net revenue	\$ 25,916	\$ 23,327	\$ 83,048	\$ 94,050	\$ 226,341
Gross margin	\$ 7,464	\$ (19,336)	\$ 19,072	\$ 21,045	\$ 28,245
Net (loss) income	\$ (93,299)	\$ (310,428)	\$ 39,194	\$ (347,492)	\$ (712,025)
Net (loss) income attributable to Canopy Growth Corporation	\$ (89,671)	\$ (317,830)	\$ 50,736	\$ (379,516)	\$ (736,281)
Net (loss) income per common share attributable to Canopy Growth Corporation:					
Basic (loss) earnings per share	\$ (0.45)	\$ (1.43)	\$ 0.17	\$ (1.10)	\$ (2.76)
Diluted (loss) earnings per share	\$ (0.45)	\$ (1.43)	\$ (0.44)	\$ (1.10)	\$ (2.76)

CANOPY GROWTH CORPORATION

and

ACREAGE HOLDINGS, INC.

ARRANGEMENT AGREEMENT

April 18, 2019

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of the 18th day of April, 2019

BETWEEN:

Canopy Growth Corporation, a corporation existing under the laws of Canada;

(the “**Purchaser**”)

- and -

Acreage Holdings, Inc., a corporation existing under the laws of the Province of British Columbia;

(the “**Company**”).

WHEREAS, for United States federal income tax purposes, it is intended that the Merger shall qualify as a “reorganization” within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E) of the U.S. Tax Code, and this Agreement is intended to be, and is adopted as, a “plan of reorganization” for purposes of Sections 354 and 361 of the U.S. Tax Code.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

“**Acceptable Confidentiality Agreement**” means a confidentiality agreement between the Company and a third party other than the Purchaser: (i) that is entered into in accordance with Section 5.1(6)(d) hereof; and (ii) that contains confidentiality and standstill restrictions that are no less restrictive than those set out in the Confidentiality Agreement, including, without limitation, a standstill provision that only permits the third party to, either alone or jointly with others, make an Acquisition Proposal to the Company Board that is not publicly announced.

“**Acquisition**” means the acquisition by the Purchaser of the issued and outstanding Company Shares following the exercise or deemed exercise of the Purchaser Call Option, pursuant to and in accordance with the Arrangement.

“**Acquisition Closing Conditions**” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“**Acquisition Closing Outside Date**” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Acquisition Date” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Acquisition Effective Time” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Acquisition Proposal” means, other than the transactions contemplated by this Agreement and other than any transaction involving the Company and/or one or more of its wholly-owned Subsidiaries, any: (a) offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (or any affiliate of the Purchaser) after the date of this Agreement relating to: (i) any sale or disposition (or any alliance, joint venture, lease, long-term supply agreement or other arrangement having the same economic effect as the foregoing), direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets of the Company, or contributing 20% or more of the consolidated revenue of the Company, in each case based on the financial statements of the Company most recently filed prior to such time as part of the Company Filings, or of 20% or more of the issued and outstanding voting or equity securities of the Company on a Converted Basis (or rights or interests in such voting or equity securities); (ii) any direct or indirect take-over bid, exchange offer, treasury issuance or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities of the Company (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Company or any of its Subsidiaries); (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company or any of its Subsidiaries (except that this clause (iii) shall in no way preclude or restrict the Company from incorporating a Subsidiary which may be party to a merger under which such newly incorporated Subsidiary will acquire a corporation or a limited liability company in exchange for the issue by the Company of Company Shares or by High Street of High Street Units) if such acquisitions are otherwise permitted hereunder; or (iv) any other similar transaction or series of transactions involving the Company or any of its Subsidiaries; (b) inquiry, expression or other indication of interest or offer to, or public announcement of or of an intention to do any of the foregoing; (c) modification or proposed modification of any such proposal, inquiry, expression or indication of interest, in each case excluding the Arrangement and the other transactions contemplated by this Agreement; or (d) any transaction or agreement which would reasonably be expected to materially impede or delay the completion of the Arrangement.

“Acquisition Regulatory Approvals” means all Regulatory Approvals and all other third party consents, waivers, permits, orders and approvals that are necessary, proper or advisable to consummate the Acquisition, including, but not limited to:

- (a) any filings required by the HSR Act and any applicable foreign investment and competition law approvals in Canada, the United States and elsewhere;

- (b) the approval from the stock exchange(s) on which the Consideration Shares are listed to permit the Purchaser to acquire all of the issued and outstanding Company Shares; and
- (c) the approval from the stock exchange(s) on which the Consideration Shares are listed, for the listing of the Consideration Shares, and any Purchaser Shares issuable upon the exercise of Replacement Options, Replacement RSUs and Replacement Compensation Options.

“**affiliate**” has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions*.

“**Aggregate Option Premium**” means US\$300,000,000.

“**Agreement**” means this arrangement agreement, as the same may be amended, supplemented or restated.

“**Alternate Consideration**” has the meaning specified in Section 2.15(1).

“**Alternative Transaction**” has the meaning specified in Section 4.2(5).

“**Arrangement**” means an arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement.

“**Arrangement Filings**” means the records and information required to be provided to the Registrar under Section 292(a) of the BCBCA in respect of the Arrangement, together with a copy of the Final Order.

“**Arrangement Issued Securities**” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“**Arrangement Regulatory Approvals**” means:

- (a) the grant of the Interim Order and the Final Order;
- (b) in relation to the Company, the approval of the CSE in respect of the Arrangement; and
- (c) HSR Approval.

“**Arrangement Resolution**” means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting, substantially in the form of Schedule B hereto, with such amendments or variations as the Court may direct in the Interim Order with the consent of the Company and the Purchaser, each acting reasonably.

“**associate**” has the meaning specified in the *Securities Act* (Ontario).

“**Authorization**” means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person necessary to carry on its business as now being conducted.

“**BCBCA**” means the *Business Corporations Act* (British Columbia).

“**Breaching Party**” has the meaning specified in Section 4.8(3).

“**Business Contact Data**” means any information that is used for the purpose of communicating or facilitating communication with an individual in relation to their employment, business or professional such as the individual’s name, position name or title, work address, work telephone number, work fax number or work electronic address.

“**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Toronto, Ontario or Vancouver British Columbia or New York, New York, as the context requires.

“**CBG**” means CBG Holdings LLC, a limited liability company existing under the laws of the State of Delaware.

“**CBG Group**” means, collectively, CBG and GCILP.

“**CBG Group Agreements**” means, collectively, the CBG Group Consent Agreement and the CBG Group Investor Rights Agreement.

“**CBG Group Warrants**” means the common share purchase warrants of the Purchaser, consisting of 88,472,861 Tranche A warrants and 51,272,592 Tranche B warrants to be amended concurrently with the Effective Date pursuant and subject to the terms and conditions of the certificates evidencing such purchase warrants, substantially in the form of the Exhibits attached to the CBG Group Consent Agreement.

“**CBG Group Consent Agreement**” means the Consent Agreement dated as of the date of this Agreement between CBG and the Purchaser.

“**CBG Group Investor Rights Agreement**” means the Second Amended and Restated Investor Rights Agreement entered into between CBG, GCILP and the Purchaser on the date hereof.

“**CBG Group Top-Up Shares**” means the number of Purchaser Shares that CBG and/or GCILP has the right to subscribe for under the terms of the CBG Group Investor Rights Agreement, based on the number of Purchaser Shares to be issued under the Arrangement.

“**Change in Recommendation**” has the meaning specified in Section 7.2(1)(d)(ii).

“**Class B Non-Voting Common Shares**” means the Class B non-voting common shares in the capital of Acreage Holdings WC, Inc. outstanding from time to time.

“**Collective Agreement**” means a collective bargaining agreement or union agreement.

“Common Membership Units” means the common membership units in the capital of High Street outstanding from time to time, other than common membership units held by Acreage Holdings America, Inc. and USCo2.

“Company” means has the meaning specified in the preamble.

“Company Acquisition Closing Conditions” has the meaning specified in Section 6.3(2).

“Company Board” means the board of directors of the Company as constituted from time to time.

“Company Board Recommendation” has the meaning specified in Section 2.4(2)(d).

“Company Circular” means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

“Company Compensation Options” means the outstanding compensation options to purchase Company Shares, as set forth in Section 1.1 of the Company Disclosure Letter and the warrants entitling the holders thereof to acquire Company Shares.

“Company Compensation Option Holders” means the holders of Company Compensation Options.

“Company Data” means all data contained in the Company Systems and all other information and data compilations used by the Company or any of its Subsidiaries, whether or not in electronic form.

“Company Data Room” means the material contained in the virtual data room as of 12:00 a.m. (Toronto time) on the date of this Agreement, the index of documents of which is appended to the Company Disclosure Letter.

“Company Debt” means,

- (a) all items that would, at the relevant time, be classified as liabilities on the Company’s consolidated balance sheet; and

- (b) without duplication, any item that is: (i) an obligation in respect of borrowed money or that is evidenced by a note, bond, debenture, or any other similar instrument; (ii) a transfer with recourse or with an obligation to repurchase; (iii) an obligation secured by any Lien; (iv) a lease that would be capitalized under GAAP (except for any obligation under a lease for Real Property); (v) an obligation arising in connection with an acceptance facility or letter of credit or letter of guarantee; (vi) the aggregate amount at which any Company Securities that are redeemable or retractable at the option of the holder of those shares (except where the holder is the Company or its Subsidiaries) may be redeemed or retracted; or (vii) any other obligation arising under arrangements or agreements that, in substance, provide financing; provided, however, that there will not be included for the purpose of this definition any item that is on account of
- (i) issued share capital or surplus, subject to paragraph (vii) above;
 - (ii) reserves for deferred income taxes or general contingencies;
 - (iii) minority interests in Subsidiaries;
 - (iv) trade accounts payable and accrued liabilities (including deferred revenues and income taxes payable) incurred in the Ordinary Course, unless any of the trade accounts payable or accrued liabilities under this paragraph remain unpaid more than 120 days after the date on which they were incurred; or
 - (v) intercompany and affiliate payables/notes to the extent they are offset by intercompany and affiliate receivables/notes.

“Company Disclosure Letter” means the disclosure letter dated the date of this Agreement and delivered by the Company to the Purchaser with this Agreement.

“Company Employees” means the employees of the Company and its Subsidiaries.

“Company Equity” means, for the Company at the Acquisition Effective Time, the product of (a) the closing price of the Company Subordinate Voting Shares on the Business Day prior to the Acquisition Date on the CSE, or such other recognized exchange as the Company Subordinate Voting Shares are listed on the Business Day prior to the Acquisition Date if the Company Subordinate Voting Shares are not listed for trading on the CSE, multiplied by (b) the sum of: (i) the total number of issued and outstanding Company Subordinate Voting Shares on a Converted Basis; (ii) the total number of High Street Units; and (iii) the total number of USCo2 Class B Shares.

“Company Equity Incentive Plan” means the Company’s omnibus equity plan, last approved by Company Shareholders on November 6, 2018 and as proposed to be amended at the Company’s May 7, 2019 shareholders’ meeting.

“Company Filings” means all documents publicly filed under the profile of the Company on SEDAR since September 21, 2018.

“Company Locked-up Shareholders” means all of the directors, senior officers and principal shareholders of the Company.

“Company Material Adverse Effect” means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances is or would reasonably be expected to be material and adverse to the business, results of operations, assets, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Company and its Subsidiaries, taken as a whole, but shall not include any such change, event, occurrence, effect, state of facts or circumstance resulting from:

- (a) any change in global, national or regional political conditions (including military action and the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial, banking or capital markets;
- (b) general conditions in the industry or markets in which the Company or its Subsidiaries operate;
- (c) any adoption, proposal, implementation or change in Law or any interpretation of Law by any Governmental Entity;
- (d) any change in GAAP or interpretation of GAAP applicable to the Company;
- (e) any natural disaster;
- (f) the failure by the Company to meet any internal, third party or public projections, forecasts, guidance or estimates of revenues or earnings or other financial or operating metrics for any period (it being understood that the cause underlying any such failure may be taken into account in determining whether a Company Material Adverse Effect has occurred, to the extent not otherwise excepted by another clause of this definition);
- (g) the announcement or disclosure of this Agreement, including any drop in the market price of the Company Subordinate Voting Shares and any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Company or its Subsidiaries with the Company’s employees, customers, suppliers, partners and other Persons with which the Company or any of its Subsidiaries has business relations;
- (h) compliance with this Agreement and any action taken (or omitted to be taken) by the Company that is consented to by the Purchaser expressly in writing;
- (i) any matter which has been disclosed by the Company in the Company Disclosure Letter;
- (j) any actions taken (or omitted to be taken) upon the written request of the Purchaser; or

- (k) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Company Material Adverse Effect has occurred), provided, however, that with respect to clauses (a) through to and including (e), such matter does not have a materially disproportionate effect on the Company and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industry or markets in which the Company and/or its Subsidiaries operate, and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a “Company Material Adverse Effect” has occurred.

“Company Meeting” means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

“Company Multiple Voting Shares” means the shares in the capital of the Company designated as Multiple Voting Shares, each exchangeable for one Company Subordinate Voting Shares and each entitling the holder thereof to 3,000 votes per share at shareholder meetings of the Company, and for greater certainty includes such Multiple Voting Shares following the amendment of the rights and restrictions of the existing Company Multiple Voting Shares pursuant to Section 3.1(e) of the Plan of Arrangement.

“Company Optionholder” means a holder of one or more Company Options.

“Company Options” means the outstanding options to purchase Company Subordinate Voting Shares issued pursuant to the Company Equity Incentive Plan.

“Company Proportionate Voting Shares” means the shares in the capital of the Company designated as Class B proportionate voting shares, each currently entitling the holder thereof to 40 votes per share at shareholder meetings of the Company, and for greater certainty includes such proportionate voting shares following the alteration of the rights and restrictions of the existing Company Proportionate Voting Shares pursuant to Section 3.1(e) of the Plan of Arrangement.

“Company RSU Holders” means the holders of Company RSUs.

“Company RSUs” means the outstanding restricted share units of the Company issued pursuant to the Company Equity Incentive Plan.

“Company Reports” means a summary of information and materials provided to the Company Board in connection with meetings of the Company Board.

“Company Securities” means Company Shares, Company Options, Company RSUs and Company Compensation Options.

“Company Securityholders” means the Company Shareholders, the Company Optionholders, the Company RSU Holders and the Company Compensation Option Holders.

“Company Shareholder” means a registered or beneficial holder of one or more of the Company Shares, as the context requires.

“Company Shares” means the Company Subordinate Voting Shares, the Company Proportionate Voting Shares and the Company Multiple Voting Shares.

“Company Special Committee” means the special committee of independent members of the Company Board formed in relation to the proposal to effect the transactions contemplated by this Agreement.

“Company Subordinate Voting Shares” means the shares in the capital of the Company designated as Class A subordinate voting shares, each entitling the holder thereof to one vote per share at shareholder meetings of the Company, and for greater certainty includes such subordinate voting shares following the alteration of the rights and restrictions of the existing Company Subordinate Voting Shares pursuant to Section 3.1(e) of the Plan of Arrangement.

“Company Systems” means all information technology and computer systems (including computer software, information technology and telecommunication hardware and other equipment) relating to the generation, transmission, storage, maintenance or processing of data and information, whether or not in electronic form, used in the conduct of the business of the Company or any of its Subsidiaries.

“Confidentiality Agreement” means the confidentiality agreement dated as of March 19, 2019 between the Company and the Purchaser.

“Consideration” means, collectively, the Option Premium and Consideration Shares which Company Shareholders, High Street Holders and USCo2 Class B Holders are entitled to receive in connection with or pursuant to, and subject to the terms and conditions of, the Arrangement.

“Consideration Shares” means (i) Purchaser Shares to be received by holders of Company Shares (other than the Purchaser, any affiliate of the Purchaser and any Dissenting Company Shareholder) pursuant to the Plan of Arrangement, or (ii) following a Purchaser Change of Control, such other securities comprising the Alternate Consideration that holders of Company Shares are entitled to receive in accordance with the provisions of Section 2.14.

“Constating Documents” means the notice of articles, articles, articles of incorporation, amalgamation, or continuation, as applicable, by-laws and all amendments to such articles or by-laws.

“Contract” means any legally binding agreement, commitment, engagement, contract, franchise, licence, obligation or undertaking (written or oral) to which a Party or any of its respective Subsidiaries is a party or by which it or any of its respective Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

“Converted Basis” means the aggregate number of Company Subordinate Voting Shares assuming the conversion of the Company Proportionate Voting Shares and the Company Multiple Voting Shares.

“Court” means the Supreme Court of British Columbia.

“CSE” means Canadian Securities Exchange.

“Debt-to-Equity Ratio” means, in respect of the Company, on a consolidated basis, at any time, the amount determined in accordance with the formula D/EQ where

- (a) “D” means Company Debt, and
- (b) “EQ” means Company Equity.

“Debt Coverage Ratio” means the Pro-Forma Adjusted EBITDA divided by the Company Debt service costs.

“Depository” means Computershare Trust Company of Canada, or any other depository or trust company, bank or financial institution as the Purchaser may appoint to act as depository with the approval of the Company, acting reasonably, for the purpose of, among other things, exchanging certificates representing Company Shares for Consideration Shares in connection with the Arrangement.

“Dissent Rights” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Dissenting Company Shareholder” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“EDGAR” means the SEC’s Electronic Data Gathering Analysis and Retrieval system.

“Effective Date” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Effective Time” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Effective Time Company Shareholder” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Effective Time High Street Holder” mean a Person who is a High Street Holder immediately prior to the Effective Time.

“Effective Time Outside Date” means August 31, 2019 or such later date as may be agreed to in writing by the Parties; provided that if the Parties receive a Request for Additional Information and Documentary Materials pursuant to the HSR Act, then such date shall be automatically extended to December 31, 2019.

“Effective Time USCo2 Class B Holder” means a Person who is a USCo2 Class B Holder immediately prior to the Effective Time.

“Eligible Company Canadian Shareholder” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Employee Plans” means all health, welfare, supplemental unemployment benefit, change of control, bonus, profit sharing, option, insurance, compensation, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension, vacation, severance or termination pay, retirement or retirement savings plans, or other employee benefit plans, policies, trusts, funds, agreements, or arrangements for the benefit of employees, former employees, directors or former directors of a Party or any of its Subsidiaries, which are maintained by or binding upon such Party or any of its Subsidiaries or in respect of which such Party or any of its Subsidiaries has an actual or contingent liability excluding all obligations for severance and termination pursuant to a statute.

“Environmental Laws” means all Laws and agreements with Governmental Entities and all other statutory requirements relating to public health, the discharge, emission or release of Hazardous Substances, or the protection of the environment and all Authorizations issued pursuant to such Laws, agreements or other statutory requirements.

“Exchange Ratio” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Exchange Ratio Adjustment Event” has the meaning specified in Section 2.14.

“Expense Reimbursement Fee” means US\$4,000,000.

“Fairness Opinions” means, collectively, the opinion of the Financial Advisor and the opinion of the Independent Financial Advisor to the effect that, as of the date of such opinions, and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be received by the Company Shareholders (other than the Purchaser and/or its affiliates) pursuant to the Arrangement is fair, from a financial point of view, to the Company Shareholders (other than the Purchaser and/or its affiliates).

“Final Order” means the final order of the Court approving the Arrangement under Section 291 of the BCBCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

“Financial Advisor” means Canaccord Genuity Corp.

“GAAP” means: (i) generally accepted accounting principles as set out in the *CPA Canada Handbook – Accounting* for an entity that prepares its financial statements in accordance with International Financial Reporting Standards, at the relevant time, applied on a consistent basis; and (ii) means U.S. GAAP for an entity that, in accordance with applicable corporate and securities Laws, prepares its financial statements in accordance with U.S. GAAP.

“GCILP” means Greenstar Canada Investment Limited Partnership, a limited partnership existing under the laws of the Province of British Columbia.

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi- governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchange.

“Hazardous Substances” means any pollutant, contaminant, material, chemical, waste, compound, constituent, or substance subject to regulation or which can give rise to liability under Environmental Laws.

“High Street” means High Street Capital Partners, LLC.

“High Street Holder” means any holder of Common Membership Units or vested Profit Interests.

“High Street Operating Agreement” means that certain Third Amended and Restated Operating Agreement of High Street, d/b/a Acreage Holdings LLC, a Delaware limited liability company, dated November 14, 2018, by and among High Street and the Members signatory thereto, as may be revised in accordance with the terms set forth in Exhibit 1 hereto in order to carry out the intentions of the Parties.

“High Street Units” means Common Membership Units and Profit Interests.

“HSR Act” means the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, supplemented or restated from time to time and any successor to such statute and the rules and regulations promulgated thereunder.

“HSR Approval” means all applicable filings pursuant to the HSR Act shall have been made and all applicable waiting periods shall have expired or been terminated.

“Independent Financial Advisor” means INFOR Financial Inc.

“Indemnified Persons” has the meaning specified in Section 4.9(3).

“Insolvency Event” means in respect of the Company or the Purchaser, as applicable, the occurrence of any one or more of the following events: (A) the Company or the Purchaser, as applicable, ceases to carry on its business, commences any proceeding under Insolvency Legislation including a proposal or an assignment in bankruptcy, petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property, admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation, or takes any corporate action for the purpose of effecting any of the foregoing; or (B) any proceeding or filing is commenced against the Company or the Purchaser, as applicable, seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking the appointment of a receiver, trustee, custodian or other similar official for it or any of its property or assets; unless (i) the Company or the Purchaser, as applicable, is diligently defending such proceeding in good faith and on reasonable grounds as determined by the Purchaser, acting reasonably and (ii) such proceeding does not in the reasonably held opinion of the other Party materially adversely affect the ability of the Company or the Purchaser, as applicable, to carry on its business and to perform and satisfy all of its obligations hereunder.

“Insolvency Legislation” means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada) and the *Winding-Up and Restructuring Act* (Canada).

“Intellectual Property” means domestic, foreign and worldwide: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non- public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) Software; and (viii) any other intellectual property and industrial property.

“Intended Tax Treatment” has the meaning specified in Section 2.16.

“Interim Order” means the interim order of the Court, to be issued following the application therefor contemplated by Section 2.2, after being informed of the intention of the Parties to rely upon the exemption from registration under U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act with respect to the Arrangement Issued Securities issued pursuant to the Arrangement in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

“Interim Period” means the period commencing on the date of the Arrangement Agreement and ending immediately prior to the Acquisition Effective Time.

“Key Individuals” means Kevin Murphy, Glen Leibowitz, Robert Daino, James Doherty and Tyson MacDonald.

“Key Subsidiaries” means High Street, Acreage Holdings WC, Inc. and Acreage Holdings America, Inc.

“Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, official guidance, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

“LIBOR” means:

- (a) the rate of interest set by ICE Benchmark Administration Limited (or any successor to, or substitute for, such service), providing rate quotations comparable to those currently provided by ICE Benchmark Administration Limited applicable to U.S. dollar deposits in the London interbank market (as published by any service selected by the Company that has been nominated by ICE Benchmark Administration Limited (or any successor thereto) as an authorized information vendor for the purpose of displaying such rates); or
- (b) in the event that no such rate is available, then LIBOR shall be the rate per annum determined by the Purchaser, acting reasonably, to be the rate at which deposits in U.S. dollars would be offered to the Company by major banks in the London interbank market, provided that, in no event shall LIBOR be less than 0% per annum.

“Lien” means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

“Lock-Up and Incentive Agreement” means each agreement to be entered into between each of the Key Individuals, the Company and the Purchaser at or prior to the Effective Time, substantially in the form attached hereto as Schedule H.

“Matching Period” has the meaning specified in Section 5.1(7)(e).

“Material Contract” means any Contract of either the Company or any of its Subsidiaries, as applicable:

- (a) relating directly or indirectly to the guarantee of any material liabilities or material obligations or to indebtedness for borrowed money;
- (b) restricting the incurrence of indebtedness (including by requiring the granting of an equal and rateable Lien) or the incurrence of any Liens on any properties or assets, or restricting the payment of dividends, in each case, in any material respect;
- (c) relating to the purchase of materials, supplies, equipment or services involving payments, individually or in the aggregate, in excess of, \$500,000 over the life of such Contract;
- (d) providing for the establishment, investment in, organization or formation of any joint venture, limited liability company, partnership or similar entity that creates an exclusive dealing arrangement or right of first offer or refusal that materially limits the Party’s business or of any Subsidiary;
- (e) with a Governmental Entity for a value in excess of \$100,000;
- (f) that contains any material exclusivity or non-solicitation obligations of the Party or any Subsidiary;
- (g) providing for severance or change in control payments;
- (h) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset where the purchase or sale price or agreed value or fair market value of such property or asset exceeds \$1,000,000;
- (i) that limits or restricts in any material respect (i) the ability of the Party or any Subsidiary to engage in any line of business or carry on business in any geographic area, or (ii) the scope of Persons to whom the Party or any of its Subsidiaries may sell products or deliver services;
- (j) that gives another Person the right to purchase or license an unlimited quantity or volume of, or enterprise-wide scope of use of, that Party’s products or services (or licenses to that Party’s products or services) for a fixed aggregate price at no additional charge, or under which that Party grants most-favored customer pricing, rights of first refusal or similar rights or terms to any Person;

- (k) pertains to the acquisition, licensing, or disposition of any Intellectual Property material to the Party or its Subsidiaries (excluding “click-through” or “shrink-wrap” licenses of generally commercially available software entered into in the Ordinary Course) or that includes a grant to or from the Party or its Subsidiaries of any exclusive rights under any Intellectual Property; or
- (l) that is otherwise material to the current or future business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise) or liability of the Party and its Subsidiaries, taken as a whole.

“**material fact**” has the meaning specified in the *Securities Act* (Ontario).

“**Material Representations**” means the representations and warranties of the Company contained in Sections (b), (c), (d), (e), (f), (g), (r), (u)(i), (u)(ii), (u)(iii), (u)(iv), (w)(i), (w)(v), (x)(i), (x)(iii), (z), (aa)(i), (aa)(iii), (aa)(iv), (aa)(x), (bb), (cc), (hh), and (mm) of Schedule D hereto.

“**Merger**” means the transactions described in Subsection 3.1 of the Plan of Arrangement.

“**MD&A**” means management’s discussion and analysis.

“**MI 61-101**” means Multilateral Instrument 61-101 - *Protection of Minority Shareholders in Special Transactions*.

“**Misrepresentation**” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“**NYSE**” means the New York Stock Exchange.

“**officer**” has the meaning specified in the *Securities Act* (Ontario).

“**Option Premium**” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“**Ordinary Course**” means, with respect to an action taken by a Party, that such action is consistent with the past practices of such Party (and in the case of the Company, since November 14, 2018) and is taken in the ordinary course of the normal day-to-day operations of the business of such Party but excludes non-arm’s length transactions.

“**Parties**” means the Company and the Purchaser and “**Party**” means any one of them.

“**Payment Agent**” means Odyssey Trust Company, or any other payment agent or trust company, bank or financial institution as the Company may appoint to act as payment agent with the approval of the Purchaser, acting reasonably, for the purpose of, among other things, paying the Option Premium to Company Shareholders in connection with the Arrangement.

“Permitted Liens” means, in respect of the Company or any of its Subsidiaries, any one or more of the following:

- (a) Liens for Taxes which are not yet due or delinquent or that are being properly contested in good faith by appropriate proceedings and in respect of which reserves have been provided in the most recent publicly filed financial statements;
- (b) inchoate Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others arising or incurred in the Ordinary Course relating to obligations as to which there is no default on the part of the Company or any of its Subsidiaries, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;
- (c) easements, servitudes, restrictions, restrictive covenants, rights of way, licenses, permits and other similar rights in the Company Owned Real Property (as defined in Schedule D) or the Company Leased Property (as defined in Schedule D) that in each case do not materially detract from or adversely affect the value or materially or adversely interfere with the use of the Company Owned Real Property or the Company Leased Property subject thereto;
- (d) zoning and building by-laws and ordinances, regulations made by public authorities that in each case do not materially detract from or adversely affect the value or materially or adversely interfere with the use of the Company Owned Real Property or the Company Leased Property subject thereto;
or
- (e) Liens disclosed in the Company Disclosure Schedule.

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“Personal Data” means any information that, alone or in combination with other information, allows the identification of an individual, including name, street address, telephone number, e-mail address, photograph, social security number, driver’s license number, passport number or customer or account number, IP address, and any persistent identifier or any other information that is otherwise considered personal information, personal data, protected health information, or other personally identifiable information under applicable Law, and excludes Business Contact Data.

“Plan of Arrangement” means the plan of arrangement, substantially in the form of Schedule A hereto, subject to any amendments or variations to such plan made in accordance with Section 8.1 hereof, Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“Pre-Acquisition Reorganization” has the meaning specified in Section 4.5(1).

“Privacy and Information Security Requirements” means (i) all Laws that govern Processing of Personal Data, data privacy or information security in the United States and Canada; (ii) all Laws applicable to the information security of Company Systems; (iii) all Contracts that relate to the Processing of Personal Data and/or protecting the security or privacy of personally identifiable information or personal data as such terms are defined under applicable Laws; (iv) all Privacy Notices; (v) all requirements of the *Personal Information Protection and Electronic Documents Act* (Canada); and (vi) the Payment Card Information Data Security Standards.

“Privacy Notices” means any notices, policies, disclosures, or public representations by the Company or any of its Subsidiaries in respect of the Company or the respective Subsidiary’s Processing of Personal Data or privacy practices.

“Process” or **“Processing”** means the collection, use, storage, processing, distribution, transfer, import, export, protection (including security measures), disposal or disclosure or other activity regarding data (whether electronically or in any other form or medium).

“Profit Interests” means the Class C-1 units in the capital of High Street outstanding from time to time.

“Pro-Forma Adjusted EBITDA” means earnings before interest, income taxes, depreciation and amortization of the Company, on a consolidated basis, together with that of (A) each entity with which the Company has a management services agreement in place, and (B) each entity acquired by the Company during the applicable financial year for the period from January 1 of such year through to the date of completion of the applicable acquisition, in each case adjusted to exclude (i) income from investments, (ii) equity-based compensation, (iii) non-recurring expenses associated with public listing, and (iv) fair value adjustments on biological assets and derivative liabilities.

“Purchaser” has the meaning specified in the preamble.

“Purchaser Acquisition Closing Conditions” has the meaning specified in Section 6.2(2).

“Purchaser Approved Share Threshold” means 58,000,000 Company Shares, including for greater certainty any securities issued by the Company or High Street that are convertible, exchangeable, redeemable, retractable or exercisable for or into Company Shares but excluding for greater certainty: (i) 51,519,116 Company Subordinate Voting Shares which are issued and outstanding as of the date of this Agreement; (ii) 72,494,566 Company Subordinate Voting Shares which may be issued by the Company upon the conversion, exchange or exercise of Company Proportionate Voting Shares, Company Multiple Voting Shares, High Street Units, Company Options, Company Compensation Options, Company RSUs and USCo2 Class B Shares, which are issued and outstanding as of the date of this Agreement; (iii) an aggregate of up to 5,221,905 Company Subordinate Voting Shares in respect of certain potential acquisitions as set out in Schedule (f)(ii) of the Company Disclosure Schedule; and (iv) an aggregate of up to 1,000,000 Company RSUs issuable to holders of unvested Company Options, unvested Company RSUs and unvested Profit Interests.

“Purchaser Call Option” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Purchaser Call Option Exercise Notice” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Purchaser Change of Control” means any business consolidation, amalgamation, arrangement, merger, redemption, compulsory acquisition or similar transaction of or involving the Purchaser, or a sale or conveyance of all or substantially all of the assets of the Purchaser to any other body corporate, trust, partnership or other entity, but excluding, for greater certainty, any transactions involving the Purchaser and one or more of its Subsidiaries.

“Purchaser Circular” means the notice of the Purchaser Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Purchaser Shareholders in connection with the Purchaser Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

“Purchaser Filings” means all documents publicly filed under the profile of the Purchaser on SEDAR since January 1, 2018.

“Purchaser Material Adverse Effect” means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances is or would reasonably be expected to be material and adverse to the business, results of operations, assets, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Purchaser and its Subsidiaries, taken as a whole, except any such change, event, occurrence, effect, state of facts or circumstance resulting from:

- (a) any change in global, national or regional political conditions (including military action and the outbreak or escalation of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial, banking or capital markets;
- (b) general conditions in the industry or markets in which the Company or its Subsidiaries operate;
- (c) any adoption, proposal, implementation or change in Law or any interpretation of Law by any Governmental Entity;
- (d) any change in GAAP or interpretation of GAAP applicable to the Purchaser;
- (e) any natural disaster;

- (f) the failure by the Purchaser to meet any internal, third party or public projections, forecasts, guidance or estimates of revenues or earnings or other financial or operating metrics for any period (it being understood that the cause underlying any such failure may be taken into account in determining whether a Purchaser Material Adverse Effect has occurred, to the extent not otherwise excepted by another clause of this definition);
- (g) the announcement or disclosure of this Agreement, including any drop in the market price of the Purchaser Shares and any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of the Purchaser or its Subsidiaries with the Purchaser's employees, customers, suppliers, partners and other Persons with which the Purchaser or any of its Subsidiaries has business relations;
- (h) compliance with this Agreement and any action taken (or omitted to be taken) by the Purchaser that is consented to by the Company expressly in writing;
- (i) any actions taken (or omitted to be taken) upon the written request of the Company; or
- (j) any change in the market price or trading volume of any securities of the Purchaser (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Purchaser Material Adverse Effect has occurred), provided, however, that with respect to clauses (a) through to and including (e), such matter does not have a materially disproportionate effect on the Purchaser and its Subsidiaries, taken as a whole, relative to other comparable companies and entities operating in the industry or markets in which the Purchaser and/or its Subsidiaries operate, and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Purchaser Material Adverse Effect" has occurred.

"Purchaser Meeting" means the special meeting of Purchaser Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held to consider the Purchaser Shareholder Resolution.

"Purchaser Shareholders" means the registered or beneficial holders of Purchaser Shares.

"Purchaser Shareholder Approval" means the approval by the Purchaser Shareholders of the Purchaser Shareholder Resolution at the Purchaser Meeting.

"Purchaser Shareholder Resolution" means the ordinary resolutions to be considered at the Purchaser Meeting approving (i) the issuance by the Purchaser of the Purchaser Shares pursuant to the Plan of Arrangement, (ii) the amendments to the CBG Group Warrants pursuant to the terms of the CBG Group Consent Agreement, and (iii) the issuance by the Purchaser of the CBG Group Top-Up Shares, pursuant to the terms of the CBG Group Investor Rights Agreement, all in connection with the Arrangement and substantially in the form set forth in Schedule C hereto.

“Purchaser Shares” means common shares in the capital of the Purchaser.

“Real Property” means all land, together with all buildings, structures, improvements, and fixtures located therein or thereon, together with all easements, privileges, rights-of-way, benefits, hereditaments and all other rights and interests pertaining, benefiting or appurtenant to them (including air, oil, gas, mineral, and water rights).

“recognized stock exchange” means a recognized stock exchange for the purposes of the Tax Act.

“Registrar” means the person appointed as the Registrar of Companies pursuant to Section 400 of the BCBCA.

“Regulatory Approval” means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, and with respect to such consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, it shall not have been withdrawn, terminated, lapsed, expired or is otherwise no longer effective.

“Replacement Compensation Option” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Replacement Option” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Replacement RSU” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“Representatives” means a Party’s directors, officers, employees and advisors.

“Required Company Shareholder Approval” has the meaning specified in Section 2.2(1)(b).

“Required Purchaser Shareholder Approval” has the meaning specified in Section 2.5(5).

“SEC” means the United States Securities and Exchange Commission.

“Securities Authorities” means all applicable securities regulatory authorities, including the applicable securities commissions or similar regulatory authorities in each of the provinces of Canada

“Securities Laws” means the *Securities Act* (Ontario) and any other applicable provincial securities Laws.

“SEDAR” means the System for Electronic Document Analysis Retrieval.

“**Software**” means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

“**Subject Securities**” has the meaning specified in Section 2.2(2).

“**Subsidiary**” has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* as in effect on the date of this Agreement and includes, for greater certainty, the Key Subsidiaries, whether or not the Key Subsidiaries meet the definition of “Subsidiary” specified in National Instrument 45-106 – *Prospectus Exemptions*.

“**Superior Proposal**” means any unsolicited bona fide written Acquisition Proposal from a third party or parties, made after the date of this Agreement, to acquire not less than all of the outstanding Company Shares or all or substantially all of the assets of the Company on a consolidated basis that:

- (a) complies with Securities Laws and did not result from or involve a breach of this Agreement or any other agreement between the Person making the Acquisition Proposal and the Company;
- (b) is reasonably capable of being completed without undue delay relative to the Arrangement, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal;
- (c) is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required consideration will be available to effect payment in full for all of the Company Shares or assets, as the case may be;
- (d) is not subject to any due diligence or access condition;
- (e) in respect of which the Company Board determines in good faith (after receipt of advice from its outside legal counsel with respect to (x) below and financial advisors with respect to (y) below) that (x) failure to recommend such Acquisition Proposal to the Company Shareholders would be inconsistent with its fiduciary duties and (y) which would, taking into account all of the terms and conditions of such Acquisition Proposal, if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Company Shareholders, taken as a whole, from a financial point of view, than the Arrangement (after taking into account any adjustment to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.1(8)); and
- (f) in the event that the Company does not have the financial resources to pay the Termination Fee, the terms of such Acquisition Proposal provide that the Person making such Superior Proposal shall advance or otherwise provide the Company the cash required for the Company to pay the Termination Fee and such amount shall be advanced or provided on or before the date such Termination Fee becomes payable.

“**Superior Proposal Notice**” has the meaning specified in Section 5.1(7)(c).

“**Support and Voting Agreements**” means, collectively, the support and voting agreements dated the date hereof between the Purchaser and each of the Company Locked-up Shareholders, substantially in the form of Schedule F hereto, setting forth the terms and conditions upon which the Company Locked-up Shareholders have agreed, among other things, to vote their Company Shares in favour of the Arrangement.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended from time to time.

“**Tax Receivable Agreement**” means the tax receivable agreement dated November 14, 2018 between Acreage Holdings America, Inc., High Street and certain executive employees of the Company, and includes the Tax Receivable Bonus Plan, as may be revised in accordance with the terms set forth in Exhibit 1 hereto in order to carry out the intentions of the Parties.

“**Tax Receivable Bonus Plan**” means the tax receivable bonus plan dated November 14, 2018 established by Acreage Holdings America, Inc. in accordance with the Tax Receivable Agreement, as may be revised to carry out the intentions of the Parties to this Agreement.

“**Tax Receivable Bonus Plan 2**” means the tax receivable bonus plan to be dated as of the Effective Date established by Acreage Holdings America, Inc., in accordance with the Tax Receivable Agreement, as may be revised to carry out the intentions of the Parties to this Agreement.

“**Tax Returns**” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

“**Taxes**” means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity (excluding stock exchange fees and charges), whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

“**Terminating Party**” has the meaning specified in Section 4.8(3).

“**Termination Fee**” has the meaning specified in Section 8.2.

“**Termination Fee Event**” has the meaning specified in Section 8.2.

“**Termination Notice**” has the meaning specified in Section 4.8(3).

“**Trademark and Technology License**” means the non-exclusive, non-transferrable, royalty-free license to be entered into between the Company and the Purchaser at or prior to the Effective Time, whereby the Purchaser shall grant the Company the right to use certain Intellectual Property of the Purchaser and its affiliates in the United States, substantially in the form attached as Schedule G hereto.

“**Triggering Event Date**” means the date federal laws in the United States are amended to permit the general cultivation, distribution and possession of marijuana (as defined in 21 U.S.C 802) or to remove the regulation of such activities from the federal laws of the United States.

“**Triggering Event Notice**” has the meaning specified in Section 1.1 of the Plan of Arrangement.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” and “**U.S.**” each mean the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**USCo2**” means Acreage Holdings WC, Inc. a Subsidiary of the Company.

“**USCo2 Class B Holders**” means holders of USCo2 Class B Shares.

“**USCo2 Class B Shares**” means Class B non-voting common shares in the capital of USCo2 outstanding as of the date of this Agreement.

“**USCo2 Constating Documents**” means the constating documents of USCo2, as may be revised in accordance with the terms set forth in Exhibit 1 hereto in order to carry out the intentions of the Parties.

“**U.S. Exchange Act**” means the United States *Securities Exchange Act of 1934*, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

“**U.S. GAAP**” means United States generally accepted accounting principles, as in effect from time to time, applied on a consistent basis.

“**U.S. Investment Company Act**” means the United States *Investment Company Act of 1940*, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

“**U.S. Tax Code**” means the United States Internal Revenue Code of 1986, as amended.

Section 1.2 Certain Rules of Interpretation.

In this Agreement, unless otherwise specified:

- (1) *Headings, etc.* The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.
- (2) *Currency.* All references to dollars or to “\$” are references to United States dollars.
- (3) *Gender and Number.* Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) *Certain Phrases and References, etc.* The words “including”, “includes” and “include” mean “including (or includes or include) without limitation,” and “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of.” Unless stated otherwise, “Article”, “Section”, and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term “Agreement” and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it. The terms “made available to the Purchaser” and “made available to the Company” mean copies of the subject materials were included in the Company Data Room, or otherwise provided in writing in the manner expressly set forth in the Company Disclosure Letter.
- (5) *Capitalized Terms.* All capitalized terms used in any Schedule or the Company Disclosure Letter have the meanings ascribed to them in this Agreement.
- (6) *Knowledge.* Where any representation or warranty is expressly qualified by reference to the knowledge of the Company, it is deemed to refer to the knowledge of the Chief Executive Officer of the Company and Kevin Murphy, Glen Leibowitz, Robert Daino, James Doherty and Tyson MacDonald after due and diligent inquiry. Where any representation or warranty is expressly qualified by reference to the knowledge of the Purchaser, it is deemed to refer to the knowledge of Bruce Linton, Mark Zekulin and Tim Saunders after due and diligent inquiry.
- (7) *Accounting Terms.* All accounting terms are to be interpreted in accordance with GAAP and all determinations of an accounting nature required to be made shall be made in a manner consistent with GAAP.

- (8) *Statutes.* Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.
- (9) *Computation of Time.* A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (10) *Time References.* References to time are to local time, Toronto, Ontario, unless otherwise indicated.
- (11) *Subsidiaries.* To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of a Party, each such provision shall be construed as a covenant by the Party to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

Section 1.3 Schedules.

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2 THE ARRANGEMENT

Section 2.1 Arrangement.

The Company and the Purchaser agree that the Arrangement shall be implemented in accordance with, and subject to the terms and conditions of, this Agreement and the Plan of Arrangement. The Arrangement shall become effective in accordance with the Plan of Arrangement at the times specified in the Plan of Arrangement. The Company agrees to file, or cause to be filed, the Arrangement Filings to implement the Plan of Arrangement in accordance with, and subject to the terms and conditions of, this Agreement. From and after the Effective Time, the Company and the Purchaser shall each effect and carry out the steps, actions or transactions to be carried out by them pursuant to the Plan of Arrangement.

Section 2.2 Interim Order.

- (1) As soon as reasonably practicable after the date of this Agreement, but in any event at a time so as to permit the Company Meeting to be held on or before the date specified in Section 2.3(a), and the Purchaser Meeting to be held on or before the date specified in Section 2.5(1), the Company shall apply in a manner reasonably acceptable to the Purchaser pursuant to Section 291(b) of the BCBCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:
- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;
 - (b) that the required level of approval (the “**Required Company Shareholder Approval**”) for the Arrangement Resolution shall be not less than (i) 66 2/3% of the votes cast on the Arrangement Resolution by holders of Company Subordinate Voting Shares present in person or represented by proxy and entitled to vote at the Company Meeting, voting separately as a class; (ii) 66 2/3% of the votes cast on the Arrangement Resolution by holders of Company Proportionate Voting Shares present in person or represented by proxy and entitled to vote at the Company Meeting, voting separately as a class; (iii) 66 2/3% of the votes cast on the Arrangement Resolution by holders of Company Multiple Voting Shares present in person or represented by proxy and entitled to vote at the Company Meeting, voting separately as a class; and (iv) if required by applicable Law, a simple majority of the votes cast on the Arrangement Resolution excluding the votes for Company Shares held by “related parties” and “interested parties” as defined under MI 61-101;
 - (c) that the terms, restrictions and conditions of the Company’s Constatting Documents relating to the holding of a meeting of Company Shareholders, including quorum requirements and all other matters, shall, unless varied by the Interim Order, apply in respect of the Company Meeting;
 - (d) for the grant of the Dissent Rights to those Company Shareholders who are registered Company Shareholders;
 - (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
 - (f) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;
 - (g) confirmation of the record date for the purposes of determining the Company Shareholders entitled to notice of and to vote at the Company Meeting in accordance with the Interim Order;
 - (h) that the record date for the Company Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by Securities Laws; and

(i) for such other matters as the Purchaser may reasonably require, subject to obtaining the prior consent of the Company, such consent not to be unreasonably withheld or delayed.

- (2) In seeking the Interim Order, the Company shall advise the Court that it is the intention of the Parties to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of all Arrangement Issued Securities to be issued pursuant to the Arrangement based and conditioned on the Court's approval of the Arrangement and its determination that the Arrangement is fair and reasonable to holders of Company Securities to whom will be issued Arrangement Issued Securities pursuant to the Arrangement (such Company Securities, the "**Subject Securities**"), following a hearing and after consideration of the substantive and procedural terms and conditions thereof.

Section 2.3 The Company Meeting.

The Company shall:

(a) convene and conduct the Company Meeting in accordance with the Interim Order, the Company's Constatting Documents and applicable Law, including the policies of the CSE, as soon as practical and, in any event but subject to compliance by the Purchaser with its obligations in Section 2.4, on or before June 28, 2019 (or such later date as may be agreed to by the Parties in writing or required as a result of a delay by the Purchaser in providing the information required pursuant to Section 2.4(4)) and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser, except:

- (i) in the case of an adjournment, as required for quorum purposes (in which case the Company Meeting shall be adjourned and not cancelled); or
- (ii) as otherwise permitted under this Agreement.

(b) subject to compliance by the directors and officers of the Company with their fiduciary duties and the terms of this Agreement, use commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with or seeks (without the Purchaser's consent) to hinder or delay the Arrangement and the completion of the transactions contemplated by this Agreement, including, at the Company's discretion or if so requested by the Purchaser, acting reasonably, and at the Purchaser's sole expense, subject to the Company's mutual agreement, using the services of dealers and proxy solicitation services, consulting with the Purchaser in the selection and retainer of any such proxy solicitation agent and reasonably considering the Purchaser's recommendation with respect to any such agent, and (i) permit the Purchaser to assist and participate in all calls and meetings with such proxy solicitation agent, (ii) provide the Purchaser with all information

distributions or updates from the proxy solicitation agent, (iii) consult with, and consider any suggestions from, the Purchaser with regards to the proxy solicitation agent, and (iv) consult with the Purchaser and keep the Purchaser apprised, with respect to such solicitation and other actions;

(c) provide the Purchaser with copies of or access to information regarding the Company Meeting generated by any transfer agent, dealer or proxy solicitation services firm retained by the Company, as reasonably requested in writing from time to time by the Purchaser;

(d) consult with the Purchaser in fixing the record date for the Company Meeting and the date of the Company Meeting, give notice to the Purchaser of the Company Meeting and allow the Purchaser's representatives and legal counsel to attend the Company Meeting;

(e) promptly advise the Purchaser, at such times as the Purchaser may reasonably request in writing and at least on a daily basis on each of the last ten Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;

(f) promptly advise the Purchaser of any communication (written or oral) from any Person in opposition to the Arrangement, written notice of dissent, purported exercise or withdrawal of Dissent Rights, and provide the Purchaser with a reasonable opportunity to review and comment upon any written communications sent by or on behalf of the Company to any such Person and to participate in any discussions, negotiations or proceedings involving any such Person;

(g) not make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to any claims regarding the Arrangement or Dissent Rights without the prior written consent of the Purchaser;

(h) not change the record date for the Company Shareholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting, unless required by Law or with the Purchaser's consent; and

(i) at the reasonable written request of the Purchaser from time to time, provide the Purchaser with a list (in both written and electronic form) of (i) the registered Company Shareholders, together with their addresses and respective holdings of Company Shares, (ii) the names, addresses and holdings of all Persons having rights issued by the Company to acquire Company Shares (including holders of Company Options, Company Compensation Options and Company RSUs), and (iii) participants and book-based nominee registrants such as CDS & Co., and non-objecting beneficial owners of Company Shares, together with their addresses and respective holdings of Company Shares.

Section 2.4 The Company Circular.

- (1) The Company shall promptly prepare and complete, in consultation with the Purchaser, the Company Circular together with any other documents required by applicable Law in connection with the Company Meeting and the Arrangement, and the Company shall, promptly after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Company Shareholder and other Person as required by the Interim Order and Law, in each case so as to permit the Company Meeting to be held by the date specified in Section 2.3(a).
- (2) The Company shall ensure that the Company Circular complies in material respects with the Interim Order and applicable Law, does not contain any Misrepresentation (other than in respect to any written information with respect to the Purchaser that is furnished in writing by or on behalf of the Purchaser for inclusion in the Company Circular) and provides the Company Shareholders with sufficient information to permit them to form a reasoned judgment concerning the matters to be placed before them at the Company Meeting. Without limiting the generality of the foregoing, the Company Circular must include:
 - (a) a copy of the Fairness Opinions;
 - (b) a statement that the Company Special Committee and the Company Board has received the Fairness Opinions;
 - (c) a statement that the Company Special Committee and has unanimously determined, after receiving legal and financial advice:
 - (i) that the Arrangement is fair to the Company Shareholders;
 - (ii) the Arrangement and the entering into of this Agreement is in the best interests of the Company; and
 - (iii) that the Company Special Committee recommends that the Company Shareholders vote in favour of the Arrangement Resolution and the rationale for that recommendation;
 - (d) a statement (the “**Company Board Recommendation**”) that the Company Board unanimously determined (with directors abstaining or recusing themselves as required), after receiving legal and financial advice:
 - (i) that the Arrangement is fair to the Company Shareholders;
 - (ii) the Arrangement and the entering into of this Agreement is in the best interests of the Company; and
 - (iii) that the Company Board (with directors abstaining or recusing themselves as required) recommends that the Company Shareholders vote in favour of the Arrangement Resolution and the rationale for that recommendation, and

- (e) a statement that each of the Company Locked-up Shareholders have entered into Support and Voting Agreements pursuant to which they intend to vote all of their Company Shares in favour of the Arrangement Resolution and against any resolution submitted by any Company Shareholder that is inconsistent therewith.
- (3) The Company shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, and shall give reasonable consideration to any comments made by the Purchaser and its counsel, and agrees that all information relating solely to the Purchaser for inclusion in the Company Circular and any information describing the Purchaser, the terms of the Arrangement and/or the Plan of Arrangement must be in a form and content satisfactory to the Purchaser, acting reasonably. The Company shall provide the Purchaser with a final copy of the Company Circular prior to its mailing to the Company Shareholders.
- (4) The Purchaser shall as soon as reasonably practicable after the date hereof, and in any event within 30 days of the date hereof, provide the Company with all information regarding the Purchaser, its affiliates and the Purchaser Shares, including any *pro forma* financial statements, as required by applicable Law and requested by the Company in writing for inclusion in the Company Circular or in any amendments or supplements to such Company Circular. The Purchaser shall ensure that such information does not include any Misrepresentation concerning the Purchaser, its affiliates and the Consideration.
- (5) Each Party shall promptly notify the other Party if it becomes aware that the Company Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall, in a manner consistent with this Section 2.4, cooperate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall, in a manner provided in the Interim Order, promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Company Shareholders and, if required by the Court or by applicable Law, file the same with the Securities Authorities or any other Governmental Entity as required.

Section 2.5 Purchaser Meeting.

- (1) The Purchaser shall convene and conduct the Purchaser Meeting for the purpose of obtaining approval of the Purchaser Shareholder Resolution in accordance with the Purchaser's Constatng Documents, the terms of the CBG Group Agreements and applicable Law, including the policies of the TSX, and will use commercially reasonable efforts to schedule the Purchaser Meeting on the same day as the Company Meeting and, in any event no later than the date of the Company Meeting (or such later date as may be agreed to by the Parties in writing or required as a result of a delay by the Company in providing any information required to be included in the Purchaser Circular), and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Purchaser Meeting without the prior written consent of the Company, except in the case of an adjournment, as required for quorum purposes (in which case the Purchaser Meeting shall be adjourned and not cancelled), or as otherwise permitted under this Agreement.

- (2) The Purchaser shall, subject to compliance by the directors and officers of the Purchaser with their fiduciary duties and the terms of this Agreement, use commercially reasonable efforts to solicit proxies in favour of the Purchaser Shareholder Resolution and against any resolution submitted by any Person that is inconsistent with or seeks (without the Company's consent) to hinder or delay the implementation of the matters dealt with in the Purchaser Shareholder Resolution and the completion of the transactions contemplated by this Agreement, including at the Purchaser's discretion, and at the Purchaser's sole expense, using the services of dealers and proxy solicitation services.
- (3) The Purchaser shall promptly prepare and complete the Purchaser Circular together with any other documents required by applicable Law in connection with the Purchaser Meeting and the issuance of the Consideration Shares, and the Purchaser shall cause the Purchaser Circular and such other documents to be filed and sent to each Purchaser Shareholder and other Person as required by applicable Law.
- (4) The Purchaser shall ensure that the Purchaser Circular complies in material respects with applicable Law, does not contain any Misrepresentation (other than in respect to any written information with respect to the Company that is furnished in writing by or on behalf of the Company for inclusion in the Purchaser Circular) and provides the Purchaser Shareholders with sufficient information to permit them to form a reasoned judgment concerning the matters to be placed before them at the Purchaser Meeting.
- (5) The required level of approval (the "**Required Purchaser Shareholder Approval**") for the Purchaser Shareholder Resolution shall be not less than a majority of the votes cast on the Purchaser Shareholder Resolution by holders of Purchaser Shares present in person or represented by proxy and entitled to vote at the Purchaser Meeting, and, if required by applicable Law, a simple majority of the votes cast on the Purchaser Shareholder Resolution by disinterested holders of Purchaser Shares.

Section 2.6 Final Order.

Following approval of the Arrangement Resolution at the Company Meeting and the Purchaser Shareholder Resolution at the Purchaser Meeting, the Company shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 291 of the BCBCA, as soon as reasonably practicable, but in any event not later than two Business Days after the later of when the Arrangement Resolution and Purchaser Shareholder Resolution has received the Required Company Shareholder Approval at the Company Meeting and the Required Purchaser Shareholder Approval at the Purchaser Meeting, respectively, and, if at any time after the issuance of the Final Order and on or before the Effective Date, the Company is required by the terms of the Final Order or by Law to return to the Court with respect to the Final Order, it will only do so after prior notice to the Purchaser, and affording the Purchaser a reasonable opportunity to consult with the Company regarding the same.

Section 2.7 Court Proceedings.

The Purchaser shall cooperate with and assist the Company in seeking the Interim Order and the Final Order, including by providing to the Company on a timely basis any information required by applicable Law to be supplied by the Purchaser in connection therewith as requested by the Company in writing. In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall:

- (a)diligently pursue, and cooperate with the Purchaser in diligently pursuing, the Interim Order and the Final Order;
- (b)provide legal counsel to the Purchaser with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and give reasonable consideration to all such comments;
- (c)provide the Purchaser on a timely basis with copies of any notice of appearance, evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;
- (d)ensure that all material filed with the Court in connection with the Arrangement is consistent with this Agreement and the Plan of Arrangement;
- (e)not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, provided that the Purchaser shall not be required to agree or consent to any increase in the consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement;
- (f)oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to the Purchaser, and affording the Purchaser an opportunity to consult regarding same which is reasonable in the circumstances; and
- (g)not object to legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that the Purchaser advises the Company of the nature of any such submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

Section 2.8 Other Securities.

The Parties acknowledge and agree that all Company Options, Company Compensation Options and Company RSUs that are not exercised, whether conditionally or otherwise, and all High Street Units and USCo2 Class B Shares that are not exchanged for Company Shares, prior to the Acquisition Effective Time and that remain outstanding immediately prior to the Acquisition Effective Time shall be treated in accordance with the provisions of the Plan of Arrangement, and the Company and the Purchaser shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing.

Section 2.9 Arrangement Filings and Effective Date.

- (1) Subject to obtaining the Final Order and to the satisfaction or, where not prohibited, the waiver (subject to applicable Laws) by the Party or Parties in whose favour the condition is, of each of the conditions set out in Article 6 hereof (excluding conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, waiver by the Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties, any Arrangement Filings required to be filed prior to the Effective Date shall be filed by the Company with the Registrar not later than one Business Day after receipt of the Final Order, provided, however, that no Arrangement Filings shall be sent to the Registrar, for endorsement and filing by the Registrar, except as contemplated hereby or with the Purchaser's prior written consent.
- (2) The closing of the Arrangement will take place at the offices of DLA Piper (Canada) LLP, Suite 6000, 1 First Canadian Place, PO Box 367, 100 King St W, Toronto, Ontario M5X 1E2, or at such other location as may be agreed upon by the Parties.

Section 2.10 Delivery of Option Premium/Consideration Shares by Purchaser.

The Purchaser will, (i) following receipt of the Final Order and prior to filing the Arrangement Filings with the Registrar, deliver or cause to be delivered to the Payment Agent in escrow pending the Effective Time (the terms of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably), sufficient cash to pay the Aggregate Option Premium payable to Effective Time Company Shareholders under the Arrangement, (ii) not less than two Business Days prior to the Acquisition Date, deliver or cause to be delivered to the Depositary in escrow (the terms of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably) that number of Consideration Shares that holders of Company Shares are entitled to receive under the Plan of Arrangement, along with any treasury directions addressed to Purchaser's transfer agent as may be necessary; (iii) reserve and authorize for issuance such number of additional Purchaser Shares as shall be necessary to issue to High Street Holders and USCo2 Class B Holders upon the exchange or redemption of their High Street Units and USCo2 Class B Shares, respectively, for Company Subordinate Voting Shares at the Exchange Ratio, in accordance with the terms thereof; and (iv) reserve and authorize for issuance such number of additional Purchaser Shares as shall be necessary to issue to holders of Replacement RSUs, Replacement Options and Replacement Compensation Options issued by the Company or High Street upon exercise, exchange or conversion of any such Convertible Securities. The Option Premium payable to the High Street

Holders and USCo2 Class B Holders shall be treated as payment for the right to acquire the Common Membership Units and the Profit Interests of the High Street Holders and the USCo2 Class B Shares of the USCo2 Class B Holders pursuant to Exhibit 1.

Section 2.11 Dissenting Company Shareholders

The Company will give the Purchaser prompt notice of receipt of any written notice of any dissent or purported exercise by any Company Shareholder of Dissent Rights, any withdrawal of such a notice, and any other instruments served pursuant to Dissent Rights and received by the Company. The Company shall not make any payment or settlement offer, or agree to any such settlement, or conduct any negotiations prior to the Effective Time with respect to any such dissent, notice or instrument unless the Purchaser, acting reasonably, shall have given its written consent.

Section 2.12 Withholding Taxes.

Subject to compliance with Section 5.3(b) of the Plan of Arrangement, the Payment Agent, the Depositary, the Purchaser and the Company shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Company Securityholder such amounts as the Purchaser, the Payment Agent, the Depositary and the Company (as applicable) are required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted to the appropriate Governmental Entity, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. To the extent necessary, such deductions and withholdings may be effected by selling any Consideration Shares to which any such Person may otherwise be entitled under the Plan of Arrangement, and any amount remaining following the sale, deduction and remittance shall be paid to the Person entitled thereto as soon as reasonably practicable

Section 2.13 U.S. Securities Law Matters.

The Parties agree that the Arrangement will be carried out with the intention that all Arrangement Issued Securities will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. In order to ensure the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act and to facilitate the Purchaser's compliance with other United States securities Laws, the Parties agree that the Arrangement will be carried out on the following basis:

- (a)pursuant to Section 2.2(2), prior to the issuance of the Interim Order, the Court will be advised as to the intention of the Parties to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of all Arrangement Issued Securities pursuant to the Arrangement based on the Court's approval of the Arrangement;
- (b)prior to the issuance of the Interim Order, the Company will file with the Court a copy of the proposed text of the Company Circular together with any other documents required by applicable Law in connection with the Company Meeting;
- (c)the Court will be requested to satisfy itself as to the substantive and procedural fairness of the Arrangement to the holders of Subject Securities;

(d)the Company will ensure that each Company Shareholder and any other Person entitled to receive Arrangement Issued Securities pursuant to the Arrangement will be given adequate and appropriate notice advising them of their right to attend the hearing of the Court to give approval to the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(e)all Persons entitled to receive Arrangement Issued Securities pursuant to the Arrangement will be advised that such Arrangement Issued Securities issued pursuant to the Arrangement have not been registered under the U.S. Securities Act and will be issued in reliance on the exemption provided by Section 3(a)(10) of the U.S. Securities Act and shall be without trading restrictions under the U.S. Securities Act (other than those that would apply under the U.S. Securities Act in certain circumstances to Persons who are, or have been within 90 days prior to the Effective Time, affiliates (as defined by Rule 144 under the U.S. Securities Act) of the Purchaser;

(f)the Final Order approving the terms and conditions of the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as fair and reasonable to all Persons entitled to receive Arrangement Issued Securities pursuant to the Arrangement;

(g)the Interim Order approving the Company Meeting will specify that each Person entitled to receive Arrangement Issued Securities pursuant to the Arrangement will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time;

(h)holders of Company Options entitled to receive Replacement Options, holders of Company Compensation Options entitled to receive Replacement Compensation Options and holders of Company RSUs entitled to receive Replacement RSUs pursuant to the Arrangement will be advised that the Replacement Options, the Replacement Compensation Options and the Replacement RSUs, issued pursuant to the Arrangement have not been registered under the U.S. Securities Act and will be issued and exchanged by the Purchaser in reliance on the exemption provided under Section 3(a)(10) of the U.S. Securities Act, but that such exemption does not exempt the issuance of securities upon the exercise of such Replacement Options, Replacement Compensation Options and the vesting of Replacement RSUs; therefore, the Purchaser Shares issuable upon exercise of the Replacement Options, the Replacement Compensation Options and the vesting of the Replacement RSUs cannot be issued in the U.S. or to a Person in the U.S. in reliance on the exemption under Section 3(a)(10) of the U.S. Securities Act and the Replacement Options, the Replacement Compensation Options and the Replacement RSUs may only be exercised and the underlying Purchaser Shares issued pursuant to a then-available exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws;

(i)each holder of Subject Securities will be advised that with respect to Arrangement Issued Securities issued to Persons who are, or have been within 90 days prior to the Effective Time, affiliates (as defined by Rule 144 under the U.S. Securities Act) of the Purchaser, such securities will be subject to restrictions on resale under U.S. securities Laws, including Rule 144 under the U.S. Securities Act;

(j)the Court will hold a hearing before approving the fairness of the terms and conditions of the Arrangement and issuing the Final Order; and

(k)the Company shall request that the Final Order shall include a statement to substantially the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the offer and sale of securities of the Purchaser pursuant to the Plan of Arrangement.”

Section 2.14 Exchange Ratio Adjustment Event.

Notwithstanding any restriction or any other matter in this Agreement to the contrary, if, between the date of this Agreement and the Acquisition Effective Time, the issued and outstanding Purchaser Shares shall have been changed into a different number of shares by reason of any reclassification, split, consolidation, stock dividend or distribution upon the issued and outstanding Purchaser Shares, or the Purchaser shall make any rights offering to the holders of the issued and outstanding Purchaser Shares, or similar event (each, an “**Exchange Ratio Adjustment Event**”), then the Exchange Ratio specified in the Plan of Arrangement shall be adjusted in such a manner and to such an extent so as to ensure that, under the Arrangement, Company Shareholders receive the same economic proportionate ownership interest in the Purchaser following such Exchange Ratio Adjustment Event as they would otherwise have received under the Arrangement had such Exchange Ratio Adjustment Event not occurred, and the number of Purchaser Shares to be issued to Company Shareholders pursuant to the Arrangement shall be adjusted accordingly. For the purposes of this Section 2.14 the term “Purchaser Shares” shall, following a Purchaser Change of Control, be deemed to include any securities that are included in any Alternate Consideration.

Section 2.15 Purchaser Change of Control Adjustment.

- (1) If a Purchaser Change of Control occurs prior to the Acquisition Date, the Purchaser shall, effective from the effective time of such Purchaser Change of Control, cause the Purchaser Call Option, High Street Operating Agreement and USCo2 Constatng Documents to be amended so that, instead of receiving Purchaser Shares (or any Alternate Consideration that a Company Shareholder is otherwise entitled to receive pursuant to this Section 2.15 as a result of a prior Purchaser Change of Control) in exchange for Company Shares upon the exercise or deemed exercise of the Purchaser Call Option in accordance with the Plan of Arrangement, each Company Shareholder shall instead be entitled to receive on the Acquisition Date, and shall accept, the number of shares or other securities or property (including cash) that such Company Shareholder would have been entitled to receive on such Purchaser Change of Control (the “**Alternate Consideration**”), if, at the effective time of such Purchaser Change of Control, the Company Shareholder had been the registered holder of that number of Purchaser Shares which is equal to the number of Purchaser Shares which it would otherwise have been entitled to receive in exchange for its Company Shares pursuant to the Arrangement if the Acquisition Date and the steps referred to in Section 3.1 of the Plan of Arrangement had been completed effective immediately prior to the effective time of the Purchaser Change of Control.
- (2) If, in connection with a Purchaser Change of Control, a holder of a Purchaser Share may elect a form of consideration (including, without limitation, shares, other securities, cash or other property) from options made available, then for purposes of this Section 2.15 (including, for the avoidance of doubt, the definition of “Alternate Consideration”) all Company Shareholders shall be deemed to have elected to receive an equal percentage of each of the different types of consideration offered.

- (3) For the purposes of this Section 2.15, the term “Purchaser Shares” shall, following the occurrence of a Purchaser Change of Control, be deemed to include any securities that are included in any Alternate Consideration. For the avoidance of doubt, any adjustments pursuant to this Section 2.15 shall apply sequentially to each Purchaser Change of Control that occurs during the Interim Period.
- (4) Upon the occurrence of each adjustment pursuant to this Section 2.15, the Purchaser shall promptly compute such adjustment in accordance with the terms hereof and provide the Depositary (with a copy to the Company) with a certificate setting forth such adjustment, including in detail the facts upon which such adjustment is based, and setting forth the Alternate Consideration that a Company Shareholder will be entitled to receive for their Company Shares pursuant to the Plan of Arrangement upon the exercise or deemed exercise of the Purchaser Call Option. The Company shall, upon the written request at any time of any Company Shareholder, furnish or cause to be furnished to such Company Shareholder a copy of such certificate.

Section 2.16 Income Tax Treatment.

It is intended by the Parties that (a) the transactions included in the Merger shall be treated as a single integrated transaction for U.S. federal income tax purposes, (b) for U.S. federal income tax purposes, the Merger shall qualify as a “reorganization” within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E) of the U.S. Tax Code, not subject to gain recognition under Section 367 of the U.S. Tax Code, and (c) for Canadian federal income tax purposes, the Merger shall qualify as an amalgamation as defined in subsection 87(9) of the Tax Act. Except as otherwise required by applicable Law, in any Tax filing or proceeding the Parties shall not take any position inconsistent with the intended U.S. and Canadian federal income tax treatment of the Merger that is described in the immediately preceding sentence (the “**Intended Tax Treatment**”). In the event the Parties determine that the Acquisition should not qualify for the Intended Tax Treatment, they shall cooperate in good faith to restructure the transaction on substantially equivalent economic terms to the extent reasonably possible to cause the Acquisition to so qualify; provided, however, that if the Parties cannot agree on any such modification then the transaction shall be consummated in accordance with the terms and conditions of the Arrangement Agreement and Plan of Arrangement notwithstanding that it may not qualify for the Intended Tax Treatment.

Section 2.17 Section 85 Election.

The Purchaser shall make joint elections with Eligible Company Canadian Shareholders in respect of the disposition of their Company Shares pursuant to Section 85 of the Tax Act (or any similar provision of any provincial tax legislation) in accordance with the procedures and within the time and other limits set out in the Plan of Arrangement. The agreed amount under such joint elections shall be determined by each Eligible Company Canadian Shareholder in his or her sole discretion within the limits set out in the Tax Act.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company.

- (1) Except as set forth in the correspondingly numbered paragraph of the Company Disclosure Letter, the Company represents and warrants to the Purchaser as set forth in Schedule D hereto and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) The representations and warranties of the Company contained in this agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms, except for the Material Representations, which shall survive the completion of the Arrangement and shall not expire and be terminated when this Agreement is terminated in accordance with its terms.

Section 3.2 Representations and Warranties of the Purchaser.

- (1) The Purchaser represents and warrants to the Company as set forth in Schedule E hereto and acknowledges and agrees that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (2) The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4

COVENANTS

Section 4.1 Conduct of Business of the Company.

- (1) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of the Purchaser, such consent not to be unreasonably withheld or delayed; (ii) as expressly required or permitted by this Agreement; (iii) as required by applicable Law; or (iv) as expressly contemplated by the Company Disclosure Letter, the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the Ordinary Course and in accordance with, in all material respects, all applicable Laws, with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana (including any implementing regulations and schedules in effect at the relevant time) or any other U.S. federal law the violation of which is predicated upon a violation of the Controlled Substances Act as it applies to marijuana, and the Company shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organizations, properties, assets, rights, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which the Company or any of its Subsidiaries has material business relations.

- (2) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of the Purchaser; (ii) as expressly required or permitted by this Agreement; (iii) as required by applicable Law; or (iv) as expressly contemplated by the Company Disclosure Letter, the Company shall not, and shall not permit any of the Key Subsidiaries to, directly or indirectly:
- (a) amend its Constatating Documents or, in the case of any Key Subsidiary which is not a corporation, its similar organizational documents, except as permitted or required pursuant to the Plan of Arrangement;
 - (b) split, combine or reclassify any Company Shares or any other securities of the Company or any of the Key Subsidiaries;
 - (c) redeem, repurchase, or otherwise acquire, or offer to redeem, repurchase or otherwise acquire, Company Shares or any other securities of the Company or any of the Key Subsidiaries, other than redemptions, repurchases or other acquisitions of Company Shares made pursuant to rights of exchange or conversion attached to securities of the Company, High Street or USCo2 issued and outstanding as of the date of this Agreement;
 - (d) amend the terms of any of the securities of the Company or any Key Subsidiary, except as permitted or required pursuant to the Plan of Arrangement;
 - (e) reduce the stated capital of any class or series of the Company Shares;
 - (f) reorganize, amalgamate or merge the Company or any Key Subsidiary;
 - (g) undertake any voluntary dissolution, liquidation or winding-up of the Company or any Key Subsidiary or any other distribution of assets of the Company or any Key Subsidiary for the purpose of winding-up its affairs;
 - (h) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of the Company or any of the Key Subsidiaries; or
 - (i) pledge or otherwise encumber, or authorize the pledge or other encumbrance of any Company Shares or any other securities of the Company or any of the Key Subsidiaries, or any options, warrants, restricted share units or similar rights exercisable or exchangeable for or convertible into Company Shares or any other securities of the Company or any of the Key Subsidiaries, or other rights that are linked to the price or the value of Company Shares or any other securities of the Company or any of the Key Subsidiaries.

- (3) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) with the prior written consent of the Purchaser not to be unreasonably conditioned, withheld or delayed; (ii) as expressly required or permitted by this Agreement; (iii) as required by applicable Law; or (iv) as expressly contemplated by the Company Disclosure Letter, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

(a) declare, set aside or pay any dividend or other distribution of any kind or nature (whether in cash, stock or property or any combination thereof) in respect of any securities, other than dividends between two wholly-owned Subsidiaries and tax distributions from High Street to the extent permitted in the Tax Receivable Agreement and/or the High Street Operating Agreement;

(b) make any bonus or profit sharing distribution or similar payment of any kind to any officer, director, Company Employee or consultant that is materially inconsistent with the bonus or profit sharing distribution or similar payments of any kind that are made by the Purchaser to its officers, directors, employees or consultants except to the extent that any such bonus, profit sharing, distribution or similar payment is made pursuant to the Company Equity Incentive Plan or policy approved by the Company Board in the Ordinary Course;

(c) use commercially reasonable efforts to retain the services of each of the Key Individuals, unless such Key Individual materially breaches his or her employment agreement with the Company, and the Company will promptly provide written notice to the Purchaser of the resignation or termination of any Key Individual;

(d) except as required by applicable Law:

- (i) increase any severance, change of control, termination pay (or improvements to notice or pay in lieu of notice) or benefits payable under any existing severance or termination pay policies to (or amend any existing arrangement with) any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries;
- (ii) other than as disclosed in the Company Disclosure Letter, provide for any severance, change of control, termination pay (or improvements to notice or pay in lieu of notice) or benefits payable under any existing severance or termination pay policies to (or amend any existing arrangement with) any current, former or future Company Employee or any current, former or future director of the Company or any of its Subsidiaries that would be triggered by the Arrangement;

- (iii) increase compensation, bonus levels or other benefits payable to any current, former or future Company Employee or any current, former or future director of the Company or any of its Subsidiaries that would be materially inconsistent with the compensation, bonus levels or other benefits payable under employment agreements of the Purchaser;
- (iv) enter into any deferred compensation or other similar agreement (or amend any such existing agreement) with any current, former or future Company Employee or any current, former or future director of the Company or any of its Subsidiaries;
- (v) adopt any new Employee Plan or any amendment or modification of an existing Employee Plan that would be materially inconsistent with existing Employee Plans of the Company, provided; however, that the Company may be able to increase the number of securities available for issuance under the Company Equity Incentive Plan to a rolling 15% of the securities outstanding from time to time, in the manner determined under such plan;
- (vi) approve or take any action to accelerate the vesting of any compensation securities;
- (vii) increase or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution under any Employee Plan; or
- (viii) terminate, dismiss, demote or otherwise materially decrease the job requirements or the employment of the Key Individuals;

(e) make any loan to any officer, director, Company Employee or consultant of the Company or any of its Subsidiaries;

(f) sell all or substantially all of the assets of the Company or any of the Subsidiaries.

(g) acquire any asset or property from any officer, director, Company Employee or consultant of the Company or its Subsidiaries, unless the value of the consideration paid by the Company or any of its Subsidiaries is equal to the fair market value of such assets or property acquired and provided that any such transaction is publicly disclosed by the Company in a material change report as required by MI 61-101;

(h) dispose of any asset or property to any officer, director, Company Employee or consultant of the Company or any of its Subsidiaries, unless (except with respect to any such dispositions of Company Intellectual Property Rights) the value of the consideration received by the Company or its Subsidiaries is equal to the fair market value of such assets or property disposed of and provided that any such transaction is publicly disclosed by the Company in a material change report as required by MI 61-101;

(i)enter into any agreement or arrangement that limits or otherwise restricts in any material respect the Company or any successor thereto or any Subsidiary, or that would, after the Effective Time, limit or restrict in any material respect the Company or any of its affiliates from competing in any manner;

(j)enter into any Contract containing any provision restricting or triggered by the transactions contemplated herein;

(k)enter into any Contract for Company Debt if such Contract would:

- (i) be materially inconsistent with market standards for companies operating in the United States cannabis industry;
- (ii) provide for an event of default, repayment or acceleration on the Effective Date, the Triggering Event Date or the Acquisition Date; or
- (iii) provide for a stated annual interest rate that is more than LIBOR plus 8.0%;

(l)incur, in the aggregate, Company Debt equal to the greater of (i) \$750,000,000; or (ii) such amount of Company Debt as when issued, would result in a Debt Coverage Ratio exceeding 1.25:1;

(m)knowingly take any action or fail to take any action which action or failure to act would result in the loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any material Authorizations necessary to conduct its businesses as now conducted or as proposed to be conducted that would cause a Company Material Adverse Effect, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for material Authorizations as would have a Company Material Adverse Effect;

(n)abandon or fail to diligently pursue any application for any licences, permits, Authorizations or registrations that would cause a Company Material Adverse Effect;

(o)grant or commit to grant a licence or otherwise transfer abandon, or permit to become abandoned any Intellectual Property or exclusive rights in or in respect thereof that would reasonably be expected to have a Company Material Adverse Effect;

(p)materially change its business or regulatory strategy, including, without limitation, engaging in any new business, enterprise or other activity that is materially different from the Ordinary Course of the existing businesses of the Company; or

(q) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing.

Notwithstanding any other provision hereof, nothing contained in this Agreement shall preclude the Company and its Subsidiaries from completing the sale of Real Property to arm's length Persons as may be determined by the Company from time to time, provided that no such sale of Real Property shall be made for less than the fair market value of such Real Property.

(4) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the prior written consent of the Purchaser, which consent shall not to be unreasonably withheld, conditioned or delayed, to:

(a) not merge or amalgamate with any other third-party where the Company is not the surviving entity;

(b) use commercially reasonable efforts to preserve its listing on a recognized stock exchange; and

(c) use commercially reasonable efforts to preserve its status as a reporting issuer not in default in the Province of Ontario.

(5) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the prior written consent of the Purchaser, the Company shall, and shall cause the Key Subsidiaries to:

(a) do or cause to be done all things necessary to preserve and maintain the existence of the Company and the Key Subsidiaries;

(b) not issue additional Company Shares or securities convertible, exchangeable or exercisable for or into Company Shares, including any Company Securities or High Street Units, in excess of the Purchaser Approved Share Threshold;

(c) not issue additional USCo2 Class B Shares or securities convertible, exchangeable or exercisable for or into USCo2 Class B Shares;

(d) not issue additional High Street Units or securities convertible, exchangeable or exercisable for or into High Street Units for cash proceeds;

(e) not issue additional Company Shares prior to the Company's receipt of the Required Company Shareholder Approval, provided that the Company shall be permitted to issue Company Shares prior to the Company's receipt of the Required Company Shareholder Approval, subject to the restrictions in Section 4.1(5)(b), if the acquirer of such Company Shares enters into a voting support agreement with the Purchaser in such form as the Purchaser may request; and

(f)ensure that any options, warrants or other convertible securities (the “**Convertible Securities**”) issued by the Company or High Street shall include customary change of control provisions such that, following the Acquisition Date, upon exercise, exchange or conversion of any Convertible Securities, holders of Convertible Securities shall only be entitled to receive, in lieu of Company Shares such number of Purchaser Shares as each holder would have been entitled to receive had the holder of the Convertible Security exercised, exchanged or convert such Convertible Security prior to the Acquisition Date.

- (6) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, the Company shall, and shall cause its Subsidiaries, to prepare and file when due all Tax Returns required to be filed by the Company and its Subsidiaries (except for any Tax Return for which an extension has been granted as permitted hereunder), and pay, or cause the Company or its Subsidiaries to pay, all Taxes (including estimated Taxes) due on such Tax Return (or due with respect to Tax Returns for which an extension has been granted as permitted hereunder) or which are otherwise required to be paid, except where the failure to file such Tax Returns or pay such Taxes would not individually or in the aggregate have a Company Material Adverse Effect.
- (7) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, it shall:
- (a)immediately notify the Purchaser orally and then promptly notify the Purchaser in writing of any “material change” (as defined in the *Securities Act* (Ontario)) in relation to the Company on a consolidated basis;
 - (b)notify the Purchaser at least five Business Days prior to entering into any Contract with respect to the disposition of any Real Property with a value of \$20,000,000 or more;
 - (c)notify the Purchaser at least five Business Days prior to entering into any Contract with respect to any business combination, merger or acquisition of assets with a value of \$20,000,000 or more; and
 - (d)provide the Purchaser with a Company Report promptly and, in any event not later than five Business Days following the end of a fiscal quarter during which the subject matter of the Company Report was addressed; provided, however, that the Company shall not be required to provide any information (including a Company Report) to the Purchaser if, and to the extent that, such disclosure (i) would breach solicitor-client privilege, (ii) would breach contractual confidentiality obligations of the Company or any of its Subsidiaries, or (iii) relates to this Agreement, the transactions contemplated herein or any agreement or prospective agreement with, or relating to, or in any way conflicting with, the Purchaser or any its Affiliates or their related parties.

- (8) The Company covenants and agrees that, during the period from the date a Purchaser Call Option Exercise Notice or Triggering Event Notice, as the case may be, is delivered to the Depositary pursuant to the Purchaser Call Option, until the earliest of the (i) Acquisition Effective Time, (ii) Acquisition Closing Outside Date, and (iii) termination of this Agreement in accordance with its terms, it shall not issue any securities.
- (9) The Company shall not, as part of the Arrangement or at any time following the Effective Date, require or permit holders of Company Shares, High Street Units or USCo2 Class B Shares to contribute to the Company or any Subsidiary the Option Premium received from the Purchaser pursuant to the Arrangement. The Company shall ensure that any subscription agreement or similar agreement, if any, for the sale of securities of the Company or any Subsidiary entered into at any time following the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms contains a representation from the subscriber of such securities that such subscriber is not using, directly or indirectly, any of the Option Premium received from the Purchaser pursuant to the Arrangement to pay the purchase price for such securities.
- (10) For the purposes of maintaining the business and operations of the Company in the Ordinary Course prior to the Acquisition Date, the Company shall not, and shall not permit any of its Subsidiaries to operate outside of the United States. For greater certainty, operations shall include the sale of any cannabis, cannabis accessory or other product.

Section 4.2 Covenants Regarding the Arrangement.

- (1) Subject to Section 4.3, each of the Company and the Purchaser shall (and shall cause its affiliates to) use its commercially reasonable efforts to take, or cause to be taken, all actions and to do or cause to be done all things required or advisable under applicable Law to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and the Plan of Arrangement, including using commercially reasonable efforts to:
 - (a) satisfy, or cause the satisfaction of, all conditions precedent to be fulfilled by it in this Agreement and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by applicable Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;
 - (b) as soon as practicable following execution of this Agreement, obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are:
 - (i) necessary to be obtained under the Material Contracts or the Company Lease Documents, as applicable, in connection with the Arrangement or this Agreement;

or

- (ii) required in order to maintain the Material Contracts or Company Lease Documents, as applicable, in full force and effect following completion of the Arrangement; in each case, on terms reasonably satisfactory to the Purchaser;

(c) at any time following the date of this Agreement and, in any event, not later than as soon as practicable following the exercise or deemed exercise of the Purchaser Call Option, obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are:

- (i) necessary to be obtained under the Material Contracts or the Company Lease Documents, as applicable, in connection with the Acquisition; or
- (ii) required in order to maintain the Material Contracts or the Company Lease Documents, as applicable, in full force and effect following completion of the Acquisition, in each case, on terms reasonably satisfactory to the Purchaser;

(d) oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or delay or otherwise adversely affect the consummation of the Arrangement or the Acquisition, as applicable, and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

(e) revise the High Street Operating Agreement as mutually agreed between the Company and the Purchaser in accordance with the principal terms set forth in Exhibit 1 hereto;

(f) revise the USCo2 Constatng Documents as mutually agreed between the Company and the Purchaser in accordance with the principal terms set forth in Exhibit 1 hereto;

(g) revise the Tax Receivable Agreement as mutually agreed between the Company and the Purchaser in accordance with the principal terms set forth in Exhibit 2 hereto;

(h) not taking any action, or refrain from taking any action, or permitting any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the Acquisition, as applicable, or the transactions contemplated by this Agreement; and

(i) at any time following the date of this Agreement and, in any event, not later than following the exercise or deemed exercise of the Purchaser Call Option, satisfy, or cause the satisfaction of, all of the Acquisition Closing Conditions.

(2) The Company shall promptly notify the Purchaser of:

(a) any Company Material Adverse Effect;

(b) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;

(c) any notice or other communication from any Person to the effect that such Person is terminating or otherwise materially adversely modifying its relationship with the Company or any of its Subsidiaries as a result of this Agreement or the Arrangement;

(d) any notice or other communication from any Governmental Entity in connection with this Agreement (and the Company shall contemporaneously provide a copy of any such written notice or communication to the Purchaser);

(e) any notice or other communication from any Person indicating that a Permitted Lien held by such Person may or will be exercised;

(f) any notice or other communication from any Governmental Entity regarding the revocation or threatened revocation of any material Regulatory Approval; or

(g) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company or any of its Subsidiaries.

(3) The Company will, in all material respects, conduct itself so as to keep the Purchaser fully informed as to the material decisions required to be made or actions required to be taken with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of an existing confidentiality obligation owed to a third party for which a waiver could not be obtained. The Company will use commercially reasonable efforts to ensure that all confidentiality obligations owed to third parties following the date hereof include an exception permitting the Company to disclose information to the Purchaser on a confidential basis. The Purchaser covenants and agrees with the Company that any such information disclosed by the Company to the Purchaser will be held and used by the Purchaser according to the terms of the Confidentiality Agreement.

(4) The Purchaser shall promptly notify the Company in writing of any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement.

- (5) In the event that the Purchaser, acting reasonably, concludes that it is necessary or desirable to proceed with another form of transaction (such as a formal take-over bid or amalgamation) whereby the Purchaser or its affiliates would effectively acquire all of the Company Shares within approximately the same time periods and on the same economic terms, including without limitation a share exchange ratio being no less than the Exchange Ratio, and other terms and conditions (including tax treatment) and having consequences to the Company and its securityholders, including the High Street Holders and the USCo2 Class B Holders, which are substantially equivalent to or better than those contemplated by the Arrangement (an “**Alternative Transaction**”), the Company agrees to support the completion of such Alternative Transaction in the same manner as the Arrangement and shall otherwise fulfill its covenants contained in this Agreement in respect of such Alternative Transaction. In particular but without limitation, the Company agrees that it will negotiate in good faith as to the “initial deposit period” in respect of any such Alternative Transaction, which shall be 35 days unless a longer period is requested by the Purchaser. In the event of any proposed Alternative Transaction, any reference in this Agreement to the Arrangement or Plan of Arrangement shall refer to the Alternative Transaction to the extent applicable, all terms, covenants, representations and warranties of this Agreement shall be and shall be deemed to have been made in the context of the Alternative Transaction and all references to the Acquisition Effective Time herein shall refer to the date of closing of the transactions contemplated by the Alternative Transaction (as such date may be extended from time to time).
- (6) So long as any Company Shareholder remains subject to a “gain recognition agreement” pursuant to Section 367 of the U.S. Tax Code and the applicable Treasury Regulations thereunder, the Purchaser and its affiliates will use commercially reasonable efforts to not knowingly take any action which would trigger any gain recognition by any such Company Shareholder, provided that such actions will not materially impact the business or activities of the Purchaser. Notwithstanding anything herein to the contrary, this provision shall survive the Acquisition by the Purchaser.

Section 4.3 Regulatory Approvals

- (1) As soon as reasonably practicable after the date hereof, each Party, or where appropriate, both Parties jointly, shall (A) seek to obtain the Arrangement Regulatory Approvals in advance of the Effective Time, and (B) following the Effective Time and in advance of the Acquisition Effective Time, at such time and as agreed between the Parties, make all notifications, filings, applications and submissions with Governmental Entities required or advisable, and shall use best efforts to obtain and maintain, the Acquisition Regulatory Approvals and any other Regulatory Approvals deemed by any of the Parties, acting reasonably, to be necessary to discharge their respective obligations under this Agreement in connection with the completion of the Acquisition (including, but not limited to, the Regulatory Approvals listed on Schedule (e) of the Company Disclosure Letter).

- (2) The Parties shall cooperate with one another in connection with obtaining the Arrangement Regulatory Approvals, Acquisition Regulatory Approvals and any other Regulatory Approvals required or desirable in connection with the Arrangement including by providing or submitting on a timely basis all documentation and information that is required, or in the reasonably held opinion of the Purchaser, advisable, in connection with obtaining the Arrangement Regulatory Approvals, Acquisition Regulatory Approvals and any such other Regulatory Approvals and using their commercially reasonable efforts to ensure that such information does not contain a Misrepresentation.
- (3) The Parties shall cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining the Arrangement Regulatory Approvals, Acquisition Regulatory Approvals and any other Regulatory Approvals, and shall promptly notify each other of any communication from any Governmental Entity in respect of the Arrangement, the Acquisition or this Agreement.
- (4) The Company shall not make any submissions or filings, participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it affords the Purchaser a reasonable opportunity to consult with it in advance and, to the extent not precluded by such Governmental Entity, gives the Purchaser the reasonable opportunity to review drafts of any submissions or filings, or attend and participate in any communications or meetings.
- (5) Each Party shall promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for any Arrangement Regulatory Approval, Acquisition Regulatory Approval or any other Regulatory Approval contains a Misrepresentation, or (ii) any Arrangement Regulatory Approval, Acquisition Regulatory Approval or any other Regulatory Approval contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a Misrepresentation, such that an amendment or supplement may be necessary or advisable. In such case, the Company or the Purchaser, as applicable shall, in consultation with and subject to the prior approval of the other Party, co-operate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement.
- (6) The Parties shall request that the Arrangement Regulatory Approvals, Acquisition Regulatory Approvals and any other Regulatory Approvals be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Arrangement Regulatory Approvals, Acquisition Regulatory Approvals or other Regulatory Approvals.
- (7) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law, the Parties shall use their commercially reasonable efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow (i) the Effective Time to occur on or prior to the

Effective Time Outside Date, and (ii) the Acquisition Date to occur on or prior to the Acquisition Closing Outside Date. Notwithstanding the foregoing, neither Party nor any of their affiliates shall be required to proffer or consent to a governmental order consenting to any restriction, prohibition or limitation that materially limits the Party's business in order to remedy any concerns that any Governmental Entity may have.

- (8) If a Party becomes aware that an Acquisition Regulatory Approval will not be granted and in respect of which the failure to obtain same would result the failure to satisfy an Acquisition Closing Condition, the Party becoming so aware shall promptly notify the other Party and, subject to Section 4.3(7), hereof, forthwith notify the other Party hereto of its termination of this Agreement pursuant to Section 7.2(3) hereof.

Section 4.4 Access to Information; Confidentiality.

- (1) The Company shall give the Purchaser and its Representatives (a) upon reasonable notice, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise, including, for greater certainty, tax and financial documentation), (iii) Contracts and Leases, and (iv) senior personnel, so long as the access does not unduly interfere with the Ordinary Course conduct of the business of the Company; and (b) such financial and operating data or other information with respect to the assets or business of the Company as the Purchaser may from time to time reasonably request.
- (2) The Company shall provide the Purchaser and its Representatives access to the Company Data Room.
- (3) Investigations made by or on behalf of a Party, whether under this Section 4.4 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the other Party in this Agreement, unless such Party had knowledge that such representation and warranty was not true and correct.
- (4) Without limiting the generality of the provisions of the Confidentiality Agreement, each of the Purchaser and the Company acknowledges that all information provided to it under this Section 4.4, or otherwise pursuant to this Agreement or in connection with the transactions contemplated hereby, is subject to the Confidentiality Agreement, which will remain in full force and effect in accordance with its terms notwithstanding any other provision of this Agreement or any termination of this Agreement. If any provision of this Agreement otherwise conflicts or is inconsistent with any provision of the Confidentiality Agreement, the provisions of this Agreement will supersede those of the Confidentiality Agreement but only to the extent of the conflict or inconsistency and all other provisions of the Confidentiality Agreement will remain in full force and effect.

Section 4.5 Pre-Acquisition Reorganization.

- (1) The Company agrees that, upon written request of the Purchaser delivered after exercise or deemed exercise of the Purchaser Call Option, and at the Purchaser's sole expense, the Company shall: (i) effect such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"), and (ii) cooperate with the Purchaser and its advisors to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken.
- (2) Neither the Company nor its affiliates will be obligated to participate in any Pre-Acquisition Reorganization under Section 4.5(1) unless such Pre-Acquisition Reorganization:
 - (a) can be implemented following the delivery of a Purchaser Call Option Exercise Notice or Triggering Event Notice, as the case may be, to the Depositary pursuant to the Purchaser Call Option and prior to the Acquisition Date;
 - (b) is not prejudicial to the Company, its affiliates, the Company Shareholders or the holders of High Street Units, as a whole, in any material respect;
 - (c) does not unreasonably interfere with the ongoing operations of the Company or any of its Subsidiaries;
 - (d) does not result in (i) any material breach by the Company of any existing Contract or commitment of the Company; or (ii) a breach of any Law;
 - (e) does not require the approval of the Company Shareholders;
 - (f) would not reasonably be expected to impede or delay the completion of the Acquisition on the Acquisition Date in any material respect; and
 - (g) would not result in any Taxes being imposed on, or any adverse Tax or other adverse consequences to, any Company Securityholder or any holder of High Street Units or USCo2 Class B Shares incrementally greater than the Taxes or other consequences to such party in connection with the Arrangement in the absence of any Pre-Acquisition Reorganization, unless the Purchaser reimburses the Company Securityholder or any direct or indirect holder of High Street Units or USCo2 Class B Shares for all such Taxes or consequences (including Taxes on such reimbursement).

- (3) The Purchaser must provide written notice to the Company of any proposed Pre-Acquisition Reorganization at least 30 days prior to the Acquisition Date. Upon receipt of such notice, if the conditions in Section 4.5(2) are satisfied the Company and the Purchaser shall work cooperatively and use commercially reasonable efforts to prepare prior to the Acquisition Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization, including any amendment to this Agreement or the Plan of Arrangement and shall seek to have any such Pre-Acquisition Reorganization made effective as of the last moment of the Business Day ending immediately prior to the Acquisition Date (but after the Purchaser has confirmed in writing that all of the conditions set out in Section 6.1 and Section 6.2 have been satisfied, or waived those conditions set forth in Section 6.1 and Section 6.2 which it has not confirmed in writing have been satisfied, and that it is prepared to promptly without condition proceed to effect the Acquisition).
- (4) The Purchaser agrees that it will be solely responsible for all costs and expenses (including professional fees and expenses) associated with any Pre-Acquisition Reorganization to be carried out at its request and that any Pre-Acquisition Reorganization will not be considered in determining whether a representation, warranty or covenant of the Company under this Agreement has been breached (including where any such Pre-Acquisition Reorganization requires the consent of any third party under a Contract) or if a condition for the benefit of the Purchaser has been satisfied.
- (5) The Purchaser shall indemnify the Company, its affiliates and Subsidiaries and their respective officers, directors and employees (to the extent that such Persons are assessed with statutory liability thereto) for all direct and indirect costs or losses, liabilities, damages, claims, costs, expenses, interest awards, judgments and penalties, including any material adverse Tax consequences, out-of-pocket costs and expenses, including out-of-pocket legal fees and disbursements, suffered or incurred by any of them in connection with or as a result of any Pre-Acquisition Reorganization or the unwinding of any Pre-Acquisition Reorganization.

Section 4.6 Interim Covenants of the Purchaser.

- (1) The Purchaser covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the prior written consent of the Company, it shall not, and shall not permit any of its Subsidiaries, to operate within the United States in violation of applicable Laws as they apply to marijuana unless and until the Purchaser has waived the Triggering Event Date in accordance with the Plan of Arrangement and delivered the Purchaser Call Option Exercise Notice to the Depositary. For the purposes of this provision, the Parties agree that activities involving cannabinoids derived from hemp (hemp as defined in U.S. federal law) shall not trigger this section, nor shall licensing arrangements related to use of product-based intellectual property such as vape-filling or beverage-based IP. The Company acknowledges that (a) any U.S. hemp operations conducted by the Purchaser or its Subsidiaries; and (b) lack of regulation, shall each be deemed to be in compliance with applicable Laws.

- (2) The Purchaser covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the prior written consent of the Company, it shall not, and shall not permit any of its Subsidiaries, to conditionally acquire, whether on terms and conditions similar to the Arrangement or otherwise, any other Person with operations in more than one state of the United States unless the operations of such Person are in material compliance with applicable Laws, as determined by the Purchaser, acting reasonably (including, for greater certainty, the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana).
- (3) The Purchaser covenants and agrees that, during the period from the date of this Agreement until the earlier of the Acquisition Effective Time and the time that this Agreement is terminated in accordance with its terms, except with the prior written consent of the Company not to be unreasonably withheld or delayed, it shall not, and shall not permit any of its Subsidiaries, to directly or indirectly acquire, whether on terms and conditions similar to the Arrangement or otherwise, any other Person with operations in a single state of the United States unless the operations of such Person are in material compliance with applicable Laws, as determined by the Purchaser, acting reasonably (including, for greater certainty, the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana).
- (4) In the event that the Company has breached any material term of this Agreement, as determined by the Purchaser, acting reasonably, and the Company fails to cure such breach within 30 days after written notice from the Purchaser, the covenants in Section 4.6(1), Section 4.6(2) and Section 4.6(3) shall terminate.
- (5) In the event that the Purchaser has breached any material term of Section 4.6(1), Section 4.6(2) or Section 4.6(3), and the Purchaser fails to cure such breach within 30 days after written notice from the Company, the Purchaser shall remedy such breach to the satisfaction of the Company, acting reasonably.

Section 4.7 Public Communications.

- (1) Subject to compliance with applicable Securities Laws, immediately after the execution of this Agreement, or such later time prior to the next opening of markets in Toronto or New York as is agreed to by the Company and the Purchaser, the Company and the Purchaser shall issue a news release announcing the entering into of this Agreement, which news release shall be satisfactory in form and substance to each of the Company and the Purchaser, each acting reasonably, and, thereafter, file such news release, a corresponding material change report in prescribed form and this Agreement in accordance with applicable Securities Laws.

- (2) No Party shall issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), and the Company must not make any filing with any Governmental Entity (except as contemplated by this Article 4) with respect to this Agreement or the Arrangement without the consent of the Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Law shall use its commercially reasonable efforts to give the other Party prior oral or written notice (and if such prior notice is not possible, to give notice immediately following the making of any such disclosure or filing) and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.
- (3) The Company and the Purchaser agree to cooperate in the preparation of formal presentations, if any, to any Company Shareholders or other securityholders of the Company or the analyst community regarding the Arrangement, and the Company agrees to consult with the Purchaser in connection with any formal meeting with analysts that it may have, provided, however, that the foregoing shall be subject to the Company's overriding obligation to make any disclosure or filing required by applicable Laws or stock exchange rules and if the Company is required to make any such disclosure, it shall use its commercially reasonable efforts to give the Purchaser a reasonable opportunity to review and comment thereon prior to its dissemination.

Section 4.8 Notice and Cure Provisions.

- (1) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:
 - (a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time or to the Acquisition Effective Time, as applicable; or
 - (b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.
- (2) Notification provided under this Section 4.8 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

- (3) The Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(d)(i) or Section 7.2(1)(d)(iii) and the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c)(i) or Section 7.2(1)(c)(iii), unless the Party seeking to terminate the Agreement (the “**Terminating Party**”) has delivered a written notice (“**Termination Notice**”) to the other Party (the “**Breaching Party**”) specifying in reasonable detail all breaches of covenants, or incorrect representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Effective Time Outside Date (with any intentional breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earlier of (a) the Effective Time Outside Date, and (b) if such matter has not been cured by the date that is ten Business Days following receipt of such Termination Notice by the Breaching Party. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting, unless the Parties agree otherwise, the Company shall postpone or adjourn the Company Meeting to the earlier of (a) ten Business Days prior to the Effective Time Outside Date and (b) the date that is ten Business Days following receipt of such Termination Notice by the Breaching Party.

Section 4.9 Insurance and Indemnification.

- (1) Prior to the Acquisition Date, the Company shall purchase customary “tail” policies of directors’ and officers’ liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company and its Subsidiaries which are in effect immediately prior to the delivery of a Purchaser Call Option Exercise Notice or Triggering Event Notice, as the case may be, to the Depositary, provided that such policies are not materially inconsistent with market standard protections, and providing protection in respect of claims arising from facts or events which occurred on or prior to the Acquisition Date and the Purchaser shall, or shall cause the Company and its Subsidiaries to maintain such tail policies in effect without any reduction in scope or coverage for six years from the Acquisition Date; provided that the Purchaser shall not be required to pay any amounts in respect of such coverage prior to the Acquisition Effective Time and provided further that the cost of such policies shall not exceed market standards.
- (2) The Purchaser shall, from and after the Acquisition Effective Time, honour all rights to indemnification or exculpation existing as of the date of this Agreement in favour of all present and former employees and officers and directors of the Company and its Subsidiaries to the extent that they are contained in the Constatting Documents of the Company or its Subsidiaries or disclosed in Section (gg) of the Company Disclosure Letter, and acknowledges that such rights, to the extent that they are disclosed in the Company Disclosure Letter, shall survive unamended from the Acquisition Effective Time and shall continue in full force and effect in accordance with their terms for a period of not less than six years from the Acquisition Date.

- (3) This Section 4.9 shall survive the consummation of the Acquisition and is intended to be for the benefit of, and shall be enforceable by, all present and former directors and officers of the Company, its Subsidiaries and their respective heirs, executors, administrators and personal representatives (the “**Indemnified Persons**”) and shall be binding on the Purchaser, the Company, its Subsidiaries and their respective successors and assigns, and, for such purpose, the Company hereby confirms that it is acting as agent on behalf of the Indemnified Persons.

Section 4.10 Stock Exchange Matters.

Subject to applicable Laws, the Purchaser and the Company shall use their commercially reasonable best efforts promptly following the Acquisition Effective Time to cause the Company Shares to be de-listed from the CSE and the Consideration Shares, together with such other Purchaser Shares issuable (i) upon exercise of Replacement Options, Replacement RSUs and Replacement Compensation Options issued pursuant to Section 2.8 hereof and the Plan of Arrangement; and (ii) Purchaser Shares issuable upon exchange or redemption of High Street Units and USCo2 Class B Shares, to be listed on the TSX and the NYSE, or such other recognized stock exchange(s) on which the Purchaser Shares are listed, with effect promptly following the Acquisition Effective Time.

Section 4.11 Board of Directors and Officers.

Prior to the Acquisition Effective Time, the Company shall use its best efforts to cause, and it shall cause each of its Subsidiaries to use their respective best efforts to cause, all directors and officers of the Company and its Subsidiaries to provide resignations and mutual releases or failing which the Company shall terminate, or cause the Subsidiaries to terminate, such officers effective as at the Acquisition Effective Time. The Purchaser agrees that the Company, its Subsidiaries and any successor to the Company (including any surviving corporation) shall honour and comply with the terms of the indemnity provisions in the Company’s Articles and the constating documents of the Subsidiaries as of the date of this Agreement (and the Purchaser agrees that it shall not take any action to amend such provisions, insofar as they relate to such officers and directors) and all of the severance payment obligations of the Company or its Subsidiaries under the existing employment, consulting, change of control and severance agreements of the Company or its Subsidiaries that were in effect prior to the Acquisition Effective Time, provided such indemnity provisions and severance payments were not adopted or entered into by the Company or its Subsidiaries in violation of this Agreement. All such obligations to make payments under such indemnity and severance provisions shall be fully and completely disclosed by the Company to the Purchaser in writing as they become determinable up until the Acquisition Effective Time. The Company will use commercially reasonable efforts to cause the parties receiving severance payments to execute full and final mutual releases releasing each of such party and the Company and its Subsidiaries from all liability and obligations owed to one another, including in respect of the change of control entitlements in favour of the Company and in form and substance satisfactory to the Purchaser, acting reasonably.

Section 4.12 Acquisition Closing Conditions.

Following the earlier of the delivery of the Purchaser Call Option Exercise Notice or a Triggering Event Date, the Parties shall take all commercially reasonable efforts to promptly satisfy the Acquisition Closing Conditions and complete any Pre-Acquisition Reorganization.

Section 4.13 Lockup and Incentive Agreements

The Company shall use its commercially reasonable best efforts to facilitate the negotiation and entry into of the Lock-Up and Incentive Agreements prior to the Effective Date on the terms approved by the Company Board in connection with the approval of this Arrangement Agreement, or on such other terms as the Key Individuals and the Purchaser may agree upon, provided; however, that changes to the terms approved by the Company Board as of the date hereof shall, unless otherwise agreed to by the Company Board, only become effective concurrently with the consummation of the Acquisition.

Section 4.14 Dissent Rights Payments.

The Purchaser hereby agrees that, to the extent that the Company is required to make any payment on account of Dissent Rights, it shall immediately, upon the transfer of such Company Shares held by a Dissenting Company Shareholder to the Company, make all such payments in respect of Dissent Rights, on behalf of the Company, to the Dissenting Company Shareholders when due and payable by the Company in accordance with Section 3.1(a) and Section 4.1 of the Plan of Arrangement.

ARTICLE 5 ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1 Company Non-Solicitation.

(1) On and after the date of this Agreement, except as expressly provided in this Agreement, the Company and its Subsidiaries shall not, directly or indirectly, through any Representative, or otherwise, and shall not permit any such Person to:

(a)solicit, assist, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary or entering into any form of agreement, arrangement or understanding), any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(b)enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Purchaser) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; or

(c) make or propose publicly to make a Change in Recommendation; provided, however, that nothing contained in this Section 5.1(1) or any other provision of this Agreement shall prevent the Company from, and the Company shall be permitted to: (i) engage in discussions or negotiations with, or respond to enquiries from any Person that has made a bona fide unsolicited written Acquisition Proposal after the date hereof and prior to the Company Meeting, that did not result from a breach of this Section 5.1 and, subject to the Company's compliance with Section 5.1(4), that the Company Board has determined constitutes or could reasonably be expected to result in a Superior Proposal, or (ii) provide information and access to properties, facilities, books or records of the Company pursuant to Section 5.1(6) to any Person where the requirements of Section 5.1(6) are met.

- (2) The Company shall, and shall cause its Subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of this Agreement with any Person (other than the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection therewith the Company shall:

(a) discontinue access to and disclosure of all information, including the Company Data Room and any confidential information, properties, facilities, books and records of the Company or any Subsidiary; and

(b) within two Business Days of the date hereof, to the extent it is permitted to do so, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company or any Subsidiary provided to any such Person other than the Purchaser; and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any Subsidiary, to the extent that such information has not previously been returned or destroyed, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

- (3) The Company represents and warrants that the Company has not waived any confidentiality, standstill or similar agreement or restriction to which the Company or any Subsidiary is a party relating to an Acquisition Proposal, and covenants and agrees that (i) the Company shall take all necessary action to enforce each confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any Subsidiary is a party, and (ii) neither the Company, nor any Subsidiary nor any of their respective Representatives will, without the prior written consent of the Purchaser (which consent may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company, or any of its Subsidiaries, under any confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any Subsidiary is a party, it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement or restriction as a result of the entering into and announcement of this Agreement by the Company pursuant to the express terms of any such agreement or restriction, shall not be a violation of this Section 5.1 and that the Company shall not be prohibited from considering a Superior Proposal from a party whose obligations so terminated automatically upon the entering into and announcement of this Agreement.

- (4) If after the date of this Agreement, the Company or any of its Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company or any Subsidiary, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company or any Subsidiary, the Company: (a) shall promptly notify the Purchaser, at first orally, and then, and in any event within 24 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and shall provide the Purchaser with copies of any and all documents, correspondence or other material received in respect of the Acquisition Proposal, from or on behalf of any such Person and such other details of such Acquisition Proposal, inquiry, proposal, offer or request as the Purchaser may reasonably request; and (b) may contact the Person making such Acquisition Proposal, inquiry, proposal, offer or request and its Representatives solely for the purpose of clarifying the terms and conditions of such Acquisition Proposal, inquiry, proposal, offer or request so as to determine whether such Acquisition Proposal, inquiry, proposal, offer or request is, or would reasonably be expected to lead to, a Superior Proposal.
- (5) The Company shall keep the Purchaser promptly and fully informed on a current basis of the status of developments and negotiations with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall provide to the Purchaser copies of all correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence sent or communicated to the Company by or on behalf of any Person making such Acquisition Proposal, inquiry, proposal, offer or request.
- (6) If at any time, prior to obtaining the Required Company Shareholder Approval, the Company receives an unsolicited written Acquisition Proposal, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Company or its Subsidiaries, if and only if:
- (a) the Company Board first determines in good faith, after consultation with its financial advisors and its outside counsel, that such Acquisition Proposal constitutes or would reasonably be expected to constitute or lead to a Superior Proposal, and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with the fiduciary duties of such directors under applicable Law;
 - (b) such Person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or its Subsidiaries;

(c) the Acquisition Proposal did not arise, directly or indirectly, as a result of a violation by the Company of this Section 5.1;

(d) the Company enters into an Acceptable Confidentiality Agreement; and

(e) the Company promptly provides the Purchaser with:

- (i) prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure;
- (ii) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the Acceptable Confidentiality Agreement referred to in Section 5.1(6)(d); and
- (iii) any non-public information concerning the Company and its Subsidiaries requested by and provided to such other Person which was not previously provided to the Purchaser or its Representatives.

provided, however, that the Company may only provide the Person making the Acquisition Proposal with access to and disclosure of information, including the Company Data Room and any confidential information, properties, facilities, books and records of the Company or any Subsidiary for a period of ten Business Days after such Person is first afforded access to the books, records and personnel of the Company. For greater certainty, on the tenth Business Day after such Person is first afforded access to the books, records and personnel of the Company, the Company shall discontinue access to and disclosure of all information, including the Company Data Room and any confidential information, properties, facilities, books and records of the Company or any Subsidiary.

(7) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Company Shareholder Approval, the Company Board may make a Change in Recommendation and approve, recommend or enter into a definitive agreement with respect to such Superior Proposal, if and only if:

(a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, business purpose or similar restriction;

(b) the Acquisition Proposal, inquiry, proposal, offer or request did not arise, directly or indirectly, as a result of a violation by the Company of this Article 5;

(c) the Company has delivered to the Purchaser a written notice of the determination of the Company Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Company Board to make a Change in Recommendation and/or enter into such definitive agreement promptly following the making of such determination (the “**Superior Proposal Notice**”);

- (d) the Company or its Representatives has provided the Purchaser with a copy of the proposed definitive agreement for the Superior Proposal;
 - (e) at least five full Business Days (the “**Matching Period**”) have elapsed from the date on which the Purchaser has received each of (i) the Superior Proposal Notice, and (ii) a copy of the proposed definitive agreement for the Superior Proposal from the Company;
 - (f) during any Matching Period, the Purchaser has been afforded the opportunity, in accordance with Section 5.1(8), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
 - (g) after the Matching Period, the Company Board has determined in good faith, after consultation with its legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (and, if applicable, as compared to the terms of the Arrangement as proposed to be amended by the Purchaser under Section 5.1(8);
 - (h) the Company Board has determined, in good faith, after consultation with the Company’s financial advisors and outside legal counsel, that such Acquisition Proposal remains a Superior Proposal as compared to the Arrangement as proposed to be amended by the Purchaser and that it is necessary for the Company Board to enter into a definitive agreement with respect to such Superior Proposal in order to satisfy their fiduciary duties to the Company;
 - (i) the Company concurrently terminates this Agreement pursuant to Section 7.2(1)(c)(ii); and
 - (j) the Company has previously, or concurrently will have, paid to the Purchaser the Termination Fee.
- (8) During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (a) the Company Board shall review any offer made by the Purchaser under Section 5.1(7)(f) to amend the terms of this Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) the Company shall, and shall cause its Representatives to, negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. The Company agrees that, subject to the Company’s disclosure obligations under applicable Securities Laws, the fact of the making of, and each of the terms of, any such proposed amendments shall be kept strictly confidential and shall not be disclosed to any Person (including without limitation, the Person having made the Superior Proposal), other than the Company’s Representatives, without the Purchaser’s prior written consent. If the Company Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser and the Company and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

- (9) Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.1, and the Purchaser shall be afforded a new five Business Day Matching Period from the date on which the Purchaser has received each of (i) the Superior Proposal Notice, and (ii) a copy of the proposed definitive agreement for the new Superior Proposal from the Company.
- (10) The Company Board shall promptly reaffirm the Company Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced, or the Company Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.1(8) would result in an Acquisition Proposal no longer being a Superior Proposal. The Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and will give reasonable consideration to all comments made by the Purchaser and its counsel.
- (11) If the Company provides a Superior Proposal Notice to the Purchaser after a date that is less than ten Business Days before the Company Meeting, the Company shall either proceed with or shall postpone or adjourn the Company Meeting, as directed by the Purchaser acting reasonably, to a date that is not more than ten Business Days after the scheduled date of the Company Meeting, but in any event to a date that is not less than five Business Days prior to the Effective Time Outside Date.
- (12) Nothing contained in this Section 5.1 shall limit in any way the obligation of the Company to convene and hold the Company Meeting in accordance with Section 2.3 of this Agreement while this Agreement remains in force.
- (13) Nothing contained in this Agreement shall prevent the Company Board from complying with Section 2.17 of National Instrument 62-104 – *Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal that is not a Superior Proposal.
- (14) Without limiting the generality of the foregoing, the Company shall advise its Subsidiaries and their respective Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set forth in this Section 5.1 by the Company, its Subsidiaries or their respective Representatives shall be deemed to be a breach of this Section 5.1 by the Company.

ARTICLE 6 CONDITIONS

Section 6.1 Mutual Conditions Precedent.

- (1) The Parties shall not be required to file, and shall not file, the Arrangement Filings giving effect to the Arrangement unless each of the following conditions is satisfied or waived, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(a)*Arrangement Resolution.* The Arrangement Resolution shall have been approved and adopted by the Company Shareholders at the Company Meeting in accordance with the Interim Order and applicable Law.

(b)*Interim and Final Order.* Each of the Interim Order and the Final Order shall have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.

(c)*Stock Exchange Approvals.* The necessary approvals, subject only to customary typical listing conditions, as the case may be, of each of the TSX, NYSE and the CSE shall have been obtained, to permit the (i) listing of the Consideration Shares, the Purchaser Shares issuable upon conversion, exercise, exchange or redemption, as applicable, of High Street Units, USCo2 Class B Shares, Replacement Options, Replacement RSUs and Replacement Compensation Options; (ii) the issuance of the Replacement Options, Replacement RSUs and Replacement Compensation Options; and (iii) the filing of the Arrangement Filings.

(d)*Illegality.* No Law shall be in effect or proceeding shall have otherwise been taken that makes the consummation of the Arrangement illegal or otherwise, directly or indirectly, prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana (including any implementing regulations and schedules in effect at the relevant time) or any other U.S. federal law the violation of which is predicated upon a violation of the Controlled Substances Act as it applies to marijuana.

(e)*US Securities Law Matters.* The Arrangement Issued Securities to be issued pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof and pursuant to exemptions from applicable state securities laws, provided, however, that the Company shall be not entitled to the benefit of the conditions in this Section 6.1(1)(e), and shall be deemed to have waived such condition, in the event that the Company fails to: (A) advise the Court prior to the hearing in respect of the Interim Order that the Parties intend to rely on the exemption from registration afforded by Section 3(a)(10) of the U.S. Securities Act based on the Court's approval of the Arrangement; or (B) comply with the requirements set forth in Section 2.13.

(f)*Trademark and Technology License.* The Company and the Purchaser shall have entered into the Trademark and Technology License.

(g)*Termination.* This Agreement has not been terminated in accordance with its terms.

Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser.

(1) The Company shall not file, and the Purchaser shall not be required to file, the Arrangement Filings giving effect to the Arrangement unless each of the following conditions is satisfied or waived, which conditions are for the exclusive benefit of the Purchaser, and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

(a)*Representations and Warranties.* The representations and warranties of the Company set forth in Section (b) (Organization and Qualification), Section (c) (Authority Relative to this Agreement), Section (f) (Capitalization), Section (w) (Authorizations), and Section (ff) (Brokers) of Schedule D were true and correct as of the date of this Agreement and are true and correct as of the Effective Time, excepting de minimis inaccuracies, and all other representations and warranties of the Company set forth in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time in all respects, except where any failure or failures of such representations and warranties to be true and correct at such times would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect (disregarding any materiality or “Company Material Adverse Effect” qualification contained in any such representation and warranty for the purpose of determining whether any such failure or failures would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect), in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and the Company shall have delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(b)*Performance of Covenants.* The Company shall have fulfilled or complied in all material respects with each of the obligations and covenants of the Company contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and shall have delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(c)*No Legal Action.* As of the Effective Date, there shall be no action or proceeding (whether, for greater certainty, by a Governmental Entity or any Person other than the Purchaser or its Subsidiary) pending or threatened in any jurisdiction to:

- (i) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Company Shares, including the right to vote the Company Shares, with the exception of prohibitions or restrictions contained in the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana;
- (ii) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser or its Subsidiaries of a material portion of the business or assets of the Purchaser and its Subsidiaries, the Company or any of its Subsidiaries, or compel the Purchaser or its Subsidiaries to dispose of or hold separate any material portion of the business or assets of the Purchaser and its Subsidiaries or the Company and its Subsidiaries as a result of the Arrangement or the transactions contemplated by this Agreement, with the exception of prohibitions or restrictions contained in the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana; or
- (iii) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Company Material Adverse Effect or a Purchaser Material Adverse Effect.

(d)*Regulatory or Other Approvals.* All Arrangement Regulatory Approvals and all other third party consents, waivers, permits, orders and approvals that are necessary, proper or advisable to permit the filing of the Arrangement Filings shall have been obtained or received on terms that are acceptable to the Purchaser, acting reasonably, and all waiting periods thereunder shall have expired or terminated.

(e)*Purchaser Shareholder Approval.* The Purchaser Shareholder Resolution shall have been approved and adopted by the Purchaser Shareholders at the Purchaser Meeting in accordance with applicable Law and the CBG Group Agreements.

(f)*Company Material Adverse Effect.* From the date of this Agreement until the Effective Time, there shall have not occurred a Company Material Adverse Effect, and the Company shall have delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(g)*Distributions.* No cash distributions on the Company Shares, High Street Units (other than tax distributions with respect to High Street to the extent permitted in the Tax Receivable Agreement and/or the High Street Operating Agreement) or USCo2 Class B Shares, employee compensation adjustments or any grant of equity interests or other share-based compensation (including Company Options, Compensation Stock Options and/or Company RSUs) shall have been made by the Company after the date hereof prior to the Effective Date other than as contemplated in this Agreement.

(h)*Lock-Up and Incentive Agreements.* Kevin Murphy shall have entered into a Lock-Up and Incentive Agreements with the Purchaser.

(i)*Dissent Rights.* Dissent Rights shall not have been exercised with respect to more than 5.0% of the issued and outstanding Company Shares (assuming all securities convertible, exchangeable or exercisable into Company Shares, including the High Street Units, USCo2 Class B Shares, Company Compensation Options, Company Options and Company RSUs have been converted, exchanged or exercised).

(j)*High Street Operating Agreement.* The High Street Operating Agreement shall have been amended as mutually agreed between the Company and the Purchaser, each acting reasonably, in accordance with the principal terms set forth in Exhibit 1 hereto.

(k)*USCo2 Constatng Documents.* The USCo2 Constatng Documents shall have been amended as mutually agreed between the Company and the Purchaser, each acting reasonably, in accordance with the principal terms set forth in Exhibit 1 hereto.

(l)*Tax Receivable Agreement.* The Tax Receivable Agreement shall have been revised as mutually agreed between the Company and the Purchaser, each acting reasonably, in accordance with the principal terms set forth in Exhibit 2 hereto.

- (2) Following the Effective Date, the Purchaser shall be required to exercise the Purchaser Call Option after the Triggering Event Date and complete the Acquisition unless any of the following conditions (the “**Purchaser Acquisition Closing Conditions**”) is not satisfied or waived, which conditions are for the exclusive benefit of the Purchaser, and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

(a)*Representations and Warranties.* The Material Representations shall have been true and correct as of the date of this Agreement and the Effective Time, except where any failure or failures of such representations and warranties to be true and correct would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect (disregarding any materiality or “Company Material Adverse Effect” qualification contained in any such representation and warranty for the purpose of determining whether any such failure or failures would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect), and the Company shall have delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Acquisition Date.

(b)*Approvals.* All material Acquisition Regulatory Approvals shall have been obtained or received on terms that are acceptable to the Purchaser, acting reasonably.

(c)*Illegality*. No Law shall be in effect and no proceeding shall otherwise have been taken that makes the consummation of the Acquisition illegal or otherwise, prohibits or enjoins the Company or the Purchaser from consummating the Acquisition.

(d)*Compliance with Laws*. The Company and each of its Subsidiaries shall be in compliance with all applicable Laws, in all material respects in each jurisdiction in which it carries on business, provided that the Company and each of its Subsidiaries shall be in compliance with all applicable Laws with respect to marijuana, except where any non-compliance would not have a material and adverse effect on the Company or any of its Subsidiaries, and except that if the Purchaser has waived the Triggering Event Date to exercise the Purchaser Call Option, the Company and each of its Subsidiaries shall not be required to be in compliance with the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana (including any implementing regulations and schedules in effect at the relevant time) or any other U.S. federal law the violation of which is predicated upon a violation of the Controlled Substances Act as it applies to marijuana.

(e)*Licenses*. Subject to Section 4.5, the Company shall have completed such Pre-Acquisition Reorganizations as may have been requested by the Purchaser in accordance with Section 4.5 so as to ensure that, as a result of the Acquisition, the Company will not be in default, or subject to the revocation, of Authorizations that have been issued to the Company which would otherwise cause a Company Material Adverse Effect.

(f)*Solvency*. The Company shall not have been subject to an Insolvency Event during the Interim Period which remains uncured as at the Acquisition Effective Time.

(g)*Debt*. The Company's Debt-to-Equity Ratio at the Acquisition Effective Time shall be 0.5:1.0 or less.

(h)*Performance of Covenants*. The Company shall have fulfilled or complied with each of the obligations and covenants of the Company contained in this Agreement to be fulfilled or complied with by it on or prior to the Acquisition Effective Time, except where any failure to perform any such obligations or covenants would not, individually or in the aggregate, be reasonably expected to have a material adverse impact on the Company, and the Company shall have delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Acquisition Date.

- (3) If at any time between the Effective Time and the Acquisition Effective Time the Purchaser becomes aware of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure results in the failure of the ability of the Company to satisfy any condition set forth in Section 6.2(2), the Purchaser must promptly notify the Company of such occurrence, or failure to occur in accordance with Section 4.8, which notification must specify in reasonable detail such event or state of facts.

Section 6.3 Additional Conditions Precedent to the Obligations of the Company.

- (1) The Company shall not be required to file, and the Purchaser shall not file, the Arrangement Filings giving effect to the Arrangement unless each of the following conditions are satisfied or waived, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

(a)*Representations and Warranties.* The representations and warranties of the Purchaser shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time, in all respects, except where any failure or failures of such representations and warranties to be so true and correct would not, individually or in the aggregate, reasonably be expected to result in a Purchaser Material Adverse Effect (disregarding any materiality or “Purchaser Material Adverse Effect” qualification contained in any such representation and warranty for the purpose of determining whether any such failure or failures would not, individually or in the aggregate, reasonably be expected to result in such a Purchaser Material Adverse Effect), in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and the Purchaser shall have delivered a certificate confirming same to the Company, executed by two senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(b)*Performance of Covenants.* The Purchaser shall have fulfilled or complied in all material respects with each of the obligations and covenants of the Purchaser contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and shall have delivered a certificate confirming same to the Company, executed by two senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(c)*Approvals.* All Arrangement Regulatory Approvals and all other third party consents, waivers, permits, orders and approvals that are necessary, proper or advisable to permit the filing of the Arrangement Filings shall have been obtained or received on terms that are acceptable to the Company, acting reasonably.

(d)*Purchaser Material Adverse Effect.* Since the date of this Agreement, there shall have not occurred a Purchaser Material Adverse Effect and the Purchaser shall have delivered a certificate confirming same to the Company, executed by two senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(e)*Deposit of Option Premium.* Subject to obtaining the Final Order and the satisfaction or waiver of the other conditions precedent contained herein in its favour (other than conditions which, by their nature, are only capable of being satisfied as of the Effective Time), the Purchaser has deposited or caused to be deposited with the Payment Agent in escrow, the Aggregate Option Premium to be paid pursuant to the Arrangement.

- (2) Following the Effective Date, neither the Company nor the Company Shareholders shall be required to complete the Acquisition unless each of the following conditions (the “**Company Acquisition Closing Conditions**”) is satisfied or waived, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

(a)*Approvals.* All Acquisition Regulatory Approvals, the failure of which to obtain would, individually or in the aggregate, be reasonably expected to have a Purchaser Material Adverse Effect or would be reasonably expected to be material and adverse to the Company Securityholders, shall have been obtained or received on terms that are acceptable to the Company, acting reasonably.

(b)*Deposit of Consideration.* Following receipt by the Depositary of a Purchaser Call Option Exercise Notice or a Triggering Event Notice, as the case may be, and prior to the Acquisition Date, the Purchaser shall have deposited or caused to be deposited with the Depositary in escrow, the consideration to be issued pursuant to the Acquisition.

(c)*Solvency.* The Purchaser shall not have been subject to an Insolvency Event during the Interim Period which remains uncured as at the Acquisition Effective Time.

(d)*Performance of Covenants.* The Purchaser shall have fulfilled or complied in all material respects with the covenants of the Purchaser contained in Section 4.6(1), Section 4.6(2) and Section 4.6(3), and shall have delivered a certificate confirming same to the Company, executed by two senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Acquisition Date.

(e)*Consideration.* Any (i) Consideration Shares; (ii) Purchaser Shares issuable upon exchange or redemption of High Street Units and USCo2 Class B Shares; and (iii) Purchaser Shares issuable upon exercise of Replacement Compensation Options, Replacement RSUs and Replacement Options, as applicable, or to the extent applicable, any shares or securities to be issued as consideration in accordance with the provisions hereof, to be issued pursuant to the Acquisition, shall be approved for listing on a recognized stock exchange, subject only to the satisfaction of the customary listing conditions of such stock exchange, and not subject to resale restrictions in Canada by the recipients thereof.

- (3) If at any time between the Effective Time and the Acquisition Effective Time the Company becomes aware of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure results in the failure of the ability of the Purchaser to satisfy any condition set forth in Section 6.3(2), the Company must promptly notify the Purchaser of such occurrence, or failure to occur in accordance with Section 4.8, which notification must specify in reasonable detail such event or state of facts.

ARTICLE 7

TERM AND TERMINATION

Section 7.1 Term.

This Agreement shall be effective from the date hereof until the earliest of (i) the Acquisition Date, (ii) the Acquisition Closing Outside Date, and (iii) the termination of this Agreement in accordance with its terms.

Section 7.2 Termination.

- (1) This Agreement may be terminated prior to the Effective Time by:
- (a) the mutual written agreement of the Parties; or
 - (b) either the Company or the Purchaser:
 - (i) if the Required Company Shareholder Approval is not obtained at the Company Meeting in accordance with the Interim Order, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(i) if the failure to obtain the Required Company Shareholder Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;
 - (ii) if the Required Purchaser Shareholder Approval is not obtained at the Purchaser Meeting in accordance with applicable Law, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(ii) if the failure to obtain the Required Purchaser Shareholder Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

- (iii) if, after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate this Agreement pursuant to this Section 7.2(1)(b)(iii) has used its commercially reasonable efforts to, as applicable, appeal, overturn or otherwise render such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or
- (iv) if the Effective Time does not occur on or prior to the Effective Time Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(iv) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(c) the Company if:

- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.3(1) or Section 6.3(1)(b) not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Effective Time Outside Date in accordance with the terms of Section 4.8(3); provided that the Company is not then in breach of this Agreement so as to directly or indirectly cause any condition in Section 6.2(2)(a) or Section 6.2(1)(a) not to be satisfied;
- (ii) the Company Board approves and authorizes the Company to enter into a binding written agreement with respect to a Superior Proposal (other than an Acceptable Confidentiality Agreement permitted by Section 5.1(6)(d)), subject to compliance with Section 5.1(7) in all material respects and provided, however, that no termination under this Section 7.2(1)(c)(ii) shall be effective unless and until the Company shall have paid to the Purchaser the amount required to be paid pursuant to Section 8.2(2)(b); or
- (iii) since the date of this Agreement, there has occurred and is continuing a Purchaser Material Adverse Effect;

(d) the Purchaser if:

- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(2)(a) or Section 6.2(1)(a) not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Effective Time Outside Date or is not cured in accordance with the terms of Section 4.8(3); provided that the Purchaser is not then in breach of this Agreement so as to directly or indirectly cause any condition in Section 6.3(1) (*Purchaser Representations and Warranties Condition*) or Section 6.3(1)(b) (*Purchaser Covenants Condition*) not to be satisfied;
 - (ii) the Company Board or any committee of the Company Board (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, the Board Recommendation, (B) accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend or takes no position or a neutral position, in each case with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days, (C) accepts, approves, endorses, recommends or executes or enters into (other than an Acceptable Confidentiality Agreement permitted by and in accordance with Section 5.1) or publicly proposes to accept, approve, endorse, recommend or execute or enter into any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal or any proposal or offer that could reasonably be expected to lead to an Acquisition Proposal, or (D) the Company or the Company Board publicly proposed or announces its intention to do any of the foregoing, (collectively, a “**Change in Recommendation**”); or
 - (iii) since the date of this Agreement, there has occurred and is continuing a Company Material Adverse Effect.
- (2) This Agreement may be terminated between the Effective Time and the Acquisition Effective Time by the mutual written agreement of the Parties.
- (3) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give written notice of such termination to the other Party, specifying in reasonable detail the basis for such Party’s exercise of its termination right.

Section 7.3 Effect of Termination/Survival.

If this Agreement is terminated or is no longer in effective pursuant to Section 7.1, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: (a) in the event of termination or lapse of the effectiveness of the Agreement, Section 4.9 shall survive for a period of six years following such termination or lapse of effectiveness; and (b) this Section 7.3 and Section 8.2 through to and including Section 8.15 and Section 4.4 shall survive; and provided further that no Party shall be relieved of any liability for any wilful and material breach by it of this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Confidentiality Agreement shall survive any termination or lapse of effectiveness hereof pursuant to Section 7.1.

ARTICLE 8 GENERAL PROVISIONS

Section 8.1 Amendments.

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Acquisition Effective Time, be amended, subject to the Plan of Arrangement, the Interim Order and the Final Order, by mutual written agreement of the Parties, and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;
- (c) waive compliance with or modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or
- (d) waive compliance with or modify any mutual conditions contained in this Agreement.

Section 8.2 Termination Fees.

- (1) For the purposes of this Agreement, “**Termination Fee**” means US\$150,000,000.
- (2) “**Termination Fee Event**” means the termination of this Agreement:
 - (a) by the Purchaser, pursuant to Section 7.2(1)(d)(ii);
 - (b) by the Company pursuant to Section 7.2(1)(c)(ii);

(c) by the Company or the Purchaser pursuant to Section 7.2(1)(b)(i) or Section 7.2(1)(b)(iv) or by the Purchaser pursuant to Section 7.2(1)(d)(i) if:

- (i) prior to such termination, an Acquisition Proposal is publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser or any of its affiliates) or any Person (other than the Purchaser or any of its affiliates) shall have publicly announced an intention to make an Acquisition Proposal; and
- (ii) within 12 months following the date of such termination, (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated by the Company, or (B) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a definitive agreement in respect of an Acquisition Proposal and such Acquisition Proposal is later consummated (whether or not within 12 months after such termination).

For purposes of the foregoing, the term “Acquisition Proposal” shall have the meaning assigned to such term in Section 1.1, except that references to “20% or more” shall be deemed to be references to 50% or more.

- (3) The Termination Fee shall be paid by the Company to the Purchaser as follows, by wire transfer of immediately available funds to an account designated by the Purchaser, if a Termination Fee Event occurs due to:

(a) a termination of this Agreement described in Section 8.2(2)(b) concurrently with the termination of this Agreement;

(b) a termination of this Agreement described in Section 8.2(2)(a), within two Business Days of the occurrence of such Termination Fee Event; and

(c) a termination of this Agreement described in Section 8.2(2)(c), on or prior to consummation of the Acquisition Proposal of the Company referred to in Section 8.2(2)(c).

- (4) Each of the Parties acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement, and that the amounts set out in this Section 8.2 represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which the Parties will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. Each of the Parties irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

- (5) Subject to Section 7.3, the Purchaser hereby expressly acknowledges and agrees that, upon any termination of this Agreement under circumstances where the Purchaser is entitled to the Termination Fee and such Termination Fee is paid in full within the prescribed time period, the Purchaser shall be precluded from any other remedy against the Company or its Subsidiaries and shall not seek to obtain any recovery, judgment or damages of any kind against the Company or its Subsidiaries in connection with this Agreement.

Section 8.3 Expenses and Expense Reimbursement.

- (1) Subject to this Section 8.3, all out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement and the transactions contemplated hereunder and thereunder, including all costs, expenses and fees of the Company incurred prior to or after the Effective Time in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.
- (2) If this Agreement is terminated by the Company pursuant to Section 7.2(1)(c)(i), then the Purchaser shall, within two Business Days of such termination, pay or cause to be paid to the Company by wire transfer of immediately available funds, the Expense Reimbursement Fee.
- (3) If this Agreement is terminated by the Purchaser pursuant to Section 7.2(d)(i), then the Company shall, within two Business Days of such termination, pay or cause to be paid to the Purchaser by wire of immediately available funds, the Expense Reimbursement Fee.
- (4) If this Agreement is terminated by either Party pursuant to Section 7.2(1)(b)(ii), then the Purchaser shall, within two (2) Business Days of such termination, pay or cause to be paid to the Company by wire transfer of immediately available funds the Expense Reimbursement Fee.
- (5) The payment of the Expense Reimbursement Fee pursuant to this Section 8.3 shall not preclude the Company, or the Purchaser, as applicable, from seeking damages and pursuing any and all other remedies that it may have in respect of losses incurred or suffered by it as a result of breach by the Company or the Purchaser, as applicable, of any representation or warranty, or failure by the Company or the Purchaser, as applicable, to perform any covenant or satisfy any condition.
- (6) The Company confirms that other than the fees disclosed in Section (ff) of the Company Disclosure Letter, no broker, finder or investment banker is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement.

Section 8.4 Notices.

Any notice, or other communication given regarding the matters contemplated by this Agreement (must be in writing, sent by personal delivery, courier or electronic mail) and addressed:

(a)to the Purchaser at:

Canopy Growth Corporation
1 Hershey Drive
Smith Falls, Ontario K7A 0A8

Attention: Bruce Linton
Email: bruce@canopygrowth.com

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

Attention: Jonathan Sherman
Email: jsherman@casselsbrock.com

(b)to the Company at:

Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor
New York, New York 10017

Attention: Kevin Murphy, Chief Executive Officer
Email: k.murphy@acreageholdings.com

with copies (which shall not constitute notice) to:

DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
Toronto, Ontario M5X 1E2

Attention: Robert Fonn
Email: robert.fonn@dlapiper.com

and

Attention: Russel W. Drew
Email: russel.drew@dlapiper.com

and

Cozen O'Connor
One Liberty Place, 1650 Market Street Suite 2800
Philadelphia, Pennsylvania 19103

Attention: Joseph C. Bedwick
Email: JBedwick@cozen.com

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery, same day courier or electronic mail, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day or (ii) if sent by overnight courier, on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 8.5 Time of the Essence.

Time is of the essence in this Agreement.

Section 8.6 Injunctive Relief.

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to specific performance and injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

Section 8.7 Third Party Beneficiaries.

- (1) Except as provided in Section 4.9 which, without limiting its terms, is intended as stipulations for the benefit of the Indemnified Persons, the Company and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.
- (2) Despite the foregoing, the Purchaser acknowledges to each of the Indemnified Persons their direct rights against it under Section 4.9 of this Agreement, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Company confirms that it is acting as agent on their behalf, and agrees to enforce such provisions on their behalf. The Parties reserve their right to vary or rescind such rights by mutual agreement at any time and in any way whatsoever, without notice to or consent of any Person, including any Indemnified Person.

Section 8.8 Waiver.

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 8.9 Entire Agreement.

This Agreement, including the Schedules hereto, the Company Disclosure Letter, the Confidentiality Agreement and the Trademark and Technology License constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement, the Confidentiality Agreement and the Trademark and Technology License. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement other than the Confidentiality Agreement and the Trademark and Technology License.

Section 8.10 Successors and Assigns.

- (1) This Agreement becomes effective only when executed by the Company and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Company, the Purchaser and their respective successors and permitted assigns.
- (2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party.

Section 8.11 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 8.12 Governing Law.

- (1) This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 8.13 Rules of Construction.

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

Section 8.14 No Personal Liability.

No director or officer of the Purchaser or any of its Subsidiaries shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser or any of its Subsidiaries. No director or officer of the Company or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company or any of its Subsidiaries.

Section 8.15 Language.

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.

Section 8.16 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

CANOPY GROWTH CORPORATION

Per: /s/ Bruce Linton

Authorized Signing Officer

I have authority to bind the company.

ACREAGE HOLDINGS, INC.

Per: /s/ Kevin Murphy

Authorized Signing Officer

I have authority to bind the company.

A-1

SCHEDULE A

PLAN OF ARRANGEMENT

- see attached –

PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9
OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1
INTERPRETATION

1.1 Certain Rules of Interpretation.

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

“Acquisition” means the acquisition by the Purchaser of the issued and outstanding Company Shares following the exercise or deemed exercise of the Purchaser Call Option, pursuant to and in accordance with the Arrangement.

“Acquisition Closing Conditions” means the Company Acquisition Closing Conditions and the Purchaser Acquisition Closing Conditions.

“Acquisition Closing Outside Date” means the Purchaser Call Option Expiry Date, or, if (i) the Purchaser Call Option is exercised, or (ii) a Triggering Event Date occurs prior to the Purchaser Call Option Expiry Date, the date that is 12 months following such exercise of the Purchaser Call Option or Triggering Event Date, as applicable; provided that:

- (a) if the exercise of the Purchaser Call Option or Triggering Event Date has occurred prior to the Purchaser Call Option Expiry Date and the reason the Acquisition Date has not occurred prior to the Acquisition Closing Outside Date is because all of the Regulatory Approvals included in the Acquisition Closing Conditions (which, for certainty, does not include those Regulatory Approvals, the failure of which to obtain would not reasonably be expected to have a Company Material Adverse Effect (as defined in the Arrangement Agreement)) have not been satisfied or waived and, at such Acquisition Closing Outside Date, the Party responsible for obtaining such outstanding Regulatory Approvals is continuing to use good faith reasonable commercial efforts to obtain such Regulatory Approvals and there is a reasonable prospect that such Regulatory Approvals will be received, then the Acquisition Closing Outside Date shall automatically be extended to the date that is two Business Days following the date all such outstanding Regulatory Approvals are received or waived; or
- (b) if the exercise of the Purchaser Call Option or Triggering Event Date has occurred prior to the Purchaser Call Option Expiry Date and the reason the Acquisition Date has not occurred prior to the Acquisition Closing Outside Date is because all of the Purchaser Acquisition Closing Conditions included in the Acquisition Closing Conditions have not been satisfied or waived, then the Acquisition Closing Outside Date shall automatically be extended to the date that is the earliest of (i) two Business Days following the date all such outstanding Purchaser Acquisition Closing Conditions are satisfied or waived, or (ii) the date on which the Purchaser, acting reasonably, determines that there is no longer a reasonable prospect that such outstanding Purchaser Acquisition Closing Conditions will be satisfied or waived.

“Acquisition Date” means the date specified in a Purchaser Call Option Exercise Notice or Triggering Event Notice delivered in accordance with the terms of the Purchaser Call Option on which the closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur; provided that notwithstanding the foregoing, if the Acquisition Closing Conditions are not satisfied or waived prior to such date, the Acquisition Date shall automatically be extended, without any further action by any Person, to the date that is two Business Days following the satisfaction or waiver of the Acquisition Closing Conditions; provided further that under no circumstances shall the Acquisition Date be a date that is after the Acquisition Closing Outside Date.

“Acquisition Effective Time” means 12:01 a.m. (Vancouver time) on the Acquisition Date, or such other time on the Acquisition Date as the Parties agree to in writing before the Acquisition Date.

“affiliate” has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions*.

“Aggregate Option Premium” means US\$300,000,000.

“Alternate Consideration” has the meaning specified in Section 1.1 of the Arrangement Agreement.

“Arrangement” means an arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“Arrangement Agreement” means the arrangement agreement dated as of April 18, 2019 between the Purchaser and the Company, including the schedules and exhibits thereto, providing for, among other things, the Arrangement, as the same may be amended, supplemented or restated.

“Arrangement Filings” means the records and information required to be provided to the Registrar under Section 292(a) of the BCBCA in respect of the Arrangement, together with a copy of the Final Order.

“Arrangement Issued Securities” means all securities (other than Mergeco Subordinate Voting Shares) to be issued pursuant to the Arrangement, including, for the avoidance of doubt, Company Subordinate Voting Shares issued pursuant to Sections 3.1(h)(i) and 3.1(h)(iii), all Purchaser Shares issued pursuant to Sections 3.1(h)(v) and 3.1(h)(vii)(F), Replacement Options, Replacement RSUs and Replacement Compensation Options.

“Arrangement Resolution” means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting, substantially in the form attached as Schedule B to the Arrangement Agreement, with such amendments or variations as the Court may direct in the Interim Order with the consent of the Company and the Purchaser, each acting reasonably.

“BCBCA” means the *Business Corporations Act* (British Columbia).

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Toronto, Ontario or Vancouver, British Columbia or New York, New York, as the context requires.

“Call Option Grant Date” means the date on which a Person grants, or is deemed to grant, a Purchaser Call Option to the Purchaser pursuant to Section 3.1(b) or Section 3.1(d).

“Call Option Grantor” means a Person who grants, or is deemed to grant, a Purchaser Call Option to the Purchaser pursuant to Section 3.1(b) or Section 3.1(d).

“Common Membership Units” means the common membership units in the capital of High Street outstanding from time to time, other than common membership units held by Acreage Holdings America, Inc. and USCo2.

“Company” means Acreage Holdings, Inc., a corporation organized under the BCBCA and treated as a “domestic corporation” for U.S. federal income tax purposes.

“Company Acquisition Closing Conditions” has the meaning specified in Section 1.1 of the Arrangement Agreement.

“Company Canadian Shareholder” means a Person (other than the Purchaser or an affiliate of the Purchaser) who is a Company Shareholder at the Acquisition Effective Time and who has indicated in the Letter of Transmittal (or in such other document or form, or in such other manner, as may be specified in the Company Circular) that the Company Shareholder is (i) resident in Canada for purposes of the Tax Act, or (ii) a “Canadian partnership” as defined in the Tax Act.

“Company Circular” means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement.

“Company Equity Incentive Plan” means the Company’s omnibus equity plan, last approved by Company Shareholders on November 6, 2018 and as proposed to be amended at the Company’s May 7, 2019 shareholders’ meeting.

“Company Meeting” means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

“Company Multiple Voting Shares” means the shares in the capital of the Company designated as Class C multiple voting shares, each exchangeable for one Company Subordinate Voting Share and each entitling the holder thereof to 3,000 votes per share at shareholder meetings of the Company, and for greater certainty includes such Multiple Voting Shares following the alteration of the rights and restrictions of the existing Company Multiple Voting Shares pursuant to Section 3.1(e).

“Company Non-Canadian Shareholder” means a Company Shareholder (other than the Purchaser or an affiliate of the Purchaser) who is not a Company Canadian Shareholder.

“Company Option In-The-Money-Amount” in respect of a Company Option means the amount, if any, determined immediately before the Acquisition Effective Time, by which the total Fair Market Value of the Company Subordinate Voting Shares that a holder is entitled to acquire on exercise of the Company Option, exceeds the aggregate exercise price to acquire such Company Subordinate Voting Shares at that time.

“Company Optionholder” means a holder of Company Options.

“Company Options” means the options to purchase Company Subordinate Voting Shares issued pursuant to the Company Equity Incentive Plan, which are outstanding as of the Acquisition Effective Time.

“Company Proportionate Voting Shares” means the shares in the capital of the Company designated as Class B proportionate voting shares, each exchangeable for 40 Company Subordinate Voting Shares and each entitling the holder thereof to 40 votes per share at shareholder meetings of the Company, and for greater certainty includes such Proportionate Voting Shares following the alteration of the rights and restrictions of the existing Company Proportionate Voting Shares pursuant to Section 3.1(e).

“Company RSUs” means the restricted share units of the Company issued pursuant to the Company Equity Incentive Plan, which are outstanding as of the Acquisition Effective Time.

“Company RSU Holders” means the holders of Company RSUs.

“Company RSU In-The-Money Amount” in respect of a Company RSU means the amount, if any, by which the total Fair Market Value of the Company Subordinate Voting Shares that a holder is entitled to acquire on conversion of the Company RSUs, determined immediately before the Acquisition Effective Time, exceeds the aggregate acquisition price to acquire such Company Subordinate Voting Shares at that time.

“Company Securities” means, collectively, Company Shares, Company Options, Company RSUs and Company Compensation Options.

“Company Share” means a share in the capital of the Company, and includes the Company Subordinate Voting Shares, the Company Proportionate Voting Shares and the Company Multiple Voting Shares.

“Company Shareholder” means a registered or beneficial holder of one or more Company Shares, as the context requires.

“Company Subordinate Voting Shares” means the shares in the capital of the Company designated as Class A subordinate voting shares, each entitling the holder thereof to one vote per share at shareholder meetings of the Company, and for greater certainty includes such Subordinate Voting Shares following the alteration of the rights and restrictions of the existing Company Subordinate Voting Shares pursuant to Section 3.1(e).

“Company Compensation Option Holder” means a holder of one or more Company Compensation Options.

“Company Compensation Option In-The-Money Amount” in respect of a Company Compensation Option means the amount, if any, by which the total Fair Market Value of the Company Subordinate Voting Shares that a holder is entitled to acquire on exercise of the Company Compensation Option, determined immediately before the Acquisition Effective Time, exceeds the aggregate exercise price to acquire such Company Subordinate Voting Shares at that time.

“Company Compensation Options” means the compensation options to purchase Company Subordinate Voting Shares, and the warrants entitling the holders thereof to acquire Company Shares, which are outstanding as of the Acquisition Effective Time.

“Consideration Shares” means Purchaser Shares to be received by Company Shareholders (other than the Purchaser and its affiliates) pursuant to Sections 3.1(h)(v) or 3.1(h)(vii).

“Court” means the Supreme Court of British Columbia.

“CSE” means Canadian Securities Exchange.

“Depository” means Computershare Trust Company of Canada, or any other depository or trust company, bank or financial institution as the Purchaser may appoint to act as depository with the approval of the Company, acting reasonably, for the purpose of, among other things, exchanging certificates representing Company Shares for Consideration Shares in connection with the Arrangement.

“Dissent Rights” has the meaning specified in Section 4.1.

“Dissenting Company Shareholder” means a registered holder of Company Shares who has properly exercised its Dissent Rights in respect of the Arrangement Resolution in accordance with Section 4.1 and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights and who is ultimately determined to be entitled to be paid the fair value of his, her or its Company Shares.

“Dissenting Shares” means the Company Shares held by Dissenting Company Shareholders in respect of which such Dissenting Company Shareholders have given Notice of Dissent.

“Effective Date” means the date on which the Arrangement Filings are filed with the Registrar in accordance with the terms of the Arrangement Agreement.

“Effective Time” means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time on the Effective Date as the Parties agree to in writing before the Effective Date.

“Effective Time Company Shareholder” means a Person who is a Company Shareholder (other than an Excluded Company Shareholder) immediately prior to the Effective Time.

“Effective Time High Street Holder” means a Person who is a High Street Holder immediately prior to the Effective Time.

“Effective Time USCo2 Class B Holder” means a Person who is a USCo2 Class B Holder immediately prior to the Effective Time.

“Eligible Company Canadian Shareholder” means a Company Canadian Shareholder who is not a Tax Exempt Person.

“Exchange Ratio” means 0.5818 of a Purchaser Share to be issued by the Purchaser for each one Company Subordinate Voting Share exchanged pursuant to the Arrangement, provided that, if the aggregate number of Company Subordinate Voting Shares on a Fully-Diluted Basis at the Acquisition Effective Time is greater than 188,235,587 Company Subordinate Voting Shares on a Fully Diluted Basis, and the Purchaser has not provided written approval for the issuance of such additional Company Securities, the Exchange Ratio shall be the fraction, calculated to six decimal places, determined by the formula $A \times B/C$, where:

“A” equals 0.5818,

“B” equals the current number of Company Subordinate Voting Shares on a Fully-Diluted Basis as increased for the issuance of Company Securities in accordance with the Purchaser Approved Share Threshold, and

“C” equals the aggregate number of Company Subordinate Voting Shares on a Fully-Diluted Basis at the Acquisition Effective Time,

in each case subject to adjustment in accordance with Section 2.14 of the Arrangement Agreement; provided that in the event of a Payout, the Exchange Ratio shall be decreased and the two references to 0.5818 above shall instead refer to the number determined by the formula $(D - E) / (F \times G)$, where:

“D” equal $0.5818 \times F \times G$

“E” equals the Payout, and

“F” equals the aggregate number of Company Subordinate Voting Shares on a Fully-Diluted Basis at the Acquisition Effective Time

“G” the Fair Market Value of the Purchaser Shares immediately prior to the Acquisition Effective Time,

“Excluded Company Shareholder” means the Purchaser, any affiliate of the Purchaser and any Dissenting Company Shareholder.

“Fair Market Value” means the volume weighted average trading price of the Company Subordinate Voting Shares on the CSE (or other recognized stock exchange on which the Company Subordinate Voting Shares are primarily traded) for the five trading day period immediately prior to the Acquisition Date.

“Final Order” means the final order of the Court approving the Arrangement under Section 291 of the BCBCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

“Fully-Diluted Basis” means the aggregate number of Company Subordinate Voting Shares assuming the conversion, exercise or exchange, as applicable, of the Company Proportionate Voting Shares, the Company Multiple Voting Shares and any warrants, options or other securities, including the Common Membership Units and USCo2 Class B Shares, convertible into or exercisable or exchangeable for Company Subordinate Voting Shares (assuming the conversion of any underlying Company Proportionate Voting Shares or Company Multiple Voting Shares).

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchange.

“High Street” means High Street Capital Partners, LLC.

“High Street Holders” means the holders of Common Membership Units and vested Class C-1 Membership Units as defined in the Third Amended and Restated Limited Liability Company Agreement of High Street.

“Interim Order” means the interim order of the Court, to be issued following the application therefor contemplated by Section 2.2 of the Arrangement Agreement, after being informed of the intention of the Parties to rely upon the exemption from registration under Section 3(a)(10) of the U.S. Securities Act with respect to the Arrangement Issued Securities issued pursuant to the Arrangement, in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

“Interim Period” means the period commencing on the date of the Arrangement Agreement and ending immediately prior to the Acquisition Effective Time.

“Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, official guidance, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

“Letter of Transmittal” means the letter of transmittal to be sent by the Depositary to Company Shareholders following the receipt by the Depositary of a Purchaser Call Option Exercise Notice or Triggering Event Notice, as the case may be.

“Lien” means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

“**Mergeco**” has the meaning specified in Section 3.1(h)(vii).

“**Mergeco Subordinate Voting Shares**” means the Subordinate Voting Shares in the capital of Mergeco.

“**Merger**” has the meaning specified in Section 3.1(h)(vii).

“**Notice of Dissent**” means a notice of dissent duly and validly given by a registered holder of Company Shares exercising Dissent Rights as contemplated in the Interim Order and as described in Article 4.

“**Option Premium**” means an amount, in US\$, calculated to six decimal places, determined when (a) the Aggregate Option Premium, is divided by (b) the sum of (i) the number of Company Subordinate Voting Shares outstanding immediately prior to the Effective Time (excluding any such shares held by any Excluded Company Shareholder), (ii) the number of Company Proportionate Voting Shares outstanding immediately prior to Effective Time (excluding any such shares held by any Excluded Company Shareholder), multiplied by 40; (iii) the number of Company Multiple Voting Shares outstanding immediately prior to Effective Time (excluding any such shares held by any Excluded Company Shareholder), (iv) the number of Company Subordinate Voting Shares which the Effective Time High Street Holders are entitled to receive upon exchange of their Common Membership Units, and (v) the number of Company Subordinate Voting Shares which the Effective Time USCo2 Class B Holders are entitled to receive upon exchange of their USCo2 Class B Shares.

“**Parties**” means the Company and the Purchaser and “**Party**” means any one of them.

“**Payment Agent**” means Odyssey Trust Company, or any other payment agent or trust company, bank or financial institution as the Company may appoint to act as payment agent with the approval of the Purchaser, acting reasonably, for the purpose of, among other things, paying the Option Premium to the Company Shareholders in connection with the Arrangement.

“**Payout**” means any amount paid by the Company or any of its Subsidiaries over US\$20,000,000 in order to either (i) settle; (ii) satisfy a judgement; or (iii) acquire the disputed minority non-controlling interest; in connection with the claim set forth in Section (r)(4) of the Company Disclosure Letter.

“**Person**” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“**Per Share Consideration**” means (i) the Purchaser Share Consideration, or (ii) following a Purchaser Change of Control, the Purchaser Share Consideration or such Alternate Consideration that holders of Company Shares are entitled to receive in accordance with Section 2.15 of the Arrangement Agreement.

“Per Share Option Premium” means:

- (a) for each Company Subordinate Voting Share in respect of which a Purchaser Call Option is granted pursuant to Section 3.1(b), the Option Premium;
- (b) for each Company Proportionate Voting Share in respect of which a Purchaser Call Option is granted pursuant to Section 3.1(b), the Option Premium multiplied by 40;
- (c) for each Company Multiple Voting Share in respect of which a Purchaser Call Option is granted pursuant to Section 3.1(b), the Option Premium;
- (d) for each Company Subordinate Voting Share which may be obtained upon exchange of Common Membership Units by Effective Time High Street Holders, the Option Premium; and
- (e) for each Company Subordinate Voting Share which may be obtained upon exchange of USCo2 Class B Shares by Effective Time USCo2 Class B holders, the Option Premium.

“Plan of Arrangement” means this plan of arrangement and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“Purchaser” means Canopy Growth Corporation, a corporation organized under the laws of Canada.

“Purchaser Acquisition Closing Conditions” has the meaning specified in Section 1.1 of the Arrangement Agreement.

“Purchaser Call Option” means the options granted by each Call Option Grantor to the Purchaser pursuant to Section 3.1(b) and Section 3.1(d) to acquire all of such Call Option Grantor’s Company Shares; all on the terms and conditions set forth on Exhibit B.

“Purchaser Call Option Exercise Notice” means a notice in writing, substantially in the form attached hereto as Exhibit C, delivered by the Purchaser to the Depositary (with a copy to the Company) stating that the Purchaser is exercising its rights pursuant to the Purchaser Call Option to acquire all (but not less than all) of the Purchaser Call Option Shares, and specifying a Business Day (to be not less than 61 days and not more than 90 days following the date such

Purchaser Call Option Exercise Notice is delivered to the Depositary) on which the closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur, subject to the satisfaction or waiver, as applicable, of the Acquisition Closing Conditions.

“Purchaser Call Option Expiry Date” means the date that is 90 months following the Effective Date.

“Purchaser Call Option Share” means a Company Share in respect of which a Purchaser Call Option is granted pursuant to Section 3.1(b) or Section 3.1(d).

“Purchaser Equity Incentive Plan” means the Amended and Restated Omnibus Incentive Plan of the Purchaser as approved by shareholders of the Purchaser on July 30, 2018, as the same may be amended, supplemented or restated in accordance therewith, prior to the Acquisition Effective Time.

“Purchaser Share Consideration” means that number of Purchaser Shares issuable per Company Subordinate Voting Share in accordance with Sections 3.1(h)(v) and 3.1(h)(vii)(F) and based on the Exchange Ratio in effect immediately prior to the Acquisition Effective Time.

“Purchaser Shares” means the common shares in the capital of the Purchaser.

“Purchaser Subco” means a wholly-owned direct subsidiary of the Purchaser to be incorporated under the BCBCA for the purposes of completing the Merger.

“Purchaser Subco Shares” means the common shares in the capital of Purchaser Subco.

“PVS Conversion Ratio” means 40:1, as such conversion ratio may be adjusted from time to time in accordance with the rights and restrictions attached to the Company Proportionate Voting Shares.

“PVS Exchange Ratio” means the product obtained when the number of Company Subordinate Voting Shares issuable under the PVS Conversion Ratio is multiplied by the Exchange Ratio.

“Registrar” means the person appointed as the Registrar of Companies pursuant to Section 400 of the BCBCA.

“Replacement Option” means an option or right to purchase Purchaser Shares granted by the Purchaser in exchange for Company Options on the basis set forth in Section 3.1(h)(viii).

“Replacement Option In-The-Money Amount” means, in respect of a Replacement Option, the amount, if any, determined immediately after the exchange in Section 3.1(h)(viii), by which the fair market value of the Purchaser Shares that a holder is entitled to acquire on exercise of the Replacement Option exceeds the aggregate exercise price to acquire such Purchaser Shares at that time.

“Replacement RSU” means a restricted share unit to acquire Purchaser Shares granted by the Purchaser in exchange for the Company RSUs on the basis set forth in Section 3.1(h)(x).

“Replacement RSU In-The-Money Amount” means, in respect of a Replacement RSU, the amount, if any, determined immediately after the exchange in Section 3.1(h)(x), by which the fair market value of the Purchaser Shares that a holder is entitled to acquire on conversion of the Replacement RSU exceeds the aggregate exercise price to acquire such Purchaser Shares at that time.

“Replacement Compensation Option” means an option or right to purchase Purchaser Shares granted by the Purchaser in replacement of Company Compensation Options on the basis set forth in Section 3.1(h)(ix).

“Replacement Compensation Option In-The-Money Amount” means, in respect of a Replacement Compensation Option, the amount, if any, determined immediately after the exchange in Section 3.1(h)(ix), by which the total fair market value of the Purchaser Shares that a holder is entitled to acquire on exercise of the Replacement Compensation Option exceeds the aggregate exercise price to acquire such Purchaser Shares at that time.

“Tax Act” means the *Income Tax Act* (Canada), as amended from time to time.

“Tax Exempt Person” means a person who is exempt from tax under Part I of the Tax Act.

“Triggering Event Date” means the date federal laws in the United States are amended to permit the general cultivation, distribution and possession of marijuana (as defined in 21 U.S.C 802) or to remove the regulation of such activities from the federal laws of the United States.

“Triggering Event Notice” means a notice in writing, substantially in the form attached hereto as Exhibit D, stating that the Triggering Event Date has occurred and specifying a Business Day (to be not less than 61 days and not more than 90 days following the date such Triggering Event Notice is delivered to the Depositary) on which the closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur, subject to the satisfaction or waiver of the Acquisition Closing Conditions.

“TSX” means the Toronto Stock Exchange.

“United States” and **“U.S.”** each mean the United States of America, its territories and possessions, any State of the United States and the District of Colombia.

“US\$” means the lawful currency of the United States.

“USCo2” means Acreage Holdings WC Inc., a subsidiary of the Company.

“USCo2 Class B Holders” means the holders of USCo2 Class B Shares.

“USCo2 Class B Shares” means Class B non-voting common shares in the capital of USCo2 outstanding as of the date of the Arrangement Agreement.

“U.S. Securities Act” means the *United States Securities Act of 1933*, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

“U.S. Tax Code” means the United States *Internal Revenue Code of 1986*, as amended.

“U.S. Treasury Regulations” means the regulations promulgated under the U.S. Tax Code by the United States Department of the Treasury.

1.2 Certain Rules of Interpretation.

In this Plan of Arrangement, unless otherwise specified:

- (1) *Headings, etc.* The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- (2) *Currency.* All references to dollars or to “\$” are references to United States dollars.
- (3) *Gender and Number.* Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) *Certain Phrases, etc.* The words “including”, “includes” and “include” mean “including (or includes or include) without limitation,” and “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of.”
- (5) *Statutes.* Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re- enacted, unless stated otherwise.
- (6) *Computation of Time.* A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (7) *Time References.* References to time are to local time, Toronto, Ontario, unless otherwise indicated.

ARTICLE 2 ARRANGEMENT AGREEMENT AND BINDING EFFECT

2.1 Arrangement Agreement.

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement, except in respect of the sequence of the transactions and events comprising the Arrangement, which shall occur in the order set forth herein.

2.2 Binding Effect.

As of and from the Effective Time, this Plan of Arrangement will be binding on: (i) the Company, (ii) the Purchaser, (iii) Purchaser Subco, (iv) the Depositary, (v) all registered and beneficial Company Shareholders (including Dissenting Company Shareholders and including, for the avoidance of doubt, Persons who acquire Company Shares after the Effective Time), (vi) all High Street Holders and USCo2 Class B Holders, and (vii) all holders of Company Options, Company RSUs and Company Compensation Options (including, for the avoidance of doubt, Persons who acquire Company Options, Company RSUs or Company Compensation Options after the Effective Time), in each case without any further act or formality required on the part of any Person.

2.3 Effective Time of Arrangement.

The exchanges, issuances and cancellations provided for in Section 3.1 shall be deemed to occur at the time and in the order specified in Section 3.1, notwithstanding that certain of the procedures related thereto are not completed until after such time.

2.4 No Impairment.

No rights of creditors against the property and interests of the Company will be impaired by the Arrangement.

ARTICLE 3 THE ARRANGEMENT

3.1 Arrangement.

Commencing at the Effective Time, each of the transactions or events set out below shall occur and shall be deemed to occur in the following sequence, in each case without any further authorization, act or formality on the part of any Person, and in each case, unless otherwise specifically provided in this Section 3.1, effective as at two-minute intervals starting at the Effective Time:

- (a) each Company Share held by a Dissenting Company Shareholder shall be, and shall be deemed to be, transferred to the Purchaser by the holder thereof, free and clear of all Liens, and thereupon each Dissenting Company Shareholder shall cease to have any rights as a holder of such Company Shares other than a claim against the Purchaser in an amount determined and payable in accordance with Article 4 and the name of such Dissenting Company Shareholder shall be removed from the central securities register for the Company Shares;
- (b) each Effective Time Company Shareholder shall grant, and shall be deemed to have granted, to the Purchaser a Purchaser Call Option in respect of (i) each Company Share held by such Effective Time Company Shareholder at the Effective Time, (ii) all Company Shares into which any Company Share referred to in (i) of this Section 3.1(b) may be converted in accordance with the rights and restrictions attached to such Company Share in the Company's notice of articles and articles, and (iii) all Company Shares for which any Company Share referred to in (i) of this Section 3.1(b) may be exchanged pursuant to Section 3.1(h)(i) or Section 3.1(h)(iii);
- (c) in consideration for the grant of the Purchaser Call Options by the Effective Time Company Shareholders to the Purchaser pursuant to Section 3.1(b), the Purchaser shall, concurrently with the grant of such Purchaser Call Options, pay to each Effective Time Company Shareholder the Per Share Option Premium in respect of each Company Share held by such Effective Time Company Shareholder at the Effective Time;

- (d) each Person (other than the Purchaser or any affiliate of the Purchaser) who, at any time after the Effective Time and prior to the earlier of the Acquisition Effective Time and the Acquisition Closing Outside Date, acquires a Company Share from the Company (other than a Company Share in respect of which the Person has already granted to the Purchaser a Purchaser Call Option pursuant to Section 3.1(b)) or from any other Person, shall, concurrently with the acquisition of such Company Share, grant and shall be deemed to have granted to the Purchaser a Purchaser Call Option in respect of (i) such Company Share, (ii) all Company Shares into which such Company Share may be converted in accordance with the rights and restrictions attached to such Company Share in the Company's Notice of Articles and Articles, and (iii) all Company Shares for which any Company Share referred to in (i) of this Section 3.1(d) may be exchanged pursuant to Section 3.1(h)(i) or Section 3.1(h)(iii); provided, that the Purchaser shall not be required to pay, nor shall such Person be entitled to receive from the Purchaser or from any Effective Time Company Shareholder, any payment on account of, as compensation for, or in relation to, the Option Premium in respect of any Purchaser Call Option granted pursuant to this Section 3.1(d);
- (e) the Notice of Articles and Articles of the Company, as applicable, shall be altered to:
 - (i) alter the rights and restrictions of the existing classes of Company Subordinate Voting Shares, Company Proportionate Voting Shares and Company Multiple Voting Shares and to provide for the special rights and restrictions attaching to the Company Subordinate Voting Shares, Company Proportionate Voting Shares and Company Multiple Voting Shares, respectively, set out in the attached Exhibit A, which special rights and restrictions shall specifically refer to and include the Purchaser Call Option granted pursuant to this Plan of Arrangement; and
 - (ii) in connection with the foregoing, Articles 26, 27 and 28 of the existing articles of the Company shall be deleted in their entirety and replaced with Articles 26, 27 and 28 as set out in the attached Exhibit A;
- (f) upon the Triggering Event Date prior to the Purchaser Call Option Expiry Date, the Purchaser shall, in accordance with the terms and conditions of the Purchaser Call Option, exercise, and shall be deemed to have exercised, effective at the end of the Triggering Event Date, the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares;
- (g) upon the exercise or deemed exercise of the Purchaser Call Option by the Purchaser prior to the Purchaser Call Option Expiry Date, the Purchaser shall, in accordance with the terms and conditions of the Purchaser Call Option, acquire from each Call Option Grantor, and each Call Option Grantor shall be required to transfer to the Purchaser, all of the Purchaser Call Option Shares that are held by such Call Option Grantor on the Acquisition Date immediately following the exchange referred to in Section 3.1(h)(iii) (which, for the avoidance of doubt, shall include any Company Subordinate Voting Shares received by such Call Option Grantor upon the exchange in Section 3.1(h)(i)), which acquisition and transfer shall occur on the Acquisition Date in accordance with Section 3.1(h)(v) or Section 3.1(h)(vii)(F), as applicable;

- (h) on the Acquisition Date, each of the transactions or events set out below in this Section 3.1(h) shall occur, and shall be deemed to occur, in the following sequence, in each case without any further authorization, act or formality on the part of any Person, effective as at two minute intervals starting at the Acquisition Effective Time:
 - (i) each Company Proportionate Voting Share outstanding immediately prior to the Acquisition Effective Time shall be exchanged with the Company for that number of Company Subordinate Voting Shares equal to the PVS Conversion Ratio in effect immediately prior to the Acquisition Effective Time, and upon such exchange:
 - (A) each such exchanged Company Proportionate Voting Share shall be cancelled, and the holders of such exchanged Company Proportionate Voting Shares shall be removed from the Company's securities register for the Company Proportionate Voting Shares; and
 - (B) each holder of such exchanged Company Proportionate Voting Shares shall be entered in the Company's securities register for the Company Subordinate Voting Shares in respect of the Company Subordinate Voting Shares issued to such holder pursuant to this Section 3.1(h)(i);
 - (ii) concurrently with the exchange of Company Proportionate Voting Shares pursuant to Section 3.1(h)(i), the capital of the Company Proportionate Voting Shares shall be reduced to nil, and there shall be added to the capital of the Company Subordinate Voting Shares, in respect of the Company Subordinate Voting Shares issued pursuant to Section 3.1(h)(i), an amount equal to the paid-up capital (within the meaning of the Tax Act) of the Company Proportionate Voting Shares immediately prior to the Acquisition Effective Time;
 - (iii) each Company Multiple Voting Share outstanding immediately prior to the Acquisition Effective Time shall be exchanged with the Company for one Company Subordinate Voting Share, and upon such exchange:
 - (A) each such exchanged Company Multiple Voting Share shall be cancelled, and the holders of such exchanged Company Multiple Voting Shares shall be removed from the Company's central securities register for the Company Multiple Voting Shares; and
 - (B) each holder of such exchanged Company Multiple Voting Shares shall be entered in the Company's securities register for the Company Subordinate Voting Shares in respect of the Company Subordinate Voting Shares issued to such holder pursuant to this Section 3.1(h)(iii);

- (iv) concurrently with the exchange of Company Multiple Voting Shares pursuant to Section 3.1(h)(iii), the capital of the Company Multiple Voting Shares shall be reduced to nil, and there shall be added to the capital of the Company Subordinate Voting Shares, in respect of the Company Subordinate Voting Shares issued pursuant to Section 3.1(h)(iii), an amount equal to the paid-up capital (within the meaning of the Tax Act) of the Company Multiple Voting Shares immediately prior to the Acquisition Effective Time;
- (v) in accordance with the terms of the Purchaser Call Option, each Company Subordinate Voting Share held by a Company Canadian Shareholder immediately following the exchange in Section 3.1(h)(iii) (which, for the avoidance of doubt, shall include any Company Subordinate Voting Shares received by such Call Option Grantor upon the exchange in Section 3.1(h)(i)) shall be transferred, and shall be deemed to be transferred, by the holder thereof to the Purchaser for the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration), which Purchaser Share Consideration or Per Share Consideration, as applicable, shall be paid in accordance with the provisions of Article 5, and upon such transfer:
 - (A) each such former holder of such transferred Company Subordinate Voting Shares shall be removed from the Company's securities register for the Company Subordinate Voting Shares;
 - (B) the Purchaser shall be entered in the Company's central securities register for the Company Subordinate Voting Shares as the legal owner of such transferred Company Subordinate Voting Shares; and
 - (C) each such former holder of such transferred Company Subordinate Voting Shares shall, subject to Section 5.1, be entered in the Purchaser's securities register for the Purchaser Shares in respect of the Consideration Shares issued to such holder pursuant to this Section 3.1(h)(v), or, to the extent applicable, in the securities register of the issuer of any Alternate Consideration that such former holder of Company Subordinate Voting Shares is entitled to receive in lieu of the Consideration Shares;
- (vi) each Eligible Company Canadian Shareholder shall be entitled to make a tax election, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law). The Purchaser shall make available on the Purchaser's website tax election forms required under the Tax Act within 60 days of the Acquisition Date. Any Eligible Company Canadian Shareholder who wants to make such election and otherwise qualifies to make such election may do so by providing to the Purchaser two signed copies of the necessary election forms within 120 days following the Acquisition Date, duly completed with the details of the number of Company Subordinate Voting Shares transferred and the applicable agreed amount or amounts for the purposes of such

election. Thereafter, subject to the election forms complying with the provisions of the Tax Act (or applicable provincial or territorial income tax law), the forms will be signed by the Purchaser and returned to such Eligible Company Canadian Shareholder by ordinary mail within 30 days after the receipt thereof by the Purchaser for filing with the Canada Revenue Agency (or the applicable provincial or territorial taxing authority). The Purchaser will not be responsible for the proper completion of any election form and, except for the obligation of the Purchaser to so sign and return duly completed election forms which are received by the Purchaser within 120 days following the Acquisition Date. The Purchaser will not be responsible for any taxes, interest or penalties resulting from the failure by an Eligible Company Canadian Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial or territorial legislation). In its sole discretion, the Purchaser may choose to sign and return an election form received by it more than 120 days following the Acquisition Date, but the Purchaser will have no obligation to do so;

- (vii) Purchaser Subco shall merge with and into the Company (the “**Merger**”) and be one corporate entity with the same effect as if they had amalgamated under Section 269 of the BCBCA, except that the legal existence of the Company shall not cease and the Company shall survive the Merger (the Company, as such surviving entity (“**Mergeco**”), notwithstanding the issue by the Registrar of a certificate of amalgamation and the assignment of a new incorporation number to Mergeco. The Merger, together with the transactions described in this Section 3.1(h)(i) through (h)(x) is intended to qualify as a reorganization within the meaning of sections 368(a)(1)(A) and 368(a)(2)(E) of the U.S. Tax Code for all United States federal income tax purposes, and the Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(9) of the Tax Act, and upon the Merger becoming effective:
 - (A) without limiting the generality of the foregoing, the Company shall survive the Merger as Mergeco;
 - (B) the properties, rights and interests and obligations of the Company shall continue to be the properties, rights and interests and obligations of Mergeco, and the Merger shall not constitute an assignment by operation of law, a transfer or any other disposition of the property, rights and interests of the Company to Mergeco;
 - (C) the separate legal existence of Purchaser Subco shall cease without Purchaser Subco being liquidated or wound up, and the property, rights and interests and obligations of Purchaser Subco shall become the property, rights and interests and obligations of Mergeco;
 - (D) Mergeco shall continue to be liable for the obligations of each of the Company and Purchaser Subco;

- (E) the Notice of Articles and Articles of Mergeco shall be the same as the Notice of Articles and Articles of the Company, as altered in accordance with Section 3.1(e);
- (F) each Company Subordinate Voting Share held by a Company Non-Canadian Shareholder immediately following the exchange in Section 3.1(h)(iii) (which, for the avoidance of doubt, shall include any Company Subordinate Voting Shares received by such Call Option Grantor upon the exchange in Section 3.1(h)(i)) shall, in accordance with the Purchaser Call Option, be transferred, and shall be deemed to be transferred, by the holder thereof to the Purchaser for the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration), which Purchaser Share Consideration or Per Share Consideration, as applicable, shall be paid in accordance with the provisions of Article 5, and each such former holder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer such Company Subordinate Voting Shares in accordance with this Section 3.1(h)(vii) (F), and upon such transfer:
 - i) each such former holder of such transferred Company Subordinate Voting Shares shall be removed from the Company's central securities register for the Company Subordinate Voting Shares;
 - ii) the Purchaser shall be entered in Mergeco's central securities register for the Mergeco Subordinate Voting Shares as the legal owner of such transferred Company Subordinate Voting Shares; and
 - iii) each such former holder of such transferred Company Subordinate Voting Shares shall, subject to Section 5.1, be entered in the Purchaser's securities register for the Purchaser Shares in respect of the Consideration Shares issued to such holder pursuant to this Section 3.1(h)(vii)(F), or, to the extent applicable, in the securities register of the issuer of any Alternate Consideration that such former holder of Company Subordinate Voting Shares is entitled to receive in lieu of the Consideration Shares;
- (G) each Purchaser Subco Share outstanding immediately prior to the Merger shall be exchanged for Mergeco Subordinate Voting Shares on the basis of one Mergeco Subordinate Voting Share for each Purchaser Subco Share;

- (H) in consideration for the Purchaser issuing Consideration Shares to the Company Non-Canadian Shareholders in accordance with Section 3.1(h)(vii)(F), Mergeco shall issue to the Purchaser one Mergeco Subordinate Voting Share for each Purchaser Share issued by the Purchaser to the Company Non-Canadian Shareholders pursuant to Section 3.1(h)(vii)(F);
 - (I) the board of directors of Mergeco shall be comprised of a minimum of one and a maximum of 10 directors; and
 - (J) the amount added to the capital of the Purchaser Shares in respect of the Consideration Shares issued to Company Non-Canadian Shareholders pursuant to Section 3.1(h)(vii)(F) shall be equal to the product obtained when (I) the paid-up capital (within the meaning of the Tax Act) of the Company Subordinate Voting Shares immediately following the exchanges in Section 3.1(h)(i) and Section 3.1(h)(iii), is multiplied by (II) a fraction, the numerator of which is the number of Company Subordinate Voting Shares transferred pursuant to Section 3.1(h)(vii)(F), and the denominator of which is the number of Company Subordinate Voting Shares outstanding immediately following the exchanges in Section 3.1(h)(i) and Section 3.1(h)(iii);
- (viii) each Company Option shall be exchanged for a Replacement Option to acquire from the Purchaser such number of Purchaser Shares as is equal to: (A) the number of Company Subordinate Voting Shares that were issuable upon exercise of such Company Option immediately prior to the Acquisition Effective Time, multiplied by (B) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time (provided that if the foregoing would result in the issuance of a fraction of a Purchaser Share on any particular exercise of a Replacement Option, then the number of Purchaser Shares to otherwise be issued shall be rounded down to the nearest whole number). Such Replacement Options shall provide for an exercise price per Replacement Option (rounded up to the nearest whole cent) equal to the quotient obtained when: (i) the exercise price per Company Subordinate Voting Share that would otherwise be payable pursuant to the Company Option it replaces is divided by (ii) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time, and any document evidencing a Company Option shall thereafter evidence and be deemed to evidence such Replacement Option. Except as provided herein, all terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Company Option for which it was exchanged, and shall be governed by the terms of the Purchaser Equity Incentive Plan, and the exchange shall not provide any optionee with any additional benefits as compared to those under his or her original Company Option. It is intended that subsection 7(1.4) of Tax Act and Sections 1.424-1(a)(5) and 1.409A-1(b)(5)(v)(D) of the U.S. Treasury Regulations, as applicable, apply to such exchange of Company Options. Accordingly, and notwithstanding the foregoing, if

required, the exercise price of a Replacement Option will be increased such that the Replacement Option In-The-Money Amount immediately after the exchange does not exceed the Company Option In-The-Money Amount of the Company Option (or a fraction thereof) exchanged for such Replacement Option immediately before the exchange and so on a share-by-share basis, the ratio of the exercise price to the fair market value of the Company Options being exchanged shall not be less favourable to the optionee than the ratio of the exercise price to the fair market value of the Replacement Options immediately following the exchange;

- (ix) each Company Compensation Option shall be exchanged for a Replacement Compensation Option to acquire from the Purchaser such number of Purchaser Shares as is equal to: (A) the number of Company Subordinate Voting Shares that were issuable upon exercise of such Company Compensation Option immediately prior to the Acquisition Effective Time, multiplied by (B) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time (provided that if the foregoing would result in the issuance of a fraction of a Purchaser Share on any particular exercise of a Replacement Compensation Option, then the number of Purchaser Shares to otherwise be issued shall be rounded down to the nearest whole number). Such Replacement Compensation Option shall provide for an exercise price per Replacement Compensation Option (rounded up to the nearest whole cent) equal to the quotient obtained when: (i) the exercise price per Company Subordinate Voting Share that would otherwise be payable pursuant to the Company Compensation Option it replaces is divided by (ii) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time, and any document evidencing a Company Compensation Option shall thereafter evidence and be deemed to evidence such Replacement Compensation Option. Except as provided herein, all terms and conditions of a Replacement Compensation Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Company Compensation Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his or her original Company Compensation Option; and
- (x) each Company RSU shall be exchanged for a Replacement RSU to acquire from the Purchaser such number of Purchaser Shares as is equal to: (A) the number of Company Subordinate Voting Shares that were issuable upon vesting of such Company RSU immediately prior to the Acquisition Effective Time, multiplied by (B) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time (provided that if the foregoing would result in the issuance of a fraction of a Purchaser Share on any particular conversion of a Replacement RSU, then the number of Purchaser Shares to otherwise be issued shall be rounded down to the nearest whole number). Such Replacement RSU shall provide for a conversion price per Replacement RSU (rounded up to the nearest whole cent) equal to the quotient obtained when: (i) the conversion price per Company Subordinate Voting Share that would otherwise be applicable pursuant to the Company

RSU it replaces is divided by (ii) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time, and any document evidencing a Company RSU shall thereafter evidence and be deemed to evidence such Replacement RSU. Except as provided herein, all terms and conditions of a Replacement RSU, including the term to expiry, conditions to and manner of exercising, will be the same as the Company RSU for which it was exchanged, and the exchange shall not provide any holder with any additional benefits as compared to those under his or her original Company RSU.

3.2 Letter of Transmittal.

The Company shall cause the Depositary to send a Letter of Transmittal to each Company Shareholder within 15 Business Days following the receipt by the Depositary of a Purchaser Call Option Exercise Notice or a Triggering Event Notice, as the case may be.

3.3 U.S. Tax Treatment.

The Company and Purchaser intend that for U.S. federal income Tax purposes (and applicable state and local Tax purposes) (i) the Option Premium paid by the Purchaser to an Effective Time Company Shareholder, Effective Time High Street Holder or Effective Time USCo2 Class B Shareholder will not be includible in income of such Effective Time Company Shareholder, Effective Time High Street Holder or Effective Time USCo2 Class B Shareholder until the earlier of: (A) (i) the sale or disposition of such Effective Time Company Shareholder's Company Shares to any person other than the Purchaser, (ii) the sale or disposition of such Effective Time High Street Holder's Common Membership Units to any person other than the Purchaser; (iii) the sale or disposition of such Effective Time USCo2 Class B Shareholder Shares to any person other than the Purchaser, (B) (i) the acquisition of such Effective Time Company Shareholder's Company Shares, (ii) the acquisition of such Effective Time High Street Holder's Common Membership Units; (iii) the acquisition of such Effective Time USCo2 Class B Holder's USCo2 Class B Shares; or (C) the lapse or termination of the Purchaser Call Option, and (ii) the Merger will qualify as a reorganization within the meaning of Sections 368(a)(1)(A) and (a)(2)(E) of the U.S. Tax Code. Subject to applicable Law, upon the occurrence of such transaction, the Purchaser and the Company will file all Tax Returns pursuant to the Purchaser Call Option in a manner consistent with such intent.

3.4 Canadian Tax Treatment.

The Company and the Purchaser intend that for Canadian federal income Tax purposes (and applicable provincial Tax purposes) the Merger will qualify as an amalgamation as defined in subsection 87(9) of the Tax Act.

3.5 No Fractional Purchaser Shares.

No fractional Purchaser Shares will be issued to any Person in connection with this Plan of Arrangement. Where the aggregate number of Purchaser Shares to be issued to a Company Shareholder pursuant to this Arrangement would otherwise result in a fraction of a Purchaser Share being issuable, then the aggregate number of Purchaser Shares to be issued to such Company Shareholder shall be rounded down to the closest whole number and no compensation shall be payable to such Company Shareholder in lieu of any such fractional Purchaser Share.

ARTICLE 4 RIGHTS OF DISSENT

4.1 Rights of Dissent.

Pursuant to the Interim Order, each registered Company Shareholder may exercise rights of dissent (“**Dissent Rights**”) under Section 238 of the BCBCA and in the manner set forth in Sections 242 to 247 of the BCBCA, all as modified by this Article 4 as the same may be modified by the Interim Order or the Final Order in respect of the Arrangement, provided that the written notice of dissent to the Arrangement Resolution contemplated by Section 242 of the BCBCA must be sent to and received by the Company not later than 5:00 p.m. (Vancouver time) on the Business Day that is two Business Days before the Company Meeting. Company Shareholders who validly exercise such rights of dissent and who:

- (a) are ultimately determined to be entitled to be paid fair value by the Purchaser, for the Dissenting Shares in respect of which they have exercised Dissent Rights, notwithstanding anything to the contrary contained in Section 245 of the BCBCA, will be deemed to have irrevocably transferred such Dissenting Shares to the Purchaser pursuant to Section 3.1(a) in consideration of such fair value, and in no case will the Company or the Purchaser or any other Person be required to recognize such holders as holders of Company Shares after the Effective Time, and each Dissenting Company Shareholder will cease to be entitled to the rights of a Company Shareholder in respect of the Company Shares in relation to which such Dissenting Company Shareholder has exercised Dissent Rights and the securities register of the Company will be amended to reflect that such former holder is no longer the holder of such Company Shares as at and from the Effective Time; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for the Dissenting Shares in respect of which they have exercised Dissent Rights, will be deemed to have participated in the Arrangement on the same basis as a Company Shareholder who has not exercised Dissent Rights.

In addition to any other restrictions set forth in the BCBCA, none of the following Persons shall be entitled to exercise Dissent Rights: (i) Company Optionholders (with respect to any Company Options); (ii) Company RSU Holders (with respect to any Company RSUs); (iii) Company Compensation Option Holders (with respect to any Company Compensation Options); and (iv) Company Shareholders who vote in favour of, or who have instructed a proxyholder to vote in favour of, the Arrangement Resolution.

ARTICLE 5

CERTIFICATES AND PAYMENTS

5.1 Payment and Delivery of Consideration.

- (a) Following receipt of the Final Order and prior to the Effective Date, the Purchaser shall deliver, or cause to be delivered, to the Payment Agent, by wire transfer in immediately available funds, an amount sufficient to pay the Aggregate Option Premium payable by the Purchaser to: (i) the Effective Time Company Shareholders in accordance with Section 3.1(c); and (ii) the Effective Time High Street Holders and Effective Time USCo2 Class B Shareholders in accordance with the terms of the Arrangement Agreement.
- (b) Following receipt by the Depositary of a Purchaser Call Option Exercise Notice or a Triggering Event Notice, as the case may be, and prior to the Acquisition Date, the Purchaser shall deliver, or cause to be delivered, to the Depositary a sufficient number of Purchaser Shares (or, to the extent applicable, any Alternate Consideration) to satisfy the Purchaser's obligation to issue Consideration Shares (or, to the extent applicable, any Alternate Consideration) to Company Shareholders in accordance with Sections 3.1(h)(v) and 3.1(h)(vii)(F).
- (c) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Acquisition Effective Time represented outstanding Company Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Company Shareholder(s), a certificate representing the Consideration Shares (or, to the extent applicable, securities representing any Alternate Consideration) which such holder is entitled to receive, which Consideration Shares (or, to the extent applicable, securities representing any Alternate Consideration) will be registered in such name or names and either (A) delivered to the address or addresses as such Company Shareholder directed in their Letter of Transmittal; or (B) made available for pick up at the office of the Depositary in accordance with the instructions of the Company Shareholder in the Letter of Transmittal, and any certificate representing Company Shares so surrendered shall forthwith thereafter be cancelled.
- (d) Until surrendered as contemplated by Section 5.1(c), each certificate that immediately prior to the Acquisition Effective Time represented Company Shares shall be deemed after the Acquisition Effective Time to represent only the right to receive upon such surrender the Consideration Shares (or, to the extent applicable, any Alternate Consideration) in lieu of such certificate as contemplated in Section 5.1(c), less any amounts withheld pursuant to Section 5.3. Any such certificate formerly representing Company Shares not duly surrendered on or before the sixth anniversary of the Acquisition Date shall cease to represent a claim by or interest of any former Company Shareholder of any kind or nature against or in the Company or the Purchaser. On such date, all Consideration Shares (or, to the extent applicable, securities representing any Alternate Consideration) to which such Company Shareholder was entitled shall be deemed to have been surrendered to the Purchaser and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.

- (e) No dividends or other distributions declared or made after the Acquisition Date with respect to Purchaser Shares (or, to the extent applicable, securities representing any Alternate Consideration) with a record date on or after the Acquisition Date will be payable or paid to the holder of any unsurrendered certificate or certificates for Company Shares which, immediately prior to the Acquisition Date, represented outstanding Company Subordinate Voting Shares (or Company Shares that were exchanged for Company Subordinate Voting Shares), until the surrender of such certificates to the Depositary. Subject to applicable Law and to Section 5.3, at the time of such surrender, there shall, in addition to the delivery of the Purchaser Shares (or, to the extent applicable, securities representing any Alternate Consideration) to which such Company Shareholder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Acquisition Effective Time theretofore paid with respect to such Purchaser Shares (or, to the extent applicable, securities representing any Alternate Consideration).
- (f) No holder of Company Shares shall be entitled to receive any consideration or entitlement with respect to such Company Shares in connection with the transactions or events contemplated by this Plan of Arrangement other than any consideration or entitlement to which such holder is entitled to receive in accordance with Section 3.1, this Section 5.1 and the other terms of this Plan of Arrangement.

5.2 Lost Certificates.

In the event any certificate which immediately prior to the Acquisition Effective Time represented one or more outstanding Company Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration Shares (or, to the extent applicable, any Alternate Consideration) that such Shareholder has the right to receive in accordance with the Acquisition and such Shareholder's Letter of Transmittal. When authorizing such exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration Shares (or, to the extent applicable, any Alternate Consideration) are to be delivered shall as a condition precedent to the delivery of such Consideration Shares (or, to the extent applicable, any Alternate Consideration), give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser (acting reasonably) against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights.

- (a) The Purchaser, the Company, the Payment Agent or the Depositary shall be entitled to deduct and withhold from any amount payable to any Person under this Plan of Arrangement and the Acquisition (including, without limitation, any amounts payable pursuant to Section 4.1), such amounts as the Purchaser, the Company, the Payment Agent or the Depositary determines, acting reasonably, are required to be deducted and withheld with respect to such payment under the Tax Act, the U.S.

Tax Code or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate Governmental Entity.

- (b) Not later than 10 Business Days prior to the Acquisition Date, the Purchaser shall give written notice to the Company of any deduction or withholding set forth in Section 5.3(a) that the Purchaser intends to make or that it anticipates the Payment Agent or Depositary making and afford the Company a reasonable opportunity to dispute any such deduction or withholding.
- (c) Each of the Company, the Purchaser, the Payment Agent and the Depositary is hereby authorized to sell or otherwise dispose of such portion of any Purchaser Shares payable to any Company Shareholder pursuant to this Plan of Arrangement as is necessary to provide sufficient funds to the Company, the Purchaser, the Payment Agent or the Depositary, as the case may be, to enable it to implement such deduction or withholding, and the Company, the Purchaser, the Payment Agent or the Depositary will notify the holder thereof and remit to the holder any unapplied balance of the net proceeds of such sale.

5.4 No Liens.

Any exchange or transfer of securities pursuant to this Plan of Arrangement, including the surrender of Company Shares by Dissenting Company Shareholders, shall be free and clear of any Liens or other claims of third parties of any kind.

5.5 Paramountcy.

From and after the Effective Time this Plan of Arrangement shall take precedence and priority over any and all Company Shares, Company Options, Company RSUs and Company Compensation Options issued or outstanding at or following the Effective Time.

ARTICLE 6 AMENDMENTS

6.1 Amendments to Plan of Arrangement.

- (a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by the Purchaser and the Company (subject to the Arrangement Agreement), each acting reasonably, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to or approved by the Company Shareholders if and as required by the Court.

- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting and the Purchaser Meeting (provided that the Purchaser or the Company, subject to the Arrangement Agreement, have each consented in writing thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting and the Purchaser Meeting, respectively (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date and prior to the Acquisition Date by the Purchaser and the Company, provided that it concerns a matter which, in the reasonable opinion of the Purchaser and the Company, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Company Shareholder, High Street Holder or USCo2 Class B Shareholder.

ARTICLE 7 FURTHER ASSURANCES

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

EXHIBIT A

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS
ATTACHING TO THE COMPANY SHARES

SUBORDINATE VOTING SHARES

The Company will be authorized to issue an unlimited number of Class A subordinate voting shares (“**Subordinate Voting Shares**”), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

26.1 Voting

The holders of Subordinate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Each Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

26.2 Alteration to Rights of Subordinate Voting Shares

So long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares expressed by separate special resolution, alter or amend these Articles if the result of such alteration or amendment would:

- (a) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares; or
- (b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

26.3 Purchaser Call Option

Each issued and outstanding Subordinate Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Subordinate Voting Share rights:

- (a) “**Arrangement Agreement**” means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;
- (b) “**Plan of Arrangement**” means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and

- (c) **“Purchaser Call Option”** has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares.

26.4 Dividends

The holders of Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Subordinate Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the Exchange Ratio (as defined in the Plan of Arrangement). The directors may declare no dividend payable in cash or property on the Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Proportionate Voting Shares, in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 40; and (ii) the Multiple Voting Shares, in an amount per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share.

26.5 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Subordinate Voting Shares shall be entitled to participate *pari passu* with the holders of Proportionate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to each of: (i) the amount of such distribution per Proportionate Voting Share divided by 40; and (ii) the amount of such distribution per Multiple Voting Share.

26.6 Subdivision or Consolidation

The Subordinate Voting Shares shall not be consolidated or subdivided unless the Proportionate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

PROPORTIONATE VOTING SHARES

The Company will be authorized to issue an unlimited number of Class B proportionate voting shares (**“Proportionate Voting Shares”**), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

27.1 Voting

The holders of Proportionate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 27.3 and 27.4, each Proportionate Voting Share shall entitle the holder to 40 votes and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 40 and rounding the product down to the nearest whole number, at each such meeting.

27.2 Alteration to Rights of Proportionate Voting Shares

So long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Proportionate Voting Shares and Multiple Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

- (a) prejudice or interfere with any right or special right attached to the Proportionate Voting Shares; or
- (b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate special resolution, each Proportionate Voting Share and Multiple Voting Share shall entitle the holder to one vote and each fraction of a Proportionate Voting Share or Multiple Voting Share will entitle the holder to the corresponding fraction of one vote.

27.3 Shares Superior to Proportionate Voting Shares

The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Proportionate Voting Shares without the consent of the holders of a majority of the Proportionate Voting Shares and Multiple Voting Shares expressed by separate ordinary resolution.

At any meeting of holders of Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate ordinary resolution, each Proportionate Voting Share and Multiple Voting Share will entitle the holder to one vote and each fraction of a Proportional Voting Share and Multiple Voting Share shall entitle the holder to the corresponding fraction of one vote.

27.4 Purchaser Call Option

Each issued and outstanding Proportionate Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Proportionate Voting Share rights:

- (a) **“Arrangement Agreement”** means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;
- (b) **“Plan of Arrangement”** means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and
- (c) **“Purchaser Call Option”** has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part of the rights, privileges, restrictions and conditions attached to the Proportionate Voting Shares.

27.5 Dividends

The holders of Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Proportionate Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the PVS Exchange Ratio (as defined in the Plan of Arrangement). The directors may declare no dividend payable in cash or property on the Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by 40; and (ii) on the Multiple Voting Shares in an amount equal to the dividend declared per Proportionate Voting Share divided by 40.

Holders of fractional Proportionate Voting Shares shall be entitled to receive any dividend declared on the Proportionate Voting Shares, in an amount equal to the dividend per Proportionate Voting Share multiplied by the fraction thereof held by such holder.

27.6 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Proportionate Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share multiplied by 40; and (ii) the amount of such distribution per Multiple Voting Share multiplied by 40; and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Proportionate Voting Share.

27.7 Subdivision or Consolidation

The Proportionate Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

27.8 Voluntary Conversion

Subject to the Conversion Limitation set forth in this Article 27.8, holders of Proportionate Voting Shares and Multiple Voting Shares shall have the following rights of conversion (the “**Share Conversion Right**”):

- (a) **Right to Convert Proportionate Voting Shares.** Each Proportionate Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Share Conversion Right is exercised by 40. Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 40.
- (b) **Right to Convert Multiple Voting Shares.** Each Multiple Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares in respect of which the Share Conversion Right is exercised by one. Fractions of Multiple Voting Shares may be converted into such number of Subordinated Voting Shares as is determined by multiplying the fraction by one.
- (c) **Conversion Limitation.** Unless already appointed, upon receipt of a Conversion Notice (as defined below), the directors (or a committee thereof) shall designate an officer of the Company who shall determine whether the Conversion Limitation set forth in this Article shall apply to the conversion referred to therein (the “**Conversion Limitation Officer**”).
- (d) **Foreign Private Issuer Status.** The Company shall use commercially reasonable efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the *Securities Exchange Act* of 1934, as amended (the “**Exchange Act**”). Accordingly, the Company shall not give effect to any voluntary conversion of Proportionate Voting Shares or Multiple Voting Shares pursuant to this Article 27.8 or otherwise, and the Share Conversion Right will not apply, to the extent that after giving effect to all permitted issuances after such conversion of Proportionate Voting Shares or Multiple Voting Shares, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (calculated on the basis that each Subordinate Voting Share, Proportionate Voting Share and Multiple Voting Share is counted once, without regard to the number of votes carried by such share) held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act (“**U.S. Residents**”) would exceed 40% (the “**40% Threshold**”) of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (calculated on the same basis) issued and outstanding (the “**FPI Restriction**”). The directors may by resolution increase the 40% Threshold to a number not to exceed 50%, and if any such resolution is adopted, all references to the 40% Threshold herein shall refer instead to the amended percentage threshold set by the directors in such resolution.

- (e) **Conversion Limitation.** In order to give effect to the FPI Restriction, the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares or Multiple Voting Shares upon exercise by such holder of the Share Conversion Right will be subject to the 40% Threshold based on the number of Proportionate Voting Shares or Multiple Voting Shares held by such holder as of the date of issuance of Proportionate Voting Shares or Multiple Voting Shares to such holder, and thereafter at the end of each of the Company's subsequent fiscal quarters (each, a "**Determination Date**"), calculated as follows:

$$X = [A \times 40\% - B] \times (C/D)$$

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding.

B = Aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents.

C = Aggregate Number of Proportionate Voting Shares and Multiple Voting Shares held by such holder.

D = Aggregate Number of All Proportionate Voting Shares and Multiple Voting Shares.

The Conversion Limitation Officer shall determine as of each Determination Date, in his or her sole discretion acting reasonably, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents, the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Proportionate Voting Shares or Multiple Voting Shares, the Company will provide each holder of Proportionate Voting Shares or Multiple Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Conversion Limitation Officer in its discretion. To the extent that issuances of Subordinate Voting Shares on exercise of the Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be prorated among each holder of Proportionate Voting Shares or Multiple Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of Articles 27.8(d) and (e), the directors may by resolution waive the application of the Conversion Restriction to any exercise or exercises of the Share Conversion Right to which the Conversion Restriction would otherwise apply, or to future Conversion Restrictions generally, including with respect to a period of time.

(f) **Disputes.**

- (i) Any holder of Proportionate Voting Shares or Multiple Voting Shares who beneficially owns more than 5% of the issued and outstanding Proportionate Voting Shares or Multiple Voting Shares may submit a written dispute as to the calculation of the 40% Threshold or the FPI Restriction by the Conversion Limitation Officer to the directors with the basis for the disputed calculations. The Company shall respond to the holder within five business days of receipt of the notice of such dispute with a written calculation of the 40% Threshold or the FPI Restriction, as applicable. If the holder and the Company are unable to agree upon such calculation of the 40% Threshold or the FPI Restriction, as applicable, within five business days of such response, then the Company and the holder shall, within one business day thereafter submit the disputed calculation of the 40% Threshold or the FPI Restriction to the Company's independent auditor. The Company, at the Company's expense, shall cause the auditor to perform the calculations in dispute and notify the Company and the holder of the results no later than five business days from the time it receives the disputed calculations. The auditor's calculations shall be final and binding on all parties, absent demonstrable error.
- (ii) In the event of a dispute as to the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares or Multiple Voting Shares in connection with a voluntary conversion of Proportionate Voting Shares or Multiple Voting Shares, the Company shall issue to the holder of Proportionate Voting Shares or Multiple Voting Shares the number of Subordinate Voting Shares not in dispute, and resolve such dispute in accordance with Article 27.8(f)(i).

- (g) **Mechanics of Conversion.** Before any holder of Proportionate Voting Shares or Multiple Voting Shares shall be entitled to voluntarily convert Proportionate Voting Shares or Multiple Voting Shares into Subordinate Voting Shares in accordance with Articles 27.8(a) or (b), the holder shall surrender the certificate or certificates representing the Proportionate Voting Shares or Multiple Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Proportionate Voting Shares or Multiple Voting Shares, and shall give written notice to the Company at its head office of his or her election to convert such Proportionate Voting Shares or Multiple Voting Shares and shall state therein the name or names in which the certificate or certificates representing the Subordinate Voting Shares are to be issued (a "**Conversion Notice**"). The Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate or certificates or direct registration statement representing the number of Subordinate Voting Shares to which such holder is entitled upon conversion. Such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate or certificates representing the Proportionate Voting Shares or Multiple Voting Shares to be converted is surrendered and the Conversion Notice is delivered, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Subordinate Voting Shares as of such date.

27.9 Mandatory Conversion

Notwithstanding anything to the contrary contained in this Article 27, the Company shall require, in accordance with the Plan of Arrangement, each holder of Proportionate Voting Shares to convert all, and not less than all, of the Proportionate Voting Shares on the Acquisition Date. Each Proportionate Voting Share shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares by 40. Fractions of Proportionate Voting Shares shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 40.

MULTIPLE VOTING SHARES

The Company will be authorized to issue 168,000 Class C multiple voting shares (“**Multiple Voting Shares**”), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

28.1 Voting

The holders of Multiple Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 28.4 and 28.5, each Multiple Voting Share shall entitle the holder to 3,000 votes and each fraction of a Multiple Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 3,000 and rounding the product down to the nearest whole number, at each such meeting.

28.2 Alteration to Rights of Multiple Voting Shares

So long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of Multiple Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

- (a) prejudice or interfere with any right or special right attached to the Multiple Voting Shares; or
- (b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Multiple Voting Shares called to consider such a separate special resolution, each Multiple Voting Share shall entitle the holder to one vote and each fraction of a Multiple Voting Share will entitle the holder to the corresponding fraction of one vote.

28.3 Shares Superior to Multiple Voting Shares

The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Multiple Voting Shares without the consent of the holders of a majority of the Multiple Voting Shares expressed by separate ordinary resolution.

At any meeting of holders of Multiple Voting Shares called to consider such a separate ordinary resolution, each Multiple Voting Share will entitle the holder to one vote and each fraction of a Multiple Voting Share shall entitle the holder to the corresponding fraction of one vote.

28.4 Purchaser Call Option

Each issued and outstanding Multiple Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Multiple Voting Share rights:

- (a) **“Arrangement Agreement”** means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;
- (b) **“Plan of Arrangement”** means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and
- (c) **“Purchaser Call Option”** has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part of the rights, privileges, restrictions and conditions attached to the Multiple Voting Shares.

28.5 Issuance

No additional Multiple Voting Shares are issuable following the date of the Arrangement Agreement.

28.6 Dividends

The holders of Multiple Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Multiple Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the Exchange Ratio (as defined in the Plan of Arrangement). The directors may declare no dividend payable in cash or property on the Multiple Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Multiple Voting Share; and (ii) on the Proportionate Voting Shares in an amount equal to the dividend declared per Multiple Voting Share multiplied by 40.

Holders of fractional Multiple Voting Shares shall be entitled to receive any dividend declared on the Multiple Voting Shares, in an amount equal to the dividend per Multiple Voting Share multiplied by the fraction thereof held by such holder.

28.7 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Multiple Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Proportionate Voting Shares, with the amount of such distribution per Multiple Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share; and (ii) the amount of such distribution per Proportionate Voting Share divided by 40; and each fraction of a Multiple Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Multiple Voting Share.

28.8 Subdivision or Consolidation

The Multiple Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares and the Proportionate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

28.9 Transfer of Multiple Voting Shares

No Multiple Voting Share may be sold, transferred, assigned, pledged or otherwise disposed of, other than: (i) in connection with the conversion of Multiple Voting Shares into Subordinate Voting Shares; (ii) to an immediate family member of the holder; or (iii) a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by the holder or immediate family members of the holder or which the holder or immediate family members of the holder are the sole beneficiaries thereof.

28.10 Mandatory Conversion

Notwithstanding anything to the contrary contained in this Article 28, the Company shall require, in accordance with the Plan of Arrangement, each holder of Multiple Voting Shares to convert all, and not less than all, of the Multiple Voting Shares on the Acquisition Date. Each Multiple Voting Share shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by one. Fractions of Multiple Voting Shares shall be converted into such number of Subordinated Voting Shares as is determined by multiplying the fraction by one.

APPENDIX A
(TO RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS
ATTACHING TO THE COMPANY SHARES)

TERMS OF PURCHASER CALL OPTION

Each Purchaser Call Option shall be granted upon and shall be subject to the following terms and conditions:

Definitions

Capitalized terms used but not defined in this Appendix A shall have the meaning ascribed thereto in the Plan of Arrangement (the “**Plan of Arrangement**”).

Grant of Purchaser Call Option

Pursuant to Section 3.1(b) or Section 3.1(d) of the Plan of Arrangement, as applicable, and subject to the terms and conditions of the Plan of Arrangement, including Exhibit B thereto and this Appendix A, the Call Option Grantor grants to the Purchaser, on the Call Option Grant Date, an option (the “**Purchaser Call Option**”) to purchase all of the Company Shares held by the Call Option Grantor on the Acquisition Date immediately following the exchanges referred to in Section 3.1(h)(i) and Section 3.1(h)(iii) of the Plan of Arrangement (such Company Shares, the “**Purchaser Call Option Shares**”), in each case subject to the terms and conditions set out in the Plan of Arrangement, including Exhibit B thereto and this Exhibit A.

Exercise of Purchaser Call Option Prior to Triggering Event Date

The Purchaser Call Option may be exercised by the Purchaser in its sole discretion at any time prior to the Triggering Event Date and before the Purchaser Call Option Expiry Date by delivering to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Exercise of Purchaser Call Option Following Triggering Event Date

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, effective at 5:00 p.m. (Toronto time) on the Triggering Event Date, the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares.

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall, within two Business Days of the Triggering Event Date, deliver to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

If the Purchaser fails to deliver a Purchaser Call Option Exercise Notice to the Depositary in accordance with the immediately preceding paragraph, the Company shall be entitled and shall be required, forthwith following such failure by the Purchaser, to deliver to the Depositary (with a copy to the Purchaser) a Triggering Event Notice specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Issuance of Company Shares Following Exercise or Deemed Exercise of Option

Where a Purchaser Call Option is granted or deemed to be granted pursuant to Section 3.1(d) of the Plan of Arrangement at any time following the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, such Purchaser Call Option effective immediately following the grant or deemed grant of such Purchaser Call Option pursuant to Section 3.1(d) of the Plan of Arrangement.

Expiry of Purchaser Call Option

If the Purchaser Call Option has not been exercised or deemed to have been exercised prior to the Purchaser Call Option Expiry Date, the Purchaser Call Option shall expire and terminate effective as of the Purchaser Call Option Expiry Date and thereafter shall be of no further force or effect.

Notwithstanding anything to the contrary contained herein, if the Purchaser Call Option is exercised or deemed to be exercised prior to the Purchaser Call Option Expiry Date but the closing of the Acquisition has not occurred by the Acquisition Closing Outside Date, the Purchaser Call Option shall expire and terminate effective as of the Acquisition Closing Outside Date and thereafter shall be of no further force or effect.

Effect of Exercise or Deemed Exercise of Purchaser Call Option

Upon the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall be required to purchase from each Call Option Grantor, and each Call Option Grantor shall be required to sell to the Purchaser, on the Acquisition Date, the Company Subordinate Voting Shares held by such Call Option Grantor immediately following the exchange referred to in Section 3.1(h)(iii) of the Plan of Arrangement, in consideration for the payment by the Purchaser to such Call Option Grantor of the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration) for each Company Subordinate Voting Share acquired from such Call Option Grantor, all in accordance with this Exhibit B and the Plan of Arrangement.

Purchase and Sale of Purchaser Call Option Shares Following Exercise of Purchaser Call Option

The closing of the purchase and sale of Purchaser Call Option Shares following the exercise or deemed exercise by the Purchaser of the Purchaser Call Option shall occur on the Acquisition Date as follows:

- 1) Following the exchange referred to in Section 3.1(h)(iii) of the Plan of Arrangement, Company Canadian Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(h)(v) of the Plan of Arrangement; and
- 2) Following the sale by Company Canadian Shareholders of their Company Subordinate Voting Shares to the Purchaser in accordance with Section 3.1(h)(v) of the Plan of Arrangement, Company Non-Canadian Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(h)(vii)(F) of the Plan of Arrangement.

On the Acquisition Date, the Purchaser shall issue to the holder of a Purchaser Call Option Share, for each Purchaser Call Option Share acquired, the Purchaser Share Consideration (or, to the extent applicable, any Alternate Consideration), in accordance with Section 5.1 of the Plan of Arrangement.

Assignment of Company Shares Prior to the Acquisition Date

Notwithstanding the foregoing, the Purchaser Call Option shall not prohibit the sale, assignment or transfer of Company Shares by Call Option Grantors at any time, or from time to time, prior to the Acquisition Date. A Company Shareholder that sells, assigns or transfers Company Shares prior to the Acquisition Date shall, following such sale, assignment or transfer, not be subject to the terms of the Purchaser Call Option in respect of such Company Shares (except to the extent such Company Shareholder subsequently re-acquires such Company Shares). For greater certainty, any acquirer of Company Shares following such sale, assignment or transfer shall be subject to the terms of the Purchaser Call Option in respect of such Company Shares.

Holders of Common Membership Units and USCo2 Class B Shares

The terms provided herein with respect to Company Shares shall apply in all respects to the holders of Common Membership Units and USCo2 Class B Shares except that the Purchaser Call Option may not be exercised before three years after the Acquisition Date with respect to these holders. The exercise of the Purchaser Call Option with respect to these holders is to be effectuated in a manner consistent with Exhibit 1 and Exhibit 2 of the Arrangement Agreement.

EXHIBIT B

TERMS OF PURCHASER CALL OPTION

Each Purchaser Call Option shall be granted upon and shall be subject to the following terms and conditions:

Definitions

Capitalized terms used but not defined in this Exhibit B shall have the meaning ascribed thereto in the Plan of Arrangement to which this Exhibit B is appended (the “**Plan of Arrangement**”).

Grant of Purchaser Call Option

Pursuant to Section 3.1(b) or Section 3.1(d) of the Plan of Arrangement, as applicable, and subject to the terms and conditions set out in this Exhibit B and the Plan of Arrangement, the Call Option Grantor grants to the Purchaser, on the Call Option Grant Date, an option (the “**Purchaser Call Option**”) to purchase all of the Company Shares held by the Call Option Grantor on the Acquisition Date immediately following the exchanges referred to in Section 3.1(h) (i) and Section 3.1(h)(iii) of the Plan of Arrangement (such Company Shares, the “**Purchaser Call Option Shares**”), in each case subject to the terms and conditions set out in this Exhibit B and the Plan of Arrangement.

Exercise of Purchaser Call Option Prior to Triggering Event Date

The Purchaser Call Option may be exercised by the Purchaser in its sole discretion at any time prior to the Triggering Event Date and before the Purchaser Call Option Expiry Date by delivering to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Exercise of Purchaser Call Option Following Triggering Event Date

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, effective at 5:00 p.m. (Toronto time) on the Triggering Event Date, the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares.

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall, within two Business Days of the Triggering Event Date, deliver to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

If the Purchaser fails to deliver a Purchaser Call Option Exercise Notice to the Depositary in accordance with the immediately preceding paragraph, the Company shall be entitled and shall be required, forthwith following such failure by the Purchaser, to deliver to the Depositary (with a copy to the Purchaser) a Triggering Event Notice specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Issuance of Company Shares Following Exercise or Deemed Exercise of Option

Where a Purchaser Call Option is granted or deemed to be granted pursuant to Section 3.1(d) of the Plan of Arrangement at any time following the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, such Purchaser Call Option effective immediately following the grant or deemed grant of such Purchaser Call Option pursuant to Section 3.1(d) of the Plan of Arrangement.

Expiry of Purchaser Call Option

If the Purchaser Call Option has not been exercised or deemed to have been exercised prior to the Purchaser Call Option Expiry Date, the Purchaser Call Option shall expire and terminate effective as of the Purchaser Call Option Expiry Date and thereafter shall be of no further force or effect.

Notwithstanding anything to the contrary contained herein, if the Purchaser Call Option is exercised or deemed to be exercised prior to the Purchaser Call Option Expiry Date but the closing of the Acquisition has not occurred by the Acquisition Closing Outside Date, the Purchaser Call Option shall expire and terminate effective as of the Acquisition Closing Outside Date and thereafter shall be of no further force or effect.

Effect of Exercise or Deemed Exercise of Purchaser Call Option

Upon the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall be required to purchase from each Call Option Grantor, and each Call Option Grantor shall be required to sell to the Purchaser, on the Acquisition Date, the Company Subordinate Voting Shares held by such Call Option Grantor immediately following the exchange referred to in Section 3.1(h)(iii) of the Plan of Arrangement, in consideration for the payment by the Purchaser to such Call Option Grantor of the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration) for each Company Subordinate Voting Share acquired from such Call Option Grantor, all in accordance with this Exhibit B and the Plan of Arrangement.

Purchase and Sale of Purchaser Call Option Shares Following Exercise of Purchaser Call Option

The closing of the purchase and sale of Purchaser Call Option Shares following the exercise or deemed exercise by the Purchaser of the Purchaser Call Option shall occur on the Acquisition Date as follows:

- 3) Following the exchange referred to in Section 3.1(h)(iii) of the Plan of Arrangement, Company Canadian Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(h)(v) of the Plan of Arrangement; and
- 4) Following the sale by Company Canadian Shareholders of their Company Subordinate Voting Shares to the Purchaser in accordance with Section 3.1(h)(v) of the Plan of Arrangement, Company Non-Canadian Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(h)(vii)(F) of the Plan of Arrangement.

On the Acquisition Date, the Purchaser shall issue to the holder of a Purchaser Call Option Share, for each Purchaser Call Option Share acquired, the Purchaser Share Consideration (or, to the extent applicable, any Alternate Consideration), in accordance with Section 5.1 of the Plan of Arrangement.

Assignment of Company Shares Prior to the Acquisition Date

Notwithstanding the foregoing, the Purchaser Call Option shall not prohibit the sale, assignment or transfer of Company Shares by Call Option Grantors at any time, or from time to time, prior to the Acquisition Date. A Company Shareholder that sells, assigns or transfers Company Shares prior to the Acquisition Date shall, following such sale, assignment or transfer, not be subject to the terms of the Purchaser Call Option in respect of such Company Shares (except to the extent such Company Shareholder subsequently re-acquires such Company Shares). For greater certainty, any acquirer of Company Shares following such sale, assignment or transfer shall be subject to the terms of the Purchaser Call Option in respect of such Company Shares.

Holders of Common Membership Units and USCo2 Class B Shares

The terms provided herein with respect to Company Shares shall apply in all respects to the holders of Common Membership Units and USCo2 Class B Shares except that the Purchaser Call Option may not be exercised before three years after the Acquisition Date with respect to these holders. The exercise of the Purchaser Call Option with respect to these holders is to be effectuated in a manner consistent with Exhibit 1 and Exhibit 2 of the Arrangement Agreement.

EXHIBIT C

PURCHASE CALL OPTION EXERCISE NOTICE

CANOPY GROWTH CORPORATION

PURCHASER CALL OPTION EXERCISE NOTICE

TO: Computershare Trust Company of Canada (the “**Depository**”)

AND TO: Acreage Holdings, Inc. (the “**Company**”)

Reference is made to the arrangement agreement between Canopy Growth Corporation (the “**Purchaser**”) and the Company dated April 18, 2019 and the plan of arrangement contemplated thereby (the “**Plan of Arrangement**”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Plan of Arrangement.

In accordance with the terms of the Purchaser Call Option and the Plan of Arrangement, the Purchaser hereby gives notice that it is exercising its rights pursuant to the Purchaser Call Option to acquire all (but not less than all) of the Purchaser Call Option Shares.

The closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur on _____, 20__ (the “**Acquisition Date**”) subject to the satisfaction or waiver of the Acquisition Closing Conditions.

DATED the ____ day of _____, 20__.

CANOPY GROWTH CORPORATION

Per:

Authorized Signatory

I have authority to bind the Purchaser.

EXHIBIT D

TRIGGERING EVENT NOTICE

ACREAGE HOLDINGS, INC.

TRIGGERING EVENT NOTICE

TO: Computershare Trust Company of Canada (the “**Depository**”)

AND TO: Canopy Growth Corporation. (the “**Purchaser**”)

Reference is made to the arrangement agreement between the Purchaser and Acreage Holdings, Inc. (the “**Company**”) dated April 18, 2019 and the plan of arrangement contemplated thereby (the “**Plan of Arrangement**”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Plan of Arrangement.

In accordance with the terms of the Purchaser Call Option and the Plan of Arrangement, the Company hereby gives notice that the Triggering Event Date has occurred, and that the Purchaser is therefore deemed to have exercised its rights pursuant to the Purchaser Call Option to acquire all (but not less than all) of the Purchaser Call Option Shares.

The closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur on _____, 20__ (the “**Acquisition Date**”) subject to the satisfaction or waiver of the Acquisition Closing Conditions.

DATED the ____ day of _____, 20__.

ACREAGE HOLDINGS, INC.

Per:

Authorized Signatory

I have authority to bind the Company.

SCHEDULE B

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) of Acreage Holdings, Inc. (the “**Company**”), as more particularly described and set forth in the management information circular (the “**Circular**”) dated 1, 2019 of the Company accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (as it may be amended, the “**Arrangement Agreement**”) made as of April 18, 2019 between the Company and Canopy Growth Corporation) is hereby authorized, approved and adopted.
2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with its terms and the Arrangement Agreement, the “**Plan of Arrangement**”), the full text of which is set out in Appendix I to the Circular, is hereby authorized, approved and adopted.
3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. The Company is hereby authorized to apply for a final order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered to, without notice to or approval of the shareholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
6. Any one officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver such documents as are necessary or desirable to the Director under the BCBCA in accordance with the Arrangement Agreement for filing.
7. Any one officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such Person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE C
PURCHASER SHAREHOLDER RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (1) Canopy Growth Corporation (the “**Company**”) is hereby authorized to issue such number of common shares in the capital of the Company (the “**Common Shares**”) as is necessary to allow the Company to acquire 100% of the issued and outstanding subordinate voting shares, assuming conversion of the issued and outstanding proportionate voting shares and multiple voting shares of Acreage Holdings, Inc. (“**Acreage**”) pursuant to a plan of arrangement (the “**Arrangement**”) in accordance with an arrangement agreement between the Company and Acreage (the “**Arrangement Agreement**”), as more particularly described in the management information circular of the Company (the “**Company Circular**”) (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), including, but not limited to, the issuance of Common Shares upon the exercise of convertible securities of Acreage and the issuance of Common Shares for any other matters contemplated by or related to the Arrangement;
- (2) the Company is hereby authorized to issue up to such number of Common Shares to CBG Holdings LLC (“**CBG**”) and/or Greenstar Canada Investment Limited Partnership (“**GCILP**”) as is necessary to satisfy the top-up right held by CBG and GCILP pursuant to the terms of the second amended and restated investor rights agreement dated as of April 18, 2019 between CBG, GCILP and the Company, as more particularly described in the Company Circular;
- (3) the Company is hereby authorized to amend the terms of the 88,472,861 issued and outstanding Tranche A warrants and the 51,272,592 issued and outstanding Tranche B warrants of the Company held by CBG, collectively exercisable to acquire up to an aggregate of 139,745,453 Common Shares, in accordance with the terms and conditions of the certificates evidencing such warrants and pursuant to the terms and conditions of the consent agreement dated as of April 18, 2019 between CBG and the Company, as more particularly described in the Company Circular; and
- (4) notwithstanding that this resolution has been duly passed by the holders of the common shares of the Company, the directors of the Company are hereby authorized and empowered, if they decide not to proceed with the aforementioned resolution, to revoke this resolution at any time prior to the closing date of the Arrangement, without further notice to or approval of the shareholders of the Company;
- (5) any one or more directors or officers of the Company is hereby authorized, for and on behalf and in the name of the Company, to execute and deliver, whether under corporate seal of the Company or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- (a) Fairness Opinions and Directors' Approvals. As of the date hereof:
- (i) each of the Financial Advisor and the Independent Financial Advisor has delivered an oral opinion to the Company Special Committee and the Company Board to the effect that as of the date hereof, subject to the assumptions and limitations set out therein, the Consideration to be received under the Arrangement is fair from a financial point of view to the Company Shareholders other than the Purchaser and/or its affiliates;
 - (ii) the Company has been authorized by each of the Financial Advisor and Independent Financial Advisor to permit inclusion of the Fairness Opinions and references thereto and summaries thereof in the Company Circular; and the Company Board has unanimously (A) determined that the Arrangement is in the best interests of the Company and is fair to the Company Shareholders, (B) resolved to recommend to the Company Shareholders that they vote in favour of the Arrangement Resolution and (C) approved: (i) the Arrangement pursuant to the Plan of Arrangement; and (ii) the execution and performance of this Agreement.
- (b) Organization and Qualification. The Company is a corporation duly incorporated and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate power and authority to own its property and assets as now owned and to carry on its business as it is now being conducted. The Company is duly qualified to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary. No proceedings have been taken, instituted or are pending for the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, and no board approvals have been given to commence any such proceedings.
- (c) Authority Relative to this Agreement. The Company has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by the Company as contemplated by this Agreement and (subject to obtaining the Required Company Shareholder Approval, the Interim Order and the Final Order in the manner contemplated herein) to perform its obligations hereunder and under such agreements and instruments. The execution and delivery of this Agreement by the Company and the performance by the Company of its obligations under this Agreement have been duly authorized by the Company Board and, except for obtaining the Required Company Shareholder Approval, the approval of the CSE in respect of the Arrangement, the Interim Order and the Final Order in the manner contemplated herein and filing of the Arrangement Filings with the Registrar, no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement, other than, with respect to the Company Circular and other matters relating thereto, the approval of the Company Board. This Agreement has been duly executed and delivered by the Company, and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are within the discretion of a court.

(d) No Violation. Other than as set forth in Section (d) of the Company Disclosure Letter, neither the authorization, execution and delivery of this Agreement by the Company nor the completion of the transactions contemplated by this Agreement or the Arrangement, nor the performance of its obligations hereunder or thereunder, nor compliance by the Company with any of the provisions hereof or thereof will result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:

- (i) its Notice of Articles or Articles;
- (ii) any Authorization or Contract to which the Company is a party or to which it or any of its properties or assets are bound; or
- (iii) any Laws (assuming compliance with the matters referred to in Section (e) below), regulation, order, judgment or decree applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, with the exception of the Controlled Substances Act 21 USC 801 et seq., as it applies to marijuana;

except in the case of (ii) and (iii) above for such breaches, defaults, consents, terminations, cancellations, suspensions, accelerations, penalties, payment obligations or rights which would not individually or in the aggregate have a Company Material Adverse Effect.

(e) Governmental Approvals. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the Arrangement requires no consent, waiver or approval or any action by or in respect of, or filing with, or notification to, any Governmental Entity other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filing of the Arrangement Filings with the Registrar; (iv) compliance with any applicable Securities Laws and stock exchange rules and regulations; (v) any approvals required by any United States Governmental Entity outlined in Section (e) of the Company Disclosure Letter; and (vi) any actions, filings or notifications the absence of which would not materially delay or prevent the completion of the Arrangement or reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(f) Capitalization.

- (i) The authorized share capital of the Company consists of an unlimited number of Company Subordinate Voting Shares, an unlimited number of Company Proportionate Voting Shares and an unlimited number of Company Multiple Voting Shares. As of the date hereof, there were issued and outstanding: (i) 46,073,518 Company Subordinate Voting Shares (ii) 865,585.4851 Company Proportionate Voting Shares; and (iii) 168,000 Company Multiple Voting Shares.

- (ii) As of the date hereof an aggregate of up to: (A) 4,902,200 Company Subordinate Voting Shares are issuable upon the exercise of Company Options; (B) 157,512 Company Subordinate Voting Shares are issuable upon the exercise of Company Compensation Options; (C) 1,926,600 Company Subordinate Voting Shares issuable upon the vesting of outstanding Company RSUs; (D) 2,100,604 Company Subordinate Voting Shares issuable upon the exercise of warrants issued by the Company; (E) 21,215,646 Company Subordinate Voting Shares have been reserved for issuance upon the redemption of exchange, as applicable of the Common Membership Units; (F) 5,990,000 Company Subordinate Voting Shares have been reserved for issuance upon the redemption of exchange, as applicable of the Profit Interests; (G) 1,410,585 Company Subordinate Voting Shares have been reserved for issuance upon the redemption of exchange, as applicable of the Class B Non-Voting Common Shares; and (H) 160,000 Company Subordinate Voting Shares issuable in connection with a definitive agreement entered into with Blue Tire Holdings, LLC (collectively, the “**Company Reserved Shares**”). The exercise and conversion prices, expiration dates and other material terms of which (including the vesting schedules) are set forth in Section (f) (i) of the Company Disclosure Letter. The Company has included in the Company Data Room a true and complete copy of the stock option and incentive plan governing the Company Options and Company RSUs and the form of certificates in respect of the Company Compensation Options.
- (iii) Other than as disclosed in Section (f)(iii) of the Company Disclosure Letter, except for the Company Options, Company Compensation Options, Company RSUs and Company Reserved Shares, and, with respect to Subsidiaries of the Company, as disclosed in the Company Disclosure Letter, there are no securities, options, warrants, stock appreciation rights, restricted stock units, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever to which the Company or any of its Subsidiaries is a party or by which any of the Company or its Subsidiaries may be bound, obligating or which may obligate the Company or any of its Subsidiaries to issue, grant, deliver, extend, or enter into any such security, option, warrant, stock appreciation right, restricted stock unit, conversion privilege or other right, agreement, arrangement or commitment.
- (iv) All outstanding Company Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Company Shares issuable upon the conversion or exercise, as applicable, of the Company Options, Company Compensation Options, Company RSUs and Company Reserved Shares in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non- assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of the Company have been issued in compliance with all applicable Laws and Securities Laws.

- (v) Apart from the outstanding Company Shares, there are no other securities of the Company or of any of its Subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the holders of the outstanding Company Shares on any matter. There are no outstanding contractual or other obligations of the Company or any Subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its Subsidiaries, other than with respect to the Class B Non-Voting Common Shares, the Common Membership Units and the Profit Interests. There are no outstanding bonds, debentures or other evidences of indebtedness of the Company or any of its Subsidiaries having the right to vote with the holders of the outstanding Company Shares on any matters.

(g) Subsidiaries.

- (i) Section (g)(i) of the Company Disclosure Letter includes complete and accurate lists of all Subsidiaries owned, directly or indirectly, by the Company, each of which is wholly-owned except as disclosed in Section (g)(i) of the Company Disclosure Letter. All of the issued and outstanding shares and other ownership interests in the Subsidiaries of the Company are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable, and all such shares and other ownership interests held directly or indirectly by the Company are legally and beneficially owned free and clear of all Liens (other than Permitted Liens), and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares or other ownership interests of any of the Subsidiaries of the Company. Other than as disclosed in Section (g)(i) of the Company Disclosure Letter, there are no Contracts, commitments, understandings or restrictions which require any Subsidiaries of the Company to issue, sell or deliver any shares or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares or other ownership interests. Except for ownership of equity interests listed on Section (g)(i) of the Company Disclosure Letter, the Company, directly or indirectly through any of its Subsidiaries or otherwise, does not own any equity interest of any kind in any other Person.
- (ii) Neither the Company nor any of its Subsidiaries has any investments, active business or commercial operations outside of the United States, other than the Company's registered office, which is located in Vancouver, British Columbia.
- (iii) Other than as disclosed in Section (g)(iii) of the Company Disclosure Letter, the Company and its Subsidiaries are not party to any intercompany guarantees, loans, advances and/or other arrangements.

- (h) Reporting Status and Securities Laws Matters. The Company is a “reporting issuer” or the equivalent and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in Ontario. The Company is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or, to the knowledge of the Company, threatened proceedings before any Securities Authority or other Governmental Entity relating to any alleged non-compliance with any Securities Laws. The Company Subordinate Voting Shares are listed on, and the Company is in compliance in all material respects with the rules and policies of, the CSE. No delisting, suspension of trading in or cease trading order with respect to any securities of the Company and, to the knowledge of the Company, no inquiry or investigation (formal or informal) of any Securities Authority or the CSE is in effect or ongoing or, to the knowledge of the Company, expected to be implemented or undertaken. To the knowledge of the Company, no directors or officers of the Company or any of its Subsidiaries have received any objection from the securities regulatory authorities as to their serving in any capacities as directors or officers of any reporting issuer in a jurisdiction in Canada.
- (i) U.S. Securities Matters.
- (i) The Company is a “foreign private issuer” within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
 - (ii) The Company is not registered, and is not required to be registered, as an “investment company” pursuant to the U.S. Investment Company Act.
 - (iii) Pursuant to the multijurisdictional disclosure system, the Company is subject to periodic reporting obligations, including the requirement to annually file certain of the Company’s Canadian disclosure documents under cover of Form 40-F and the furnishing of other material information made public in Canada under the cover of Form 6-K.
- (j) Company Filings. The Company has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and/or the CSE, except where failure to do so would not have any Company Material Adverse Effect. The Company has timely filed or furnished all Company Filings required to be filed or furnished by the Company with any Governmental Entity (including “documents affecting the rights of securityholders” and “material contracts” required to be filed by Part 12 of National Instrument 51-102 – *Continuous Disclosure Obligations*), except where failure to do so would not have any Company Material Adverse Effect. Each of the Company Filings complied as filed in all material respects with applicable Securities Laws and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any Misrepresentation. The Company has not filed any confidential material change report which at the date of this Agreement remains confidential.

- (k) Financial Statements. The (i) audited consolidated financial statements for the years ended December 31, 2017 and 2016 and related MD&A of High Street filed as part of the Company's filing statement (the "**Filing Statement**") on SEDAR dated November 14, 2018; (ii) the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2018 and 2017 and related MD&A of High Street filed as part of the Filing Statement; (iii) the audited financial statements as of December 31, 2017, December 31, 2016 and January 1, 2016 and for the years ended December 31, 2017 and 2016 and related MD&A of D&B Wellness, LLC filed as part of the Filing Statement; (iv) the unaudited interim financial statements as of June 30, 2018 and December 31, 2017 and for the three and six months ended June 30, 2018 and 2017 and related MD&A of D&B Wellness, LLC filed as part of the Filing Statement; (v) the audited financial statements for the years ended December 31, 2017 and 2016 and related MD&A of Prime Wellness of Connecticut, LLC filed as part of the Filing Statement; (vi) the unaudited interim financial statements as of June 30, 2018 and December 31, 2017 and for the three and six months ended June 30, 2018 and June 30, 2017 and related MD&A of Prime Wellness of Connecticut, LLC filed as part of the Filing Statement; (vii) the audited financial statements for the years ended December 31, 2017 and 2016 and related MD&A of The Wellness & Pain Management Connection, LLC filed as part of the Filing Statement; (viii) the unaudited interim financial statements for the three and six months ended June 30, 2018 and 2017 and related MD&A of The Wellness & Pain Management Connection, LLC filed as part of the Filing Statement; and (ix) the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 and 2017 and related MD&A of High Street (collectively, the "**Company Financial Statements**") were prepared in accordance with IFRS consistently applied (except (a) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the Company's independent auditors, or (b) in the case of unaudited interim statements, are subject to normal period-end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and present fairly, in all material respects, the consolidated financial position, financial performance and cash flows of the applicable entity for which such Company Financial Statements were prepared for the dates and periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal period-end adjustments) and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of the Company on a consolidated basis. There has been no material change in the Company's accounting policies, except as described in the Company Financial Statements, since January 1, 2018.
- (l) Internal Controls and Financial Reporting. The Company has (i) designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and its Subsidiaries is made known to the Chief Executive Officer and Chief Financial Officer of the Company on a timely basis, particularly during the periods in which the annual or interim filings are being prepared; and (ii) designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. To the knowledge of the Company, as of the date of this Agreement:
- (i) there are no material weaknesses in, the internal controls over financial reporting of the Company that could reasonably be expected to adversely affect the Company's ability to record, process, summarize and report financial information; and

- (ii) there is and has been no fraud, whether or not material, involving management or any other employees who have a significant role in the internal control over financial reporting of the Company. Since January 1, 2017 the Company has received no: (x) complaints from any source regarding accounting, internal accounting controls or auditing matters; or (y) expressions of concern from employees of the Company regarding questionable accounting or auditing matters.
- (m) Books and Records; Disclosure. The financial books, records and accounts of the Company and its Subsidiaries: (i) have been maintained in accordance with applicable Laws and IFRS and/or U.S. GAAP, as applicable, on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions, acquisitions and dispositions of the assets of the Company and its Subsidiaries; and (iii) accurately and fairly reflect the basis for the Company Financial Statements.
- (n) Independent Auditors. The Company's current auditors are independent with respect to the Company within the meaning of the rules of professional conduct applicable to auditors in Canada and there has never been a "reportable event" (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the current, or to the best knowledge of the Company any predecessor, auditors of the Company during the last three years.
- (o) Minute Books.
 - (i) Since November 14, 2018, the corporate minute books of the Company contain minutes of all meetings and resolutions of its boards of directors and committees of its board of directors, other than those portions of minutes of meetings reflecting discussions of the Arrangement, and shareholders, held according to applicable Laws and are complete and accurate in all material respects.
 - (ii) The corporate minute books of the Company's Subsidiaries contain minutes of all meetings and resolutions of its boards of directors and committees of its board of directors, other than those portions of minutes of meetings reflecting discussions of the Arrangement, and shareholders, held according to applicable Laws and are complete and accurate in all material respects.
- (p) No Undisclosed Liabilities. The Company and its Subsidiaries have no outstanding indebtedness, liabilities or obligations, whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the Company Financial Statements, which relate to the proposed Arrangement or incurred in the Ordinary Course and which are not material since the date of the most recent Company Financial Statements.

- (q) No Material Change. Since November 14, 2018, other than as disclosed in Section (q) of the Company Disclosure Letter or the Company Filings in the form of material change reports:
- (i) the Company and its Subsidiaries have conducted its business only in the Ordinary Course, excluding matters relating to the proposed Arrangement;
 - (ii) there has not occurred any event, occurrence or development or a state of circumstances or facts which has had or would, individually or in the aggregate, reasonably be expected to have any Company Material Adverse Effect;
 - (iii) there has not been any acquisition or sale by the Company or its Subsidiaries of any material property or assets;
 - (iv) there has not been any incurrence, assumption or guarantee by the Company or its Subsidiaries of any material debt for borrowed money, any creation or assumption by the Company or its Subsidiaries of any Lien or any making by the Company or its Subsidiaries of any material loan, advance or capital contribution to or investment in any other Person, except as disclosed in the Company Financial Statements;
 - (v) there has been no dividend or distribution of any kind declared, paid or made by the Company on any Company Shares;
 - (vi) the Company has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Company Shares;
 - (vii) there has not been any material increase in or modification of the compensation payable to or to become payable by the Company or its Subsidiaries to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance, change in control or termination pay or any increase or modification of any Employee Plans of the Company (including the granting of Company Options) made to, for or with any of such directors, officers, employees or consultants; and
 - (viii) the Company has not removed any auditor or director or terminated any senior officer.
- (r) Litigation. Except as disclosed in Section (r) of the Company Disclosure Letter, there is no claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation that is pending or has been commenced or, to the knowledge of the Company, is threatened affecting the Company or its Subsidiaries or affecting any of their property or assets (whether owned or leased) at law or in equity, which, individually or in the aggregate, if determined adversely to the Company or its Subsidiaries, has or could reasonably be expected to result in liability to the Company or its Subsidiaries in excess of \$250,000 or to injunctive relief against the Company that would materially impact its business. Except as disclosed in Section (r) of the Company Disclosure Letter, neither the Company, its Subsidiaries nor any their respective assets or properties is subject to any outstanding or threatened judgment, order, writ, injunction or decree material to the Company and its Subsidiaries on a consolidated basis.

(s) Taxes.

- (i) The Company and each of its Subsidiaries has duly and timely filed (or timely requested and were granted extensions of) all income and other material Tax Returns required to be filed prior to the date hereof with the appropriate Governmental Entities and all such Tax Returns are true and correct in all material respects.
- (ii) The Company and each of its Subsidiaries has duly and timely paid all income and other material Taxes, including all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Entity.
- (iii) The Company and each of its Subsidiaries has duly and timely collected all material Taxes required to be collected and has duly and timely paid and remitted the same to the appropriate Governmental Entity.
- (iv) Except as disclosed in Section (s)(iv) of the Company Disclosure Letter, to the knowledge of the Company, there are no proceedings, investigations, audits or claims now pending against the Company or its Subsidiaries in respect of any Taxes and no Governmental Entity has asserted in writing, or to the knowledge of the Company, has threatened to assert against the Company or its Subsidiaries any deficiency or claim for Taxes or interest thereon or penalties in connection therewith which has not yet been paid.
- (v) Other than as disclosed in Section (s)(v) of the Company Disclosure Letter, all deficiencies asserted or assessments made as a result of any examinations have been fully paid, or are fully reflected as a liability in the Company Financial Statements, or are being contested and an adequate reserve therefor has been established and is fully reflected in the Company Financial Statements.
- (vi) Other than duly and timely filed requests for extensions of time to file current year Tax Returns, there are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, the Company or any of its Subsidiaries.
- (vii) There are no Liens for Taxes upon any property or assets of the Company and its Subsidiaries, except Liens for current Taxes not yet due.
- (viii) Except as disclosed in Section (s)(viii) of the Company Disclosure Letter: (i) the Company or its Subsidiaries are not a party to any agreement, understanding, or arrangement relating to allocating or sharing any amount of Taxes the principal purpose of which is to allocate and share Taxes; and (ii) neither the Company nor any of its Subsidiaries has any liability for the Taxes of any other Person (other than the Company and its Subsidiaries) (a) under Section 1.1502-6 of the U.S. Treasury Regulations (or any similar provision of state, local or foreign applicable Law); (b) as a transferee or successor; or (c) by contract or indemnity (including under any Tax sharing agreement) or otherwise.

- (ix) The Company and each of its Subsidiaries has duly and timely withheld from any amount paid or credited by it to or for the account or benefit of any Person, including any employees, vendors, independent contractors, creditors, shareholders, or any other Person (including any non-resident Person), the amount of all material Taxes and other deductions required by any Laws to be withheld from any such amount and has duly and timely remitted the same to the appropriate Governmental Entity.
- (x) All employees and independent contractors of the Company and its Subsidiaries have been properly classified as such for Tax purposes as well as for employee benefit purposes and, to the knowledge of the Company, there have been no audits, controversies or adverse determinations made by any Governmental Entity in respect of whether a service provider is treated as an employee or as an independent contractor.
- (xi) The Company is a “taxable Canadian corporation” for the purposes of the Tax Act.
- (xii) The Company is treated as a domestic corporation for U.S. federal income tax purposes.
- (xiii) Neither the Company nor any of its Subsidiaries has been a “distributing corporation” or a “controlled corporation” in a distribution intended to qualify for tax-free treatment under Section 355 of the U.S. Tax Code.
- (xiv) Neither the Company nor any of its Subsidiaries has participated in any “reportable transaction” within the meaning of Section 1.6011-4(b) of the U.S. Treasury Regulations or Section 237.3 of the Tax Act (or a similar provision of applicable Law).
- (xv) Neither the Company nor any of its Subsidiaries will be required to include any material item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Date as a result of any (i) change in method of accounting (or an improper use of an accounting method) for a taxable period ending on or prior to the Effective Date; (ii) “closing agreement,” as described in Section 7121 of the U.S. Tax Code (or any corresponding provision of state, local or foreign income Tax law) entered into on or prior to the Effective Date; (iii) intercompany transaction or excess loss account described in U.S. Treasury Regulations under Section 1502 of the U.S. Tax Code (or any corresponding or similar provision of state, local, or non-U.S. income Tax law) made on or prior to the Effective Date; (iv) instalment sale or open transaction disposition made on or prior to the Effective Date; (v) prepaid amount received on or prior to the Effective Date; (vi) income inclusion pursuant to Section 951 of the U.S. Tax Code with respect to any interest held in a “controlled foreign corporation” (as that term is defined in Section 957 of the U.S. Tax Code) on or before the Effective Date; or (vii) any instalment of the “net tax liability” described in Section 965(h)(1) of the U.S. Tax Code after December 31, 2017.

- (xvi) The value of the consideration paid or received by the Company and Subsidiaries for the acquisition, sale, transfer or provision of property (including intangibles) or the provision of services (including financial transactions) from or to any Person with which it was not dealing at arm's length at the relevant time was the fair market value of such property acquired, provided or sold or services purchased or provided. Transactions between the Company, the Subsidiaries and any such non-resident person or partnership were priced in a manner so as not to give rise to any material adjustments pursuant to Section 247 of the Tax Act.
- (xvii) Neither the Company nor its Subsidiaries has received any requirement, demand or request from any Governmental Entity pursuant to Section 224 of the Tax Act or any similar provision of an applicable Law that remains unsatisfied in any respect.
- (xviii) No written claim has ever been made by a taxing authority, in a jurisdiction where the Company or the Subsidiaries does not file Tax Returns, that the Company or its Subsidiaries is or may be subject to taxation by that jurisdiction or any of the Company's or its Subsidiaries' assets are or may be subject to such taxation.
- (xix) Neither the Company nor the Subsidiaries has requested, received or entered into any advance Tax rulings or advance pricing agreements with any Governmental Entity.
- (xx) There are no circumstances existing prior to the date hereof which could result in the application to the Company or any Subsidiaries of any of Sections 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada. Neither the Company nor any Subsidiaries has any unpaid amounts that may be required to be included in the Company or such Subsidiaries income for Canadian income tax purposes for any tax period ending on or before the Effective Date under Section 78 of the Tax Act or a corresponding provincial provision. Neither the Company nor any Subsidiaries have acquired property from a Person in circumstances that would result in the Company or Subsidiaries, as the case may be, becoming liable to pay Taxes of such Person under subsection 160(1) of the Tax Act or a corresponding provincial provision.
- (xxi)
- (xxii) The Company is not, and has not been, a United States real property holding corporation (as defined in Section 897(c)(2) of the U.S. Tax Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the U.S. Tax Code.
- (xxiii) Neither the Company nor any of its Subsidiaries has taken any material Tax deduction that is not permitted under Section 280E of the U. S. Tax Code.

(t) Data Privacy and Security.

- (i) The Company and each of its Subsidiaries complies, and during the past three years has complied, in all material respects, with all Privacy and Information Security Requirements. Neither the Company nor any of its Subsidiaries have been notified in writing of, or is the subject of, any complaint or proceeding or to the Company's knowledge, any, regulatory investigation related to Processing of Personal Data by any Governmental Entity or payment card association, regarding any actual or possible violations of any Privacy and Information Security Requirement by or with respect to the Company or any of its Subsidiaries.

- (ii) The Company and each of its Subsidiaries employs commercially reasonable organizational, administrative, physical and technical safeguards that comply in all material respects with all Privacy and Information Security Requirements to protect Company Data within its custody or control and requires the same of all vendors under contract with the Company that Process Company Data on its behalf. The Company and each of its Subsidiaries have provided all requisite notices and obtained all required consents, and satisfied all other requirements (including but not limited to notification to Governmental Entities), necessary for the Processing (including international and onward transfer) of all Personal Data in connection with the conduct of the business as currently conducted and in connection with the consummation of the transactions contemplated hereunder.
- (iii) To the knowledge of the Company, neither the Company nor any of its Subsidiaries has suffered a security breach with respect to any of the Company Data and to the Company's knowledge, there has been no unauthorized or illegal use of or access to any Company Data. Neither the Company nor any of its Subsidiaries has notified, or been required to notify, any Person of any information security breach involving Personal Data. To the Company's knowledge, the Company Systems have had no material errors or defects that have not been fully remedied and contain no code designed to disrupt, disable, harm, distort or otherwise impede in any manner the legitimate operation of such Company Systems (including what are sometimes referred to as "viruses", "worms", "time bombs" or "back doors") that have not been removed or fully remedied. Neither the Company nor any of its Subsidiaries have experienced within the past three years any material disruption to, or material interruption in, the conduct of its business that affected the business for more than one calendar week, and attributable to a defect, bug, breakdown, unauthorized access, introduction of a virus or other malicious programming, or other failure or deficiency on the part of any computer software or the Company Systems.

(u) Property.

- (i) The Company or its Subsidiaries is the registered and/or beneficial owner of the Real Property described in Section (u)(i) of the Company Disclosure Letter (each, a "**Company Owned Real Property**" and collectively, the "**Company Owned Real Properties**") and has good and marketable fee simple title to such Company Owned Real Properties, free and clear of all Liens, except Permitted Liens.
- (ii) Other than the Company Owned Real Property, the Company and its Subsidiaries do not own any other Real Property. Other than the Company Leased Property, the Company and its Subsidiaries do not lease any other Real Property.
- (iii) Neither the Company nor its Subsidiaries have received any notice, and have no knowledge, of any intention of any Governmental Entity to expropriate all or any part of the Company Owned Real Property or the Company Leased Property; there are no leases in respect of the Company Owned Real Property, Company Leased Property (except those leases evidenced by the Company Lease Documents (as defined below)), or any part thereof; no Person has any right of first refusal, option, or other right to acquire the Company Owned Real Property, Company Leased Property or any part thereof; the Company and its Subsidiaries are not in default under any of their material obligations arising out of any Permitted Liens or any

other matter of record beyond any applicable cure periods; all necessary permits, licenses and approvals have been obtained from the appropriate Governmental Entity in respect of the Company and its Subsidiaries' present use of and operations on the Company Owned Real Property and the Company Leased Property and the Company owns all such licenses and all production facilities and is not operating on behalf of another license holder; the Company and its Subsidiaries have no present or future obligation to pay moneys to any Governmental Entity in connection with any on-site or off-site servicing, including off-site roads, services or utilities, save and except obligations which are expressly set forth in the Permitted Liens or are paid through realty taxes.

- (iv) Each property currently leased or subleased by the Company or its Subsidiaries from any party (collectively, the "**Company Leased Properties**") is listed in Section (u)(iv) of the Company Disclosure Letter, identifying all of the documents under which such leasehold interests are held (together with any amendments, supplements, modifications, extensions, correspondence, guaranties, and other documents, each, a "**Company Lease Document**" and collectively, the "**Company Lease Documents**") and setting forth the amounts of any security deposits or letters of credit held pursuant to any Company Lease Document. The Company has delivered to Purchaser a true and complete copy of each Company Lease Document. The Company or its Subsidiaries, as applicable, holds good and valid leasehold interests in the Company Leased Properties, free and clear of all Liens other than Permitted Liens. Each of the Company Lease Documents is valid, binding, enforceable, and in full force and effect as against the Company and its Subsidiaries, as applicable, and to the knowledge of the Company, as against the other parties thereto. Neither the Company, its Subsidiaries nor, to the knowledge of the Company, any of the other parties to the Company Lease Documents, is in material breach or violation or default (in each case, with or without notice or lapse of time or both) under any of the Company Lease Documents which breach, violation or default has not been cured, and the Company and its Subsidiaries has not received or given any notice of default under any such agreement which remains uncured. Neither the Company nor any of its Subsidiaries has a defence, set-off, basis for withholding rent, claim or counterclaim against any other party to any Company Lease Document for any failure of performance of any of the terms of a Company Lease Document.
- (v) The Company Owned Real Properties and the Company Leased Properties, as applicable, are adequately serviced by utilities (or well water with adequate septic systems, if any) having adequate capacities for the current operations of the Company's and its Subsidiaries' facilities.
- (vi) The Company's or its applicable Subsidiary's possession and quiet enjoyment of the Company Owned Real Properties and Company Leased Properties have not been disturbed in any material respect.

- (vii) Except as set forth in a Permitted Lien, neither the Company nor any of its Subsidiaries has leased, subleased, licensed, or otherwise granted any Person the right to use or occupy the Company Owned Real Property or Company Leased Property or any portion of it, or collaterally assigned or granted any other Lien in such Company Owned Real Property or Company Leased Property or any interest in it.
- (viii) Except as disclosed in Section (u)(viii) of the Company Disclosure Letter, neither the Landlord nor any other party to any Company Lease Document is an affiliate of, or otherwise has any economic interest in, the Company or its Subsidiaries.
- (ix) Except as disclosed in Section (u)(ix) of the Company Disclosure Letter, no Company Lease Document is subordinate to any existing Lien of any mortgage or deed of trust (each a “**Mortgage**”) encumbering fee or leasehold title to the Company Leased Properties or, in the event such Company Lease Document is subordinate to a Mortgage, such Company Lease Document has received an agreement from the applicable lender under the applicable Mortgage that such lender will not evict, disturb the possession or terminate the leasehold estate of the Company or its applicable Subsidiary under such Company Lease Document if there is a foreclosure of the Mortgage.
- (x) Each Company Owned Real Property and Company Leased Property is in material compliance with all applicable Laws and the Company and its Subsidiaries have obtained and currently maintain all applicable licenses and permits reasonably necessary for the use and operation of all Company Owned Real Property or Company Leased Property.
- (xi) Neither the Company nor any of its Subsidiaries have received any written notice of any existing plan or study by any Governmental Entity or by any other Person that challenges or otherwise adversely affects the continuation of the use or operation of any Company Owned Real Property or Company Leased Property, and to the knowledge of the Company, there is no such plan or study with respect to which it has not received written notice.
- (xii) With respect to the Company Owned Real Property and the Company Leased Property, there is no: (i) pending or, to the Company’s knowledge, threatened condemnation, eminent domain or taking proceeding; or (ii) to the Company’s knowledge, private restrictive covenant or governmental use restriction (including zoning) on all or any portion of the Company Owned Real Property or Company Leased Property, as applicable, that prohibits or materially interferes with the current use of the Company Owned Real Property or Company Leased Property, as applicable.
- (xiii) All water, oil, gas, electrical, steam, compressed air, telecommunications, sewer, storm and waste water systems and other utility services or systems, as applicable, for the Company Owned Real Property or Company Leased Property have been installed and are operational and sufficient for the operation of the Company’s or its Subsidiaries’ business as currently conducted thereon.

- (xiv) The Company or its Subsidiaries, as applicable, have obtained a title insurance policy for each Company Owned Real Property, all of which remain in full force and effect as at the date hereof. True, complete and correct copies of the title insurance policies for the Company Owned Real Property were provided in the Company Data Room.
- (v) Sufficiency of Assets. The Company and its Subsidiaries have valid, good and marketable title to all personal property owned by them, free and clear of all Liens other than Permitted Liens. The assets and property owned, leased or licensed by the Purchaser and its Subsidiaries are sufficient, in all material respects, for conducting the business, as currently conducted, of the Company.
- (w) Material Contracts. With respect to the Material Contracts of the Company:
 - (i) Section (w)(i) of the Company Disclosure Letter includes a complete and accurate list of all Material Contracts to which the Company is a party and that are currently in force. The Company has made available to the Purchaser for inspection true and complete copies of all such Material Contracts.
 - (ii) Except as would not be reasonably expected to result in, individually or in the aggregate, a Company Material Adverse Effect, all of the Material Contracts are in full force and effect, and the Company or one of its Subsidiaries is entitled to all rights and benefits which accrue to it thereunder in accordance with the terms thereof. Neither the Company nor its applicable Subsidiaries have waived any rights under a Material Contract and no material default or breach exists in respect thereof on the part of the Company or its applicable Subsidiaries, or to the knowledge of the Company, on the part of any other party thereto, and, to the Company's knowledge, no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a default or breach or trigger a right of termination of any of such Material Contracts.
 - (iii) All of the Material Contracts are valid and binding obligations of the Company or one of its Subsidiaries, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction.
 - (iv) As at the date hereof, neither the Company nor any of its Subsidiaries has received written notice that any party to a Material Contract, intends to cancel, terminate or otherwise modify or not renew such Material Contract, and to the knowledge of the Company, no such action has been threatened.
 - (v) Neither the entering into of this Agreement, nor the consummation of the Arrangement or the Acquisition, as applicable, will trigger any change of control or similar provisions in any of the Material Contracts, other than as set forth in Section (w)(v) of the Company Disclosure Letter.

(x) Authorizations.

- (i) Section (x)(i) of the Company Disclosure Letter includes a complete and accurate list of all material Authorizations required by the Company and its Subsidiaries by applicable Laws with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana (including any implementing regulations and schedules in effect at the relevant time) or any other U.S. federal law the violation of which is predicated upon a violation of the Controlled Substances Act as it applies to marijuana, in order to conduct their current business as now being conducted. The Company has made available to the Purchaser for inspection true and complete copies of all such material Authorizations. The Company and its Subsidiaries have obtained and are in compliance in all material respects with all such material Authorizations.
- (ii) All material Authorizations of the Company and its Subsidiaries are in full force and effect, and, to the knowledge of the Company, no suspension or cancellation thereof has been threatened.
- (iii) Except as disclosed in Section (x)(iii) of the Company Disclosure Letter, no material Authorizations of the Company or any of its Subsidiaries will in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement or any of the other agreements contemplated hereunder or executed herewith.
- (iv) To the Company's knowledge, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or failure to be in compliance with such Authorizations as are necessary to conduct the business of the Company and its Subsidiaries as it is currently being conducted.

(y) Environmental Matters.

- (i) The Company and each of its Subsidiaries have, in all material respects, carried on its businesses and operations in compliance with all applicable Environmental Laws.
- (ii) Neither the Company nor any its Subsidiaries have received any order, request or written notice from any Person either alleging a violation of any Environmental Law or requiring that the Company or any of its Subsidiaries carry out any work, incur any costs or assume any liabilities, related to Environmental Laws or to any agreements with, or Authorizations from, any Governmental Entity with respect to or pursuant to Environmental Laws
- (iii) To the knowledge of the Company, there are no Hazardous Substances or other conditions that would reasonably be expected to result in liability of or adversely affect the Company or any of its Subsidiaries under or related to any Environmental Law on, at, in, under or from any of the Company Owned Real Property or Company Leased Properties (including the workplace environment) currently or, to the knowledge of the Company, previously owned, leased or operated by the Company or any of its Subsidiaries.

- (iv) There are no pending claims or, to the knowledge of the Company, threatened claims, against the Company or any of its Subsidiaries arising out of any Environmental Laws.
- (v) The Company has provided true and complete copies of all material environmental assessment reports, health and safety audits, and reports of environmental investigations with respect to the Company's operations and the Company Owned and Company Leased Real Properties in the Company's possession or control.

(z) Compliance with Laws.

- (i) Each of the Company and its Subsidiaries has complied with and is not in violation, in any material respect, of any applicable Laws in each jurisdiction in which it carries on business, with the exception of the Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana (including any implementing regulations and schedules in effect at the relevant time) or any other U.S. federal law the violation of which is predicated upon a violation of the Controlled Substances Act as it applies to marijuana.
- (ii) Other than as set forth in Section (z)(ii) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has received any written notices or other written correspondence from any Governmental Entity (A) regarding any violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any violation) of any Law (other than Environmental Laws) or (B) of any circumstances that may have existed or currently exist which could lead to a loss, suspension, or modification of, or a refusal to issue, any material Authorization. To the knowledge of the Company, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any Law (other than Environmental Laws) is threatened or contemplated.
- (iii) Neither the Company, its Subsidiaries nor, to the knowledge of the Company, any of their respective directors, executives, representatives, agents or employees while acting in such capacity on behalf of the Company or its Subsidiaries (A) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal, (B) has used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees, (C) has violated or is violating any provision of the *United States Foreign Corrupt Practices Act of 1977*, as amended and the rules and regulations thereunder, the *Corruption of Foreign Public Officials Act* (Canada) or any similar Laws of other jurisdictions, (D) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties or (E) has made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.

- (iv) The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the “**Money Laundering Laws**”) and no action, suit or proceeding by or before any court of governmental authority or any arbitrator non-Governmental Entity involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.
- (v) None of the Company or any of its Subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its Subsidiaries, has had any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, the Government of Canada or any other relevant sanctions authority (collectively, “**Sanctions**”) imposed upon any such person, and the Company and its Subsidiaries are not in violation of any of the Sanctions or law or executive order relating thereto, or are conducting business with any person subject to any Sanctions.

(aa) Employment & Labour Matters.

- (i) Except as disclosed in Section (aa)(i) of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries are: (A) party to any Contract providing for termination notice, payment in lieu of termination notice, change of control payments, or severance payments to, or any employment or consulting agreement for the provision of services to the Company or its Subsidiaries with, any current or former director, officer or employee of the Company or its Subsidiaries other than such arising from any applicable Law; and (B) party to any Collective Agreement nor, to the knowledge of the Company, subject to any application for certification or threatened union-organizing campaigns for employees not covered under a Collective Agreement nor are there any current, or to the knowledge of the Company, pending or threatened strikes or lockouts at the Company or its Subsidiaries.
- (ii) There are no labour disputes, strikes, organizing activities or work stoppages against the Company or any of its Subsidiaries pending, or to knowledge of the Company, threatened.
- (iii) The execution, delivery and performance of this Agreement and the consummation of the Arrangement, but excluding the Acquisition, will not result in the automatic acceleration of the time of payment or vesting of entitlements available to any employee, consultant or contractor of the Company or any of its Subsidiaries or otherwise under any Employee Plan of the Company or any of its Subsidiaries.
- (iv) Except as disclosed in Section (aa)(iv) of the Company Disclosure Letter, the consummation of the Acquisition will not result in the automatic acceleration of the time of payment or vesting of entitlements available to any employee, consultant or contractor of the Company or any of its Subsidiaries or otherwise under any Employee Plan of the Company or any of its Subsidiaries.

- (v) The Company and each of its Subsidiaries has been and is now in compliance, in all material respects, with all terms and conditions of employment, with respect to employment and labour, including, wages, hours of work, overtime, human rights, occupational health and safety and workers compensation, and there are no current, or, to the knowledge of the Company, pending or threatened proceedings (including grievances, arbitration, applications or pending applications) before any Governmental Entity or labour arbitrator with respect to the Company, its Subsidiaries or any Employee Plan (other than routine claim for benefits).
- (vi) To the knowledge of the Company, no executive or manager of the Company or its Subsidiaries (A) has any present intention to terminate their employment, or (B) is a party to any confidentiality, non-competition, proprietary rights or other such agreement with any other Person besides the Company or its Subsidiaries which would impede the business, be material to the performance of such employee's employment duties, or the ability of the Company and any of its Subsidiaries, or the Purchaser and any of its Subsidiaries to conduct the business.
- (vii) There are no outstanding assessments, penalties, fines, Liens, charges, surcharges, or other amounts due or owing by the Company or its Subsidiaries pursuant to any workers' compensation statute or regulation, and neither the Company nor any of its Subsidiaries has been reassessed in any material respect under such statute or regulation during the past three years and, to the knowledge of the Company, no audit of the Company or any its Subsidiaries is currently being performed pursuant to any workers' compensation statute or regulation, and, to the knowledge of the Company, there are no claims or potential claims which may adversely affect the Company's or any of its Subsidiaries' accident cost experience in respect of the business.
- (viii) Section (aa)(viii) of the Company Disclosure Letter contains a correct and complete list of each member of management providing services to the Company and its Subsidiaries, indicating their respective location, hire date, position, salary, benefits and current status (full time, part-time, active, non- active), as applicable and whether they are subject to a written employment contract. Within 2 days of the date of this Agreement, the Company will provide Purchaser with a correct and complete list of each individual serving as an independent contractor, external consultant, or otherwise providing services to the Company and its Subsidiaries, indicating their respective location, hire date, position, and compensation, and whether they are subject to a written contract.
- (ix) Each independent contractor or consultant of the Company or any Subsidiary has been properly classified by the Company and its Subsidiaries as an independent contractor and neither the Company, nor any of its Subsidiaries has received any notice from any Governmental Entity disputing such classification.
- (x) Section (aa)(x) of the Company Disclosure Letter lists all Employee Plans of the Company and its Subsidiaries. The Company has made available to the Purchaser true, correct and complete copies of all such Employee Plans as amended.

- (xi) All Employee Plans of the Company and its Subsidiaries are and have been established, registered, funded and administered in all material respects: (x) in accordance with applicable Laws and (y) in accordance with their terms. To the knowledge of the Company, no fact or circumstance exists which could materially adversely affect the registered status of any such Employee Plan.
 - (xii) All contributions, premiums or Taxes required to be made or paid by the Company or any of its Subsidiaries under the terms of each Employee Plan of the Company and its Subsidiaries or by applicable Laws have been made in a timely fashion.
- (bb) Acceleration of Benefits; Arrangement. Except as contemplated in this Agreement, no Person will, as a result of any of the transactions contemplated herein or in the Plan of Arrangement, but excluding the Acquisition, become entitled to (i) any retirement, severance, bonus or other similar payment from the Company or any of its Subsidiaries, (ii) the acceleration of the vesting or the time to exercise of any outstanding Company Option or Company RSU or employee or director awards of the Company or any of its Subsidiaries, (iii) the forgiveness or postponement of payment of any indebtedness owing by such Person to the Company or any of its Subsidiaries, or (iv) receive any additional payments or compensation under or in respect of any employee or director benefits or incentive or other compensation plans or arrangements from the Company or any of its Subsidiaries.
- (cc) Acceleration of Benefits; Acquisition. Except as set out in Section (cc) of the Company Disclosure Letter, no Person will, as a result of the Acquisition, become entitled to (i) any retirement, severance, bonus or other similar payment from the Company or any of its Subsidiaries, (ii) the acceleration of the vesting or the time to exercise of any outstanding Company Option or Company RSU or employee or director awards of the Company or any of its Subsidiaries, (iii) the forgiveness or postponement of payment of any indebtedness owing by such Person to the Company or any of its Subsidiaries, or (iv) receive any additional payments or compensation under or in respect of any employee or director benefits or incentive or other compensation plans or arrangements from the Company or any of its Subsidiaries.
- (dd) Intellectual Property.
- (i) The Company and its Subsidiaries own all right, title and interest in and to, or have validly licensed (and are not in material breach of such licenses), all Intellectual Property that is material to the conduct of the business, as currently conducted, of the Company and its Subsidiaries (collectively, the “**Company Intellectual Property Rights**”), provided that neither the Company nor its Subsidiaries have obtained registered Intellectual Property protection from the United States Patent and Trademark Office. All such Company Intellectual Property Rights are sufficient, in all material respects, for conducting the business, as currently conducted, of the Company and its Subsidiaries, and to the knowledge of the Company, all such Company Intellectual Property Rights are valid and enforceable (subject to the effects of bankruptcy, insolvency, reorganization, moratorium or laws relating to or affecting creditors’ rights generally). The operation of the businesses of the Company and its Subsidiaries, including the manufacture, marketing, use, and sale of the products and services of the Company and its Subsidiaries, and the use and exploitation of the Company Intellectual Property Rights do not infringe upon, misappropriate, or otherwise violate the Intellectual Property rights of any third party. To the knowledge of the Company, no third party is infringing upon, misappropriating, or otherwise violating the Company Intellectual Property Rights.

- (ii) Section (dd)(ii) of the Company Disclosure Letter sets forth an accurate and complete list of all registered or applied for trademarks, trade names, service marks, domain names, patents, and copyrights owned or purported to be owned by the Company and its Subsidiaries.
- (iii) The Company and its Subsidiaries have taken reasonable steps to maintain their rights to the Company Intellectual Property and to protect and preserve the confidentiality of, and their exclusive right to use, all of their trade secrets and confidential information and know-how, and, to the knowledge of the Company, no such trade secrets, information, or know-how have been improperly used or accessed by, or disclosed (other than under obligations of confidentiality) to any other Person.
- (ee) Related Party Transactions. Except as disclosed in Section (ee) of the Company Disclosure Letter, there are no Contracts or other transactions currently in place between the Company or any of its Subsidiaries, on the one hand, and: (i) any officer or director of the Company or any of its Subsidiaries; and (ii) any affiliate or associate of any such, officer or director. To the knowledge of the Company, no related party of the Company (within the meaning of MI 61-101) together with its associated entities, beneficially owns or exercises control or direction over 1% or more of the outstanding Company Shares, except for related parties who will not receive a “collateral benefit” (within the meaning of MI 61-101) as a consequence of the Arrangement or Acquisition.
- (ff) Brokers. Other than as disclosed in Section (ff) of the Company Disclosure Letter, no broker, investment banker, financial advisor or other Person is entitled to any broker’s, finder’s, financial advisor’s or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Company or any of its Subsidiaries. The Company has provided to the Purchaser correct and complete copies of the agreements under which the Financial Advisor and Independent Financial Advisor has agreed to provide services to the Company. Section (ff) of the Company Disclosure Letter sets out the aggregate dollar amount, or percentage, as applicable, determined to be payable to and as agreed upon with the Financial Advisor and the Independent Financial Advisor in the event the Arrangement is completed.
- (gg) Insurance. As of the date hereof, the Company and each of its Subsidiaries have such policies of insurance as are included in Section (gg) of the Company Disclosure Letter. All insurance maintained by the Company and its Subsidiaries is in full force and effect and in good standing and is in amounts and in respect of such risks as are normal and usual for companies of similar size operating in the cannabis industry.
- (hh) Restrictions on Business Activities. Other than Controlled Substances Act, 21 USC 801 et seq., as it applies to marijuana, there is no agreement, judgment, injunction, order or decree binding upon the Company or any of its Subsidiaries that has or would reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of the Company or any of its Subsidiaries or affiliates, any acquisition of property by the Company or any of its Subsidiaries or affiliates, or the conduct of business by the Company or any of its Subsidiaries or affiliates, as currently conducted (including following the transactions contemplated by this Agreement).

- (ii) Funds Available. The Company has sufficient funds available to pay: (i) prior to the Effective Time, all transaction costs, all payments required pursuant to change of control provisions, all of the Company's remaining forecast commitments as set out in Section (ii) of the Company Disclosure Letter, all additional remaining accounts payable and current liabilities of the Company and any of its Subsidiaries, net of current assets, as determined in accordance with IFRS at the Effective Time; and (ii) the Termination Fee.
- (jj) Arrangements with Securityholders. Other than the Support and Voting Agreements, the Confidentiality Agreement, the Lock-Up and Incentive Agreements, the Trademark and Technology License and this Agreement, the Company does not have any agreement, arrangement or understanding (whether written or oral) with respect to the Purchaser or any of its securities, businesses or operations, with any shareholder of the Purchaser, any interested party of the Purchaser or any related party of any interested party of the Purchaser, or any joint actor with any such Persons (and for this purpose, the terms "interested party", "related party" and "joint actor" shall have the meaning ascribed to such terms in MI 61-101).
- (kk) Audit Committee. The responsibilities and composition of the audit committee of the Company Board comply with National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such instrument applies to the Company.
- (ll) Accuracy of Information. The Company has made available to the Purchaser all material information concerning the Company and its Subsidiaries and all such information as made available is accurate, true and correct in all material respects.
- (mm) Licenses/Permits. Section (mm) of the Company Disclosure Letter includes a list of: (i) all production facility licenses and permits held by the Company and its Subsidiaries; and (ii) all retail facilities owned or operated by the Company and its Subsidiaries; in each case detailed on a state-by-state basis and including the type of operation (e.g. production, growing or retail and whether medical or recreational), the owner of such license and/or permit, the expiration date, whether the Company or a Subsidiary owns or operates the facility, the type of license held, whether the facility is operational and, if applicable, the annual throughput at such facility. The Company has provided to the Purchaser copies of all such licenses and permits held by it and its Subsidiaries and any renewals thereof.

SCHEDULE E
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

- (a) Organization and Qualification. The Purchaser is a corporation duly incorporated and validly existing under the applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate power and authority to own its property and assets as now owned and to carry on its business as it is now being conducted. The Purchaser is duly qualified to do business and is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary. No material proceedings have been taken, instituted or are pending for the dissolution, winding-up or liquidation of the Purchaser and no board approvals have been given to commence any such proceedings.
- (b) Authority Relative to this Agreement. The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by the Purchaser as contemplated by this Agreement, and, subject to obtaining the Purchaser Shareholder Approval, the Interim Order and the Final Order, to perform its obligations hereunder and under such agreements and instruments. The execution and delivery of this Agreement by the Purchaser and the performance by the Purchaser of its obligations under this Agreement have been duly authorized by the board of the directors of the Purchaser and no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement, except for obtaining the Purchaser Shareholder Approval, the Interim Order and the Final Order. This Agreement has been duly executed and delivered by the Purchaser, and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are within the discretion of a court.
- (c) No Violation. Neither the authorization, execution and delivery of this Agreement by the Purchaser nor the completion of the transactions contemplated by this Agreement or the Arrangement (provided, for greater certainty, that the Acquisition is only completed following the Triggering Event Date) nor the performance of its obligations hereunder or thereunder, nor compliance by the Purchaser with any of the provisions hereof or thereof will result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to purchase or sale under, any provision of:
- (i) its articles of incorporation or bylaws;
 - (ii) any Authorization or Contract to which the Purchaser is a party or to which it or any of its properties or assets are bound; or

- (iii) any Laws, regulation, order, judgment or decree applicable to the Purchaser or any of its Subsidiaries or any of their respective properties or assets; except for such breaches, defaults, consents, terminations, cancellations, suspensions, accelerations, penalties, payment obligations or rights which would not individually or in the aggregate have a Purchaser Material Adverse Effect.
- (d) Governmental Approvals. The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the Arrangement requires no consent, waiver or approval or any action by or in respect of, or filing with, or notification to, any Governmental Entity other than: (i) the Interim Order and any approvals required by the Interim Order; (ii) the Final Order; (iii) filing of the Arrangement Filings with the Registrar; (iv) such filings and approvals required for the issuance of the Consideration Shares as a result of the Arrangement required under applicable securities laws and the rules and policies of the TSX and NYSE, or such other recognized stock exchange(s) on which the Purchaser Shares may be listed; (v) the approvals for the amendments to the CBG Group Warrants and the issuance of the CBG Group Top-Up Shares as a result of the Arrangement and pursuant to the terms and conditions of the CBG Group Agreements, required under the rules and policies of the TSX and NYSE, or such other recognized stock exchange(s) on which the Purchaser Shares may be listed; (vi) compliance with any applicable securities laws and stock exchange rules and regulations; and (vii) any actions, filings or notifications the absence of which would not materially delay the completion of the Arrangement or reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.
- (e) Capitalization.
 - (i) The authorized share capital of the Purchaser consists of an unlimited number of Purchaser Shares. As of the date hereof, there were issued and outstanding 345,079,431 Purchaser Shares.
 - (ii) As of the date hereof an aggregate of up to: (A) 12,454,620 Purchaser Shares are issuable upon the conversion of notes issued by the Purchaser; (B) 32,203,404 Purchaser Shares are issuable upon the exercise of stock options granted by the Purchaser; (C) 159,119,516 Purchaser Shares are issuable upon the exercise of warrants issued by the Purchaser or its Subsidiaries; and (D) 135,764 Purchaser Shares issuable upon the vesting of outstanding restricted share units issued by the Purchaser. The Purchaser has provided the Company with a true and complete copy of the incentive plan governing such stock options and restricted share units.
 - (iii) Other than as disclosed in the Purchaser Filings (including this Agreement), there are no other securities, options, warrants, stock appreciation rights, restricted stock units, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever to which the Purchaser or any of its Subsidiaries is a party or by which any of the Purchaser or its Subsidiaries may be bound, obligating or which may obligate the Purchaser or any of its Subsidiaries to issue, grant, deliver, extend, or enter into any such security, option, warrant, stock appreciation right, restricted stock unit, conversion privilege or other right, agreement, arrangement or commitment, other than any rights, agreements, arrangements or commitments which would not have a Purchaser Material Adverse Effect.

- (iv) All outstanding Purchaser Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Purchaser Shares issuable upon the conversion, exercise or vesting, as applicable, of the Purchaser notes, stock options, warrants and restricted share units in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of the Purchaser have been issued in compliance with all applicable Laws and Securities Laws.
- (v) All of the issued and outstanding shares and other ownership interests in the Subsidiaries of the Purchaser are duly authorized, validly issued, fully paid and, where the concept exists, non-assessable, and all such shares and other ownership interests held directly or indirectly by the Company are legally and beneficially owned free and clear of all Liens (other than Permitted Liens).
- (vi) There are no securities of the Purchaser or of any of its Subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the holders of the outstanding Purchaser Shares on any matter. There are no outstanding contractual or other obligations of the Purchaser or any Subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any of its Subsidiaries. There are no outstanding bonds, debentures or other evidences of indebtedness of the Purchaser or any of its Subsidiaries having the right to vote with the holders of the outstanding Purchaser Shares on any matters.
- (f) Reporting Status and Securities Laws Matters. The Purchaser is a “reporting issuer” or the equivalent and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in each of the provinces of Canada, other than Quebec. The Purchaser is in compliance, in all material respects, with all applicable Securities Laws and there are no current, pending or, to the knowledge of the Purchaser, threatened proceedings before any Securities Authority or other Governmental Entity relating to any alleged non-compliance with any Securities Laws. The Purchaser Shares are listed on, and the Purchaser is in compliance in all material respects with the rules and policies of, the TSX and the NYSE. No delisting, suspension of trading in or cease trading order with respect to any securities of the Purchaser and to the knowledge of the Purchaser no inquiry or investigation (formal or informal) of any Securities Authority, the TSX or the NYSE is in effect or ongoing or, to the knowledge of the Purchaser, expected to be implemented or undertaken. To the knowledge of the Purchaser, no directors or officers of the Purchaser or any of its Subsidiaries have received any objection from the securities regulatory authorities as to their serving in any capacities as directors or officers of any reporting issuer in a jurisdiction in Canada or the United States.

(g) U.S. Securities Matters.

- (i) The Purchaser is not registered, and is not required to be registered, as an “investment company” pursuant to the U.S. Investment Company Act.
- (h) Purchaser Filings. The Purchaser has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities and/or the TSX and NYSE, except where failure to do so would not have any Purchaser Material Adverse Effect. The Purchaser has filed or furnished all Purchaser Filings including “documents affecting the rights of securityholders” and “material contracts” required to be filed by Part 12 of, or furnished by the Purchaser with any Securities Authorities pursuant to, National Instrument 51-102 – *Continuous Disclosure Obligations*), except where failure to do so would not have any Purchaser Material Adverse Effect. Each of the Purchaser Filings complied as filed in all material respects with applicable Securities Laws and did not, as of the date filed (or, if amended or superseded by a subsequent filing prior to the date of this Agreement, on the date of such filing), contain any Misrepresentation. The Purchaser has not filed any confidential material change report which at the date of this Agreement remains confidential.
- (i) Funds Available. The Purchaser has sufficient funds available to pay, at the Effective Time, the Aggregate Option Premium payable to Effective Time Company Shareholders, Effective Time High Street Holders and Effective Time USCo2 Class B Holders under the Arrangement.
- (j) Independent Auditors. The Purchaser’s current auditors are independent with respect to the Purchaser within the meaning of the rules of professional conduct applicable to auditors in Canada and there has never been a “reportable event” (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) with the current, or to the best knowledge of the Purchaser any predecessor, auditors of the Purchaser during the last three years.
- (k) No Undisclosed Liabilities. The Purchaser and its Subsidiaries have no outstanding indebtedness, liabilities or obligations, whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the financial statements of the Purchaser contained in the Purchaser Filings, which relate to the proposed Arrangement or incurred in the Ordinary Course and which are not material since the date of the most recent financial statements of the Purchaser contained in the Purchaser Filings.
- (l) No Material Change. Since the December 31, 2018: (i) the Purchaser and its Subsidiaries have operated their respective businesses only in the Ordinary Course, and (ii) there has not been any Purchaser Material Adverse Effect.
- (m) Sufficiency of Assets. The assets and property owned, leased or licensed by the Company and its Subsidiaries are sufficient, in all material respects, for conducting the business, as currently conducted, of the Purchaser.

- (n) Litigation. There is no claim, action, suit, grievance, complaint, proceeding, arbitration, charge, audit, indictment or investigation that is pending or has been commenced or, to the knowledge of the Purchaser, is threatened affecting the Purchaser or its Subsidiaries or affecting any of their property or assets (whether owned or leased) at law or in equity, which, individually or in the aggregate, if determined adversely to the Purchaser or its Subsidiaries, has or could reasonably be expected to result in liability to the Purchaser or its Subsidiaries or to injunctive relief against the Purchaser that would result in a Purchaser Material Adverse Effect. Neither the Purchaser, its Subsidiaries nor any of their respective assets or properties is subject to any outstanding or, to the knowledge of the Purchaser, threatened, judgment, order, writ, injunction or decree material to the Purchaser and its Subsidiaries on a consolidated basis that would result in a Purchaser Material Adverse Effect.
- (o) Product Recall. In the last two years, no products of the Purchaser or its Subsidiaries have been subject to any voluntary or involuntary, or other product recall, replacement or similar action or event that would result in a Purchaser Material Adverse Effect. In the last two years, there have been no product returns ordered or recommended by any Governmental Entity with respect to any products of the Purchaser or its Subsidiaries that would result in a Purchaser Material Adverse Effect. The Purchaser and its Subsidiaries have not received any written notice, correspondence or writing from any Governmental Entity, including Health Canada, regarding any voluntary or involuntary, or other product recall, replacement or similar action or event that would result in a Purchaser Material Adverse Effect.
- (p) Authorizations. All material Authorizations of the Purchaser and its Subsidiaries are in full force and effect, and, to the knowledge of the Purchaser, no suspension or cancellation thereof has been threatened. No material Authorizations of the Purchaser or any of its Subsidiaries will in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement or any of the other agreements contemplated hereunder or executed herewith.
- (q) Compliance with Laws.
 - (i) Each of the Purchaser and its Subsidiaries has complied with and is not in violation, in any material respect, of any applicable Laws in each jurisdiction in which it carries on business.
 - (ii) Neither the Purchaser nor any of its Subsidiaries has received any written notices or other written correspondence from any Governmental Entity (A) regarding any violation (or any investigation, inspection, audit, or other proceeding by any Governmental Entity involving allegations of any violation) of any Law (other than Environmental Laws) that would result in a Purchaser Material Adverse Effect or (B) of any circumstances that may have existed or currently exist which could lead to a loss, suspension, or modification of, or a refusal to issue, any material Authorization that would result in a Purchaser Material Adverse Effect. To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Entity involving allegations of any material violation of any Law (other than Environmental Laws) is threatened or contemplated.

- (iii) Neither the Purchaser, its Subsidiaries nor, to the knowledge of the Purchaser, any of their respective directors, executives, representatives, agents or employees while acting in such capacity on behalf of the Purchaser or its Subsidiaries (A) has used or is using any corporate funds for any illegal contributions, gifts, entertainment or other expenses relating to political activity that would be illegal, (B) has used or is using any corporate funds for any direct or indirect illegal payments to any foreign or domestic governmental officials or employees, (C) has violated or is violating any provision of the United States Foreign Corrupt Practices Act of 1977, as amended and the rules and regulations thereunder, the Corruption of Foreign Public Officials Act (Canada) or any similar Laws of other jurisdictions, (D) has established or maintained, or is maintaining, any illegal fund of corporate monies or other properties or (E) has made any bribe, illegal rebate, illegal payoff, influence payment, kickback or other illegal payment of any nature.
- (iv) The operations of the Purchaser and its Subsidiaries are and have been conducted at all times in compliance with applicable Money Laundering Laws and no action, suit or proceeding by or before any court of governmental authority or any arbitrator non-Governmental Entity involving the Purchaser or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Purchaser, threatened.
- (v) None of the Purchaser or any of its Subsidiaries or, to the knowledge of the Purchaser, any director, officer, agent, employee or affiliate of the Purchaser or any of its Subsidiaries, has had any Sanctions imposed upon any such person, and the Purchaser and its Subsidiaries are not in violation of any of the Sanctions or law or executive order relating thereto, or are conducting business with any person subject to any Sanctions.
- (r) Restrictions on Business Activities. There is no agreement, judgment, injunction, order or decree binding upon the Purchaser or any of its Subsidiaries that has or would reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of the Purchaser or any of its Subsidiaries or affiliates, any acquisition of property by the Purchaser or any of its Subsidiaries or affiliates, or the conduct of business by the Purchaser or any of its Subsidiaries or affiliates, as currently conducted (including following the transactions contemplated by this Agreement).
- (s) Taxes. Except as would not be reasonably expected to result in, individually or in the aggregate, a Purchaser Material Adverse Effect:
 - (i) The Purchaser and each of its Subsidiaries has duly and timely filed (or timely requested and were granted extensions of) all income and material Tax Returns required to be filed prior to the date hereof with the appropriate Governmental Entities and all such Tax Returns are true and correct in all material respects.
 - (ii) The Purchaser and each of its Subsidiaries has duly and timely paid all income and material Taxes, Purchaser all instalments on account of Taxes for the current year that are due and payable by it whether or not assessed by the appropriate Governmental Entity.

- (iii) The Purchaser and each of its Subsidiaries has duly and timely collected all material Taxes required to be collected and has duly and timely paid and remitted the same to the appropriate Governmental Entity.
- (iv) Except as disclosed in Section (v)(iv) of the Purchaser Disclosure Letter, to the knowledge of the Purchaser there are no proceedings, investigations, audits or claims now pending against the Purchaser or its Subsidiaries in respect of any Taxes and no Governmental Entity has asserted in writing, or to the knowledge of the Purchaser, has threatened to assert against the Purchaser or its Subsidiaries any deficiency or claim for Taxes or interest thereon or penalties in connection therewith which has not yet been paid.
- (v) No waivers of statutes of limitation with respect to such Tax Returns of the Purchaser have been given by or requested from the Purchaser which have not yet expired. Other than as disclosed in Section (v)(v) of the Purchaser Disclosure Letter, all deficiencies asserted or assessments made as a result of any examinations have been fully paid, or are fully reflected as a liability in the Purchaser Financial Statements, or are being contested and an adequate reserve therefor has been established and is fully reflected in the Purchaser Financial Statements.
- (vi) There are no Liens for Taxes upon any property or assets of the Purchaser and its Subsidiaries, except Liens for current Taxes not yet due.
- (vii) Except as disclosed in Section (v)(vii) of the Purchaser Disclosure Letter: (i) the Purchaser or its Subsidiaries are not a party to any agreement, understanding, or arrangement relating to allocating or sharing any amount of Taxes, the principal purpose of which is to allocate or share Taxes; and (ii) neither the Purchaser nor any of its Subsidiaries has any liability for the Taxes of any other Person (other than the Purchaser and its Subsidiaries) (a) under Section 1.1502-6 of the U.S. Treasury Regulations (or any similar provision of state, local or foreign applicable Law); (b) as a transferee or successor; or (c) by contract or indemnity (including under any Tax sharing agreement) or otherwise.
- (viii) All employees and independent contractors of the Purchaser and its Subsidiaries have been properly classified as such for Tax purposes as well as for employee benefit purposes and, to the knowledge of the Purchaser, there have been no audits, controversies or adverse determinations made by any Governmental Entity in respect of whether a service provider is treated as an employee or as an independent contractor.
- (ix) The Purchaser is a “taxable Canadian corporation” for the purposes of the Tax Act.
- (x) The value of the consideration paid or received by the Purchaser and Subsidiaries for the acquisition, sale, transfer or provision of property (including intangibles) or the provision of services (including financial transactions) from or to any Person with which it was not dealing at arm’s length at the relevant time was the fair market value of such property acquired, provided or sold or services purchased or provided. Transactions between the Purchaser, the Subsidiaries and any such non-resident person or partnership were priced in a manner so as not to give rise to any material adjustments pursuant to Section 247 of the Tax Act.

- (xi) Neither the Purchaser nor its Subsidiaries has received any requirement, demand or request from any Governmental Entity pursuant to Section 224 of the Tax Act or any similar provision of an applicable Law that remains unsatisfied in any respect.
- (xii) No written claim has ever been made by a taxing authority, in a jurisdiction where the Purchaser or the Subsidiaries does not file Tax Returns, that the Purchaser or its Subsidiaries is or may be subject to taxation by that jurisdiction or any of the Purchaser's or its Subsidiaries' assets are or may be subject to such taxation.
- (xiii) Neither the Purchaser nor the Subsidiaries has requested, received or entered into any advance Tax rulings or advance pricing agreements with any Governmental Entity.
- (xiv) There are no circumstances existing prior to the date hereof which could result in the application to the Purchaser or any Subsidiaries of any of Sections 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act or any analogous provision of any comparable Law of any province or territory of Canada. Neither the Purchaser nor any Subsidiaries has any unpaid amounts that may be required to be included in the Purchaser or such Subsidiaries' income for Canadian income tax purposes for any tax period ending on or before the Effective Date under Section 78 of the Tax Act or a corresponding provincial provision. Neither the Purchaser nor any Subsidiaries have acquired property from a Person in circumstances that would result in the Purchaser or Subsidiaries, as the case may be, becoming liable to pay Taxes of such Person under subsection 160(1) of the Tax Act or a corresponding provincial provision.
- (xv) The Purchaser is duly registered under subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) with respect to the goods and services tax and harmonized sales tax, and under applicable provincial Tax statutes in respect of all provincial Taxes which it is or has been required to collect. The registration numbers of the Purchaser is as set out in Section (v)(xx) of the Purchaser Disclosure Letter. All material input tax credits claimed by the Purchaser pursuant to the *Excise Tax Act* (Canada) have been proper, correctly calculated and documented in accordance with the requirements of the *Excise Tax Act* (Canada) and the regulations thereto.

**SCHEDULE F
VOTING SUPPORT AGREEMENT**

THIS AGREEMENT is made as of April 18, 2019

AMONG:

[●] (the “**Shareholder**”)

- and -

Canopy Growth Corporation, a corporation existing under the laws of Canada (the “**Purchaser**”)

RECITALS:

WHEREAS, in connection with an arrangement agreement between the Purchaser and Acreage Holdings, Inc. (the “**Company**”) dated the date hereof (as may be amended, modified or supplemented from time to time in accordance with its terms, the “**Arrangement Agreement**”), the Company proposes to, among other things, amend the terms of the subordinate voting shares (the “**Company Subordinate Voting Shares**”), proportionate voting shares (the “**Company Proportionate Voting Shares**”) and multiple voting shares (the “**Company Multiple Voting Shares**”) and together with the Company Subordinate Voting Shares and the Company Proportionate Voting Shares, the “**Company Shares**”) in the capital of the Company;

AND WHEREAS, it is contemplated that the proposed transaction will be effected pursuant to a statutory plan of arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia);

AND WHEREAS pursuant to the Arrangement, upon the Effective Date, the Purchaser will be granted, and following the Effective Date will deemed to have been granted, the Purchaser Call Option, pursuant to which the Purchaser may acquire all of the issued and outstanding Company Shares, subject to and in accordance with the terms and conditions of the Purchaser Call Option and the Plan of Arrangement;

AND WHEREAS, the Shareholder is the beneficial owner, directly or indirectly, of the Subject Shares listed on the Shareholder’s signature page attached to this Agreement;

AND WHEREAS, this Agreement sets out the terms and conditions of the agreement of the Shareholder to abide by the covenants in respect of the Subject Shares and the other restrictions and covenants set forth herein;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

Unless indicated otherwise, where used in this Agreement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms have corresponding means), including the recitals:

“Acquisition Proposal” means, other than the transactions contemplated by this Agreement and other than any transaction involving the Company and/or one or more of its wholly-owned Subsidiaries, any: (a) offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (or any affiliate of the Purchaser) after the date of this Agreement relating to: (i) any sale or disposition (or any alliance, joint venture, lease, long-term supply agreement or other arrangement having the same economic effect as the foregoing), direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets of the Company, or contributing 20% or more of the consolidated revenue of the Company, in each case based on the financial statements of the Company most recently filed prior to such time as part of the Company Filings, or of 20% or more of the issued and outstanding voting or equity securities of the Company on a Converted Basis (or rights or interests in such voting or equity securities); (ii) any direct or indirect take-over bid, exchange offer, treasury issuance or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities of the Company (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Company or any of its Subsidiaries); (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company or any of its Subsidiaries (except that this clause (iii) shall in no way preclude or restrict the Company from incorporating a Subsidiary which may be party to a merger under which such newly incorporated Subsidiary will acquire a corporation or a limited liability company in exchange for the issue by the Company of Company Shares or by High Street of High Street Units) if such acquisitions are otherwise permitted hereunder; or (iv) any other similar transaction or series of transactions involving the Company or any of its Subsidiaries; (b) inquiry, expression or other indication of interest or offer to, or public announcement of or of an intention to do any of the foregoing; (c) modification or proposed modification of any such proposal, inquiry, expression or indication of interest, in each case excluding the Arrangement and the other transactions contemplated by this Agreement; or (d) any transaction or agreement which would reasonably be expected to materially impede or delay the completion of the Arrangement.

“affiliate” of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly, and **“control”** and any derivation thereof means the holding of voting securities of another entity sufficient to elect a majority of the board of directors (or the equivalent) of such entity;

“Agreement” means this voting support agreement dated as of the date hereof between the Shareholder and the Purchaser, as it may be amended, modified or supplemented from time to time in accordance with its terms;

“Arrangement” has the meaning ascribed thereto in the recitals hereof;

“Arrangement Agreement” has the meaning ascribed thereto in the recitals hereof;

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Toronto, Ontario or Vancouver British Columbia or New York, New York, as the context requires;

“Company” has the meaning ascribed thereto in the recitals hereof;

“Company Filings” means all documents publicly filed under the profile of the Company on SEDAR since September 21, 2018;

“Company Circular” means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

“Company Meeting” means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement;

“Company Proportionate Voting Shares” has the meaning ascribed thereto in the recitals hereof;

“Company Shareholders” means the registered or beneficial holders of the Company Shares, as the context requires;

“Company Shares” has the meaning ascribed thereto in the recitals hereof;

“Company Subordinate Voting Shares” has the meaning ascribed thereto in the recitals hereof;

“Company Multiple Voting Shares” has the meaning ascribed thereto in the recitals hereof;

“Effective Date” means the date the Arrangement Filings are filed with the Registrar in accordance with the terms of the Arrangement Agreement;

“Effective Time” has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

“Effective Time Outside Date” means August 31, 2019 or such later date as may be agreed to in writing by the Parties; provided that if the Parties receive a Request for Additional Information and Documentary Materials pursuant to the HSR Act, then such date shall be automatically extended to December 31, 2019;

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi- governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchange;

“Notice” has the meaning ascribed thereto in Section 4.7;

“Parties” means the Shareholder and the Purchaser and **“Party”** means any one of them;

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status;

“Purchaser” has the meaning ascribed thereto in the preamble hereof;

“Securities Authority” means all applicable securities regulatory authorities, including the applicable securities commissions or similar regulatory authorities in each of the provinces of Canada;

“SEDAR” means the System for Electronic Document Analysis Retrieval.

“Shareholder” has the meaning ascribed thereto in the preamble hereof;

“Subject Shares” means the Company Shares and other securities listed on the Shareholder’s signature page attached to this Agreement and any Company Shares acquired by the Shareholder or any of its affiliates subsequent to the date hereof, and includes all securities which such Subject Shares may be converted into, exchanged for or otherwise changed into;

“Subsidiary” has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions* as in effect on the date of the Arrangement Agreement; and

“Voting Support Outside Date” means June 28, 2019.

1.2 Gender and Number.

Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

1.3 Currency.

All references to dollars or to “\$” are references to United States dollars.

1.4 Headings.

The division of this Agreement into Articles, Sections and Schedules and the insertion of the recitals and headings are for convenient reference only and do not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement or in the Schedules hereto to Articles, Sections and Schedules refer to Articles, Sections and Schedules of and to this Agreement or of the Schedules in which such reference is made, as applicable.

1.5 Date for any Action.

A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. (Toronto Time) on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. (Toronto Time) on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding Business Day.

1.6 Governing Law.

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Shareholder.

The Shareholder represents and warrants to the Purchaser (and acknowledges that the Purchaser is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) that:

- (a) The Shareholder, if the Shareholder is not a natural person, is a corporation or other entity validly existing under the laws of the jurisdiction of its existence.
- (b) The Shareholder, if the Shareholder is not a natural person, has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement of the Shareholder enforceable against the Shareholder in accordance with its terms, subject only to any limitation under bankruptcy, insolvency or other applicable laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (c) The Shareholder, directly or indirectly, exercises control or direction over all of the Subject Shares set forth the Shareholder's signature page attached to this Agreement. Other than the Subject Shares, neither the Shareholder nor any of its affiliates, beneficially own,

directly or indirectly, or exercise control or direction over any additional securities, or any securities convertible or exchangeable into any additional securities, of the Company or any of its affiliates.

- (d) As at the date hereof, the Shareholder is, and immediately prior to the Effective Time the Shareholder will be, directly or indirectly, the sole beneficial owner of the Subject Shares, with good and marketable title thereto, free and clear of all Liens.
- (e) The Shareholder has the sole right to sell and vote or direct the sale and voting of the Subject Shares.
- (f) No Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Subject Shares or any interest therein or right thereto, except the Purchaser pursuant to this Agreement or the Arrangement Agreement.
- (g) No material consent, approval, order or authorization of, or declaration or filing with, any Person is required to be obtained by the Shareholder in connection with the execution and delivery of this Agreement by the Shareholder and the performance by the Shareholder of the Shareholder's obligations under this Agreement, other than those that are contemplated by the Arrangement Agreement.
- (h) None of the Subject Shares are subject to any proxy, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of any of the Company's securityholders or give consents or approvals of any kind, except this Agreement or as contemplated by the Arrangement Agreement.
- (i) None of the execution and delivery by the Shareholder of this Agreement or the completion of the transactions contemplated hereby or the compliance by the Shareholder with its obligations hereunder will violate, contravene, result in any breach of, or be in conflict with, or constitute a default under, or create a state of facts which after notice or lapse of time or both would constitute a default under, any term or provision of: (i) any constating documents of the Shareholder (if the Shareholder is not a natural person); (ii) any contract to which the Shareholder is a party or by which the Shareholder is bound; (iii) any judgment, decree, order or award of any Governmental Entity applicable to the Shareholder; or (iv) any law applicable to the Shareholder, except in each case as would not reasonably be expected, individually or in the aggregate, to materially impair the ability of the Shareholder to perform its obligations hereunder.

2.2 Representations and Warranties of the Purchaser.

The Purchaser represents and warrants to the Shareholder (and acknowledges that the Shareholder is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) that:

- (j) The Purchaser is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and the Arrangement Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against the Purchaser in

accordance with its terms subject only to any limitation under bankruptcy, insolvency or other applicable laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

- (k) None of the execution and delivery by the Purchaser of this Agreement or the compliance by the Purchaser with the Purchaser's obligations hereunder or the Purchaser's completion of the transactions contemplated herein and in the Arrangement Agreement will violate, contravene, result in any breach of, or be in conflict with, or constitute a default under, or create a state of facts which after notice or lapse of time or both would constitute a default under, any term or provision of: (i) any constating documents of the Purchaser; (ii) any contract to which the Purchaser is a party or by which the Purchaser is bound; (iii) any judgment, decree, order or award of any Governmental Entity; or (iv) any applicable law.
- (l) No material consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement and the performance by it of its obligations under this Agreement, other than those which are contemplated by the Arrangement Agreement.

ARTICLE 3 COVENANTS

3.1 Covenants of the Shareholder.

- (m) The Shareholder hereby covenants and agrees in favour of the Purchaser that, from the date hereof until the termination of this Agreement in accordance with Section 4.1, except as permitted by this Agreement:
 - (i) at any meeting of securityholders of the Company called to vote upon the Arrangement Resolution or the transactions contemplated by the Arrangement Agreement or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent in lieu of a meeting) with respect to the Arrangement Resolution or the transactions contemplated by the Arrangement Agreement is sought, the Shareholder shall cause its Subject Shares (which have a right to vote at such meeting) to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) its Subject Shares (which have a right to vote at such meeting) in favour of the Arrangement Resolution and the transactions contemplated by the Arrangement Agreement;
 - (ii) at any meeting of securityholders of the Company or at any adjournment or postponement thereof or in any other circumstances upon which a vote, consent or other approval of all or some of the securityholders of the Company is sought (including by written consent in lieu of a meeting), the Shareholder shall cause its Subject Shares (which have a right to vote at such meeting) to be counted as present for purposes of establishing quorum and shall vote (or cause to be voted) its Subject Shares (which have a right to vote at such meeting) against any Acquisition Proposal and/or any matter that could reasonably be expected to delay, prevent, impede or frustrate the successful completion of the Arrangement and each of the transactions contemplated by the Arrangement Agreement (the "**Prohibited Matters**");

- (iii) the Shareholder shall revoke any and all previous proxies granted or voting instruction forms or other voting documents delivered that may conflict or be inconsistent with the matters set forth in this Agreement;
 - (iv) the Shareholder agrees not to directly or indirectly (i) sell, transfer, assign, grant a participation interest in, option, pledge, hypothecate, grant a security interest in or otherwise convey or encumber (each, a “**Transfer**”), or enter into any agreement, option or other arrangement with respect to the Transfer of, any of its Subject Shares to any Person, other than pursuant to the Arrangement Agreement, or (ii) grant any proxies or power of attorney, deposit any of its Subject Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to its Subject Shares, other than pursuant to this Agreement;
 - (v) the Shareholder shall as a holder of Subject Shares cooperate with the Company and the Purchaser to successfully complete the Arrangement and the other transactions contemplated by the Arrangement Agreement and this Agreement and to oppose any of the Prohibited Matters;
 - (vi) the Shareholder shall not exercise any rights of appraisal or rights of dissent, as applicable, from the Arrangement or the transactions contemplated by the Arrangement Agreement that the Shareholder may have; and
 - (vii) without limiting the generality of Section 4.13, no later than five Business Days prior to the date of the Company Meeting: (i) with respect to any Subject Shares that are registered in the name of the Shareholder, the Shareholder shall deliver or cause to be delivered, in accordance with the instructions set out in the Company Circular and with a copy to the Purchaser concurrently with such delivery, a duly executed proxy or proxies directing the holder of such proxy or proxies to vote in favour of the Arrangement Resolution; and (ii) with respect to any Subject Shares that are beneficially owned by the Shareholder but not registered in the name of the Shareholder, the Shareholder shall deliver a duly executed voting instruction form to the intermediary through which the Shareholder holds its beneficial interest in the Shareholder’s Subject Shares, with a copy to the Purchaser concurrently, instructing that the Shareholder’s Subject Shares be voted at the Company Meeting in favour of the Arrangement Resolution. Such proxy or proxies shall name those individuals as may be designated by the Company in the Company Circular and such proxy or proxies or voting instructions shall not be revoked, withdrawn or modified without the prior written consent of the Purchaser.
- (n) From the date hereof until the termination of this Agreement in accordance with Section 4.1, subject to Section 4.5, the Shareholder will not, and will ensure that its affiliates do not, directly or indirectly, through any officer, director, employee, representative or agent or otherwise:
- (i) solicit proxies or become a participant in a solicitation in opposition to or competition with the Purchaser’s proposed purchase of the Company Shares as contemplated by the Arrangement;

- (ii) assist any Person in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit the Purchaser's proposed purchase of the Company Shares as contemplated by the Arrangement;
 - (iii) act jointly or in concert with others with respect to voting securities of the Company for the purpose of opposing or competing with the Purchaser's proposed purchase of the Company Shares as contemplated by the Arrangement;
 - (iv) knowingly solicit, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
 - (v) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement, arrangement or understanding regarding any Acquisition Proposal; or
 - (vi) encourage any effort or attempt by any other Person to do or seek to do any of the foregoing.
- (o) The Shareholder will, and will cause each of its affiliates and will instruct each of its representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of this Agreement with any Person (other than the Purchaser or an affiliate thereof) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal.
- (p) The Shareholder hereby consents to:
- (i) details of this Agreement being set out in any press release, information circular, including the Company Circular, and court documents produced by the Company, the Purchaser or any of their respective affiliates in connection with the Arrangement in accordance with the provisions of the Arrangement Agreement; and
 - (ii) this Agreement being made publicly available, by filing on the SEDAR operated on behalf of the Securities Authorities.
- (q) Except as required by applicable law or stock exchange requirements, the Shareholder will not, and will ensure that their affiliates and representatives do not, make any public announcement with respect to the transactions contemplated herein or pursuant to the Arrangement Agreement without the prior written approval of the Purchaser, which approval shall not be unreasonably withheld.

3.2 Alternative Transaction.

In the event that, in lieu of the Arrangement, the Purchaser seeks to complete the acquisition of the Company Shares other than as contemplated by the Arrangement Agreement on a basis that (a) provides for economic terms which, in relation to the Shareholder, on an after-tax basis, are at least equivalent to or better than those contemplated by the Arrangement Agreement taking into account the Intended Tax Treatment, (b) would not likely result in a delay or time to completion beyond the Voting Support Outside Date, and (c) is otherwise on terms and conditions not materially more onerous on the Shareholder than the Arrangement (including any take-over bid) any such transaction, an “**Alternative Transaction**”), then during the term of this Agreement the Shareholder may, on its own accord, and shall, upon written request of the Purchaser, support the completion of such Alternative Transaction in the same manner as the Arrangement in accordance with the terms and conditions of this Agreement *mutatis mutandis*, including by (A) depositing or causing the deposit of its Subject Shares (including any Company Shares issued or issuable upon the exercise, conversion or vesting, as applicable, of any Company Options, Company Compensation Options or Company RSUs) into an Alternative Transaction conducted by way of a take-over bid made by the Purchaser or an affiliate of Purchaser and not withdrawing them; and/or (B) voting or causing to be voted all of the Subject Shares (to the extent that they carry the right to vote) in favour of, and not dissenting from, such Alternative Transaction proposed by the Purchaser, provided however that the Shareholder shall not be required to exercise, convert or exchange any Subject Shares (other than Company Shares) in connection with an Alternative Transaction.

ARTICLE 4 GENERAL

4.1 Termination.

This Agreement will terminate and be of no further force or effect upon the earliest to occur of:

- (r) the mutual agreement in writing of the Shareholder and the Purchaser;
- (s) the date, if any, that the Arrangement Agreement is terminated in accordance with its terms;
- (t) the Effective Time; and
- (u) the Voting Support Outside Date.

4.2 Time of the Essence.

Time is of the essence in this Agreement.

4.3 Effect of Termination.

If this Agreement is terminated in accordance with the provisions of Section 4.1, no Party will have any further liability to perform its obligations under this Agreement, and provided that neither the termination of this Agreement nor anything contained in Section 4.1 will relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants made herein.

4.4 Equitable Relief.

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

4.5 Capacity and Fiduciary Duty.

The Purchaser agrees and acknowledges that the Shareholder is bound hereunder solely in his or her capacity as a shareholder of the Company and that the provisions of this Agreement shall not be deemed or interpreted to bind the Shareholder or any of its affiliates or their directors, officers, shareholders, employees or agents in his or her capacity as a director or officer of the Company or any of its Subsidiaries. For the avoidance of doubt, nothing in this Agreement shall limit or restrict any Party from properly fulfilling his or her fiduciary duties as a director or officer of the Company or any of its Subsidiaries and nothing in this Agreement shall prevent a Shareholder who is a member of the board of directors or an officer of the Company from engaging, in such Shareholder's capacity as a director or officer of the Company or any of its Subsidiaries, in discussion or negotiations with a Person in response to any bona fide Acquisition Proposal in accordance with the terms of the Arrangement Agreement, including taking any action in respect of the Arrangement or any Acquisition Proposal, including engaging in discussion or negotiations with a Person in response to an Acquisition Proposal pursuant to the terms of the Arrangement Agreement.

4.6 Control

If any of the Subject Shares are held through a nominee, corporation, trust or other legal entity, including but not limited to a broker or other financial intermediary, over which the Shareholder has control as defined in the legislation governing the ownership of the property of such nominee, corporation, trust or other legal entity (either alone or in conjunction with any other Person), the Shareholder will vote or will cause to be voted such Subject Shares and exercise its power and authority to ensure that this Agreement is complied with by such nominee, corporation, trust or other legal entity.

4.7 Waiver; Amendment.

Each Party agrees and confirms that any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by all of the Parties or in the case of a waiver, by the Party against whom the waiver is to be effective. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right. No waiver of any of the provisions of this Agreement will be deemed to constitute a waiver of any other provision (whether or not similar).

4.8 Entire Agreement.

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the Parties with respect thereto.

4.9 Notices.

Any notice, or other communication given regarding the matters contemplated by this Agreement (each a “**Notice**”) (must be in writing, sent by personal delivery, courier or electronic mail and addressed:

(v) to the Purchaser at:

Canopy Growth Corporation
1 Hershey Drive
Smith Falls, ON K7A 0A8

Attention: Bruce Linton
Email: bruce@canopygrowth.com

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, ON M5H 3C2

Attention: Jonathan Sherman
Email: jsherman@casselsbrock.com

(w) to the Shareholder, at the address set out in the Shareholder’s signature page attached to this Agreement.

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery, same day courier or electronic mail, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day or (ii) if sent by overnight courier, on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address. Any element of a Party’s address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice or other communication to a Party’s legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

4.10 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.11 Successors and Assigns.

The provisions of this Agreement will be binding upon and enure to the benefit of the parties hereto and their respective heirs, administrators, executors, legal representatives, successors and permitted assigns, provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Party hereto, provided that the Purchaser may assign all or part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, any of its affiliates, provided that if such assignment and/or assumption takes place, the Purchaser shall continue to be liable joint and severally with such affiliate for all of its obligations hereunder.

4.12 Independent Legal Advice.

Each of the Parties hereby acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution and delivery of this Agreement that they have either done so or waived their right to do so in connection with the entering into of this Agreement.

4.13 Further Assurances.

The Parties hereto will, with reasonable diligence, do all things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party will provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Effective Time.

4.14 Expenses

Each of the Parties shall pay its respective legal, financial advisory and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed or prepared pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

4.15 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and of Canada applicable therein. Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

4.16 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank.]

IN WITNESS OF WHICH the Parties have executed this Agreement as at the date first above written.

CANOPY GROWTH CORPORATION

Per:

Authorized Signing Officer

I have authority to bind the company.

IN WITNESS OF WHICH the Parties have executed this Agreement as at the date first above written.

[Shareholder]

(Print Name of Shareholder)

(Place of Residency)

(Print Name and Title)

Address:

Telephone:

Email:

(Number of Company Subordinate Voting Shares Held)

(Number of Company Proportionate Voting Shares Held)

(Number of Company Multiple Voting Shares Held)

(Number of High Street Units Held)

(Number of Company Options Held)

(Number of Company RSUs Held)

G-1

SCHEDULE G

TRADEMARK AND TECHNICAL LICENSE AGREEMENT

INTELLECTUAL PROPERTY AND TRADEMARK LICENSE AGREEMENT

THIS INTELLECTUAL PROPERTY AND TRADEMARK LICENSE AGREEMENT (“Agreement”) is entered into as of this ____ day of _____, 2019 (the “**Effective Date**”) by and between Canopy Growth Corporation, a Canadian corporation (“**Canopy**”), TS Brandco Inc. an Ontario corporation (“TS Brandco”) and Tweed Inc. (“Tweed”) an Ontario corporation, on the one hand, and Acreage Holdings, Inc., a British Columbia company (the “**Licensee**”), on the other.

WITNESETH:

WHEREAS, TS Brandco is the owner of certain Trademarks, as defined herein and as further particularized at Schedule “A”;

AND WHEREAS, Tweed (together with the TS Brandco, collectively referred to as the “**Licensors**”) is the owner of certain Trademarks, as defined herein and as further particularized at Schedule “B”;

AND WHEREAS, each Licensor is the owner of unique plans and systems for the establishment and operation of retail stores (the “**Systems**”) as further particularized at Schedule “C”;

AND WHEREAS, Canopy is the licensee of the Trademarks and the Systems pursuant to separate agreements, which grant Canopy the right to sublicense certain rights to use the Trademarks and the Systems;

AND WHEREAS, Canopy and/or its Affiliates is or are the owner or licensee of Intellectual Property, as defined herein and as further particularized at Schedule “D”, and has or have the right to license or sublicense others to use the Intellectual Property;

AND WHEREAS, Canopy is willing to grant to the Licensee, as consideration for and as a condition precedent to the consummation of the plan of arrangement pursuant to an arrangement agreement between Canopy and the Licensee dated April 18, 2019, the non-exclusive right (but not the obligation) to use the Trademarks, Systems and Intellectual Property in connection with the Licensee’s business on the terms and conditions described below;

AND WHEREAS, the Licensee acknowledges that, as of the Effective Date, Canopy’s ability to use the Trademarks, Systems and Intellectual Property in the United States is limited as a result of Applicable Law;

AND WHEREAS, the Licensee wishes to acquire such non-exclusive right (but not the obligation) to use the Trademarks, Systems and Intellectual Property as set out herein.

NOW, THEREFORE, in consideration of the Recitals, which are incorporated into and are an operative and integral part of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which each Party acknowledges, the Parties agree as follows:

1. DEFINITIONS. IN THIS AGREEMENT, THE FOLLOWING WORDS SHALL HAVE THE FOLLOWING MEANINGS ASCRIBED TO THEM:

“Affiliate” of any Person means, at the time the determination is being made, any other Person owned or Controlled by that Person, whether directly or indirectly; provided, however, that an Affiliate of Canopy does not and shall not include Constellation Brands, Inc. or any of its subsidiaries.

“Applicable Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, approval, order, injunction, judgment, decree, official guidance, ruling, or condition of any grant, approval, permission, certification, consent, registration, authority or license, or other similar requirement, in each case whether domestic or foreign, enacted, adopted, promulgated, granted or applied by a Governmental Authority that is binding on or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority, as amended.

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario or New York, New York.

“Cannabis” means (i) all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material, trichomes, oil and extracts from cannabis (including cannabinoid or terpene extracts from the cannabis plant), and (ii) biologically synthesized analogs of cannabinoids extracted from the cannabis plant using micro-organisms; and including any and all derivative products therefrom which may now or in the future be legally produced.

“Confidential Information” shall mean any and all non-public, confidential and/or proprietary information of a Party and all Know-How, Intellectual Property Rights and Trademark Rights therein disclosed by the disclosing Party to the receiving Party or its Representatives, whether orally, in writing or otherwise, but does not include information that:

is or becomes publicly known through no wrongful act of the receiving Party;

is received in good faith on a non-confidential basis from a source other than the disclosing Party or its Representatives;

was in the receiving Party’s possession before its disclosure by the disclosing Party or its Representatives;

was independently developed by the receiving Party without breach of this Agreement; or

is explicitly approved for release to a third party by Notice from the disclosing Party to the receiving Party

“Control” means possession, directly or indirectly, of the power to direct or cause the direction of management and policies through ownership of voting shares, interests or securities, or by contract, voting trust or otherwise; and “Controlled” and “Controlling” shall have corresponding meanings.

“Governmental Authority” means any (a) multinational, national, federal, provincial, state, territorial, municipal, local or other government (whether domestic or foreign), (b) governmental or quasi-governmental authority of any nature, including any stock exchange or any governmental ministry, agency, branch, department, commission, commissioner, board, tribunal, bureau or instrumentality (whether domestic or foreign), or (c) body exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or taxing authority or power under or for the account of any of the foregoing, including any court, arbitrator or arbitration tribunal.

“Infringement” means any infringement, deemed infringement, unfair competition, passing-off, depreciation of goodwill, or other unauthorized use of or interference with any Intellectual Property Rights and/or Trademark Rights, and “Infringe” shall have the corresponding meaning.

“Intellectual Property” means each of the following which is owned by or sublicensable to Licensee by Canopy or Canopy’s Affiliates, domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including agricultural products, genetics, inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, Confidential Information, Know-How, methods, processes, designs, architectural plans, works of authorship, technology, technical data, schematics, studies, reports, business methods, business rules, algorithms, formulae, models, and customer lists, and documentation relating to any of the foregoing, and the technologies, inventions, products and/or processes which are the subject thereof, and all other tangible and intangible intellectual and industrial property owned by or licensed to Canopy and/or its Affiliates as of the Effective Date or created, developed or acquired by or licensed to Canopy and/or its Affiliates during the Term of this Agreement; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) software; (vii) computer programs, programming code, data, compilations of data, computer databases, equipment configurations, written materials, compositions, visual demonstrations, ideas, and concepts; and (viii) any other intellectual property, industrial property and improvements to any of the foregoing which is designated in writing by Canopy and/or Canopy’s Affiliates (whether on the initiative of a Licensor, Canopy and/or or at the request of Licensee, such request not to be unreasonably refused by the Licensors and/or Canopy) for use by Licensee, but excluding any technologies as further particularized at Schedule “D” that are licensed to third parties on an exclusive basis as of the Effective Date.

“Intellectual Property Rights” means any and all vested or contingent rights, in any jurisdiction, provided under: (i) patent law; (ii) copyright law (including moral rights); (iii) design patent or industrial design law; (v) plant breeders’ rights law; (vi) semi-conductor

chip or mask work law; or (vii) any other statutory provision (including laws governing domain names) or common law principle (including trade secret law and law relating to Know-How or information of the same or similar nature and protected in the same or similar way) governing intellectual property, whether registered or unregistered, and including rights in any and all applications and registrations in respect of the foregoing and all rights of action, powers and benefits relating thereto, including the right to bring proceedings and claim or recover damages or other remedies in relation to any Infringement.

(j) **“Know-How”** means all information of Canopy or Canopy’s Affiliates not publicly known and not independently developed by a third party that is used or capable of being used in or in connection with any product or process of Canopy and/or Canopy’s Affiliates existing in any form (including, but not limited to that comprised in or derived from engineering, chemical and other data, specifications, formulae, experience, drawings, manuals, instructions, designs, brochures, catalogues and other descriptions) and including information relating to:

- (i) cultivation methods of any plants;
- (ii) the design, development, manufacture, formulation or production of any products;
- (iii) the operation of any process;
- (iv) the provision of any services;
- (v) the selection, procurement, construction, installation, maintenance or use of raw materials, plant, machinery or other equipment or processes;
- (vi) the rectification, repair or service or maintenance of products, plant, machinery or other equipment;
- (vii) extraction techniques;
- (viii) the supply, storage, assembly or packing of raw materials, components or partly manufactured or finished products; or
- (ix) quality control, testing or certification.

“Licensed Products and Services” has the meaning ascribed to it in Section 4(a) of this Agreement.

“Losses” means damages, fines, penalties, losses, liabilities, awards, settlements, judgments, claims, threatened claims, charges, indictments, costs, fees and expenses, in each case of any kind, character or description (including payments, refunds and delivery of additional goods and/or services, interest, and reasonable fees and expenses of legal counsel or other professionals);

“Notice” means any notice, request, direction or other document that a Party can or must make or give under this Agreement.

“Parties” means Canopy, TS Brandco, Tweed and the Licensee collectively, and “Party” means any one of them as the context requires.

“Person” means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint stock company, trust, unincorporated association, or joint venture, and pronouns have a similarly extended meaning.

“Representative” means in respect of a Person:

each director, officer, shareholder, partner, employee, agent, accountant, legal or other professional advisor in connection with the license contemplated in this Agreement, and any other authorized representative, and

that Person’s Affiliates or Controlling Persons, and the directors, officers, shareholders, partners, employees, agents, accountants, and legal or financial or other professional advisors in connection with the transactions contemplated in this Agreement of those Affiliates or Controlling Persons.

“Systems” has the meaning ascribed to it in the preamble of this Agreement, and includes any improvements to the Systems which may be designated in writing by a Licensor and/or Canopy (whether on the initiative of a Licensor, Canopy or at the request of Licensee, such request not to be unreasonably refused by the Licensors and/or Canopy) for use by Licensee, as further particularized at Schedule “C”;

“Territory” means the United States of America, its territories and possessions, and the District of Columbia.

“Trademarks” means:

- (i) TS Brandco’s trademarks, trade names, certification marks, trade dress, other commercial symbols, copyrights, logos and/or other indicia of origin, whether registered or unregistered, consisting of U.S. Trademark Registration No. 5,080,224, and U.S. Trademark Application Nos. 87/274,801, 87/274,966, 87/275,023, and 87/274,990, as listed in Schedule “A” hereto or otherwise designated in writing by Canopy from time to time (and including any and all modified or updated versions thereof);**
- (ii) Tweed’s trademarks, trade names, certification marks, trade dress, other commercial symbols, copyrights, logos and/or other indicia of origin, whether registered or unregistered, as listed in Schedule “B” hereto or otherwise designated in writing by Canopy from time to time (and including any and all modified or updated versions thereof); and**

- (iii) such other trade names, trademarks, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia related to the Systems or the Licensed Products and Services which may be designated in writing by a Licensor or Canopy (whether on the initiative of a Licensor, Canopy or at the request of Licensee, such request not to be unreasonably refused by the Licensors and/or Canopy).

“Trademark Rights” means any and all vested, contingent and future rights, in any jurisdiction, provided under trademark law (including laws governing trademarks, trade names and logos) or any other statutory provision or common law principle governing trademarks, whether registered or unregistered, and including rights in any and all applications and registrations in respect of the foregoing and all rights of action, powers and benefits relating thereto, including the right to bring proceedings and claim or recover damages or other remedies in relation to any Infringement.

GRANT OF LICENSE. CANOPY HEREBY GRANTS TO THE LICENSEE THE NON-EXCLUSIVE, ROYALTY-FREE LICENSE AND RIGHT TO USE THE INTELLECTUAL PROPERTY, SYSTEMS AND TRADEMARKS IN THE TERRITORY SOLELY FOR THE PURPOSES SPECIFIED IN SECTION 4 HEREOF AND IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT.

RESERVATION OF RIGHTS. ANY RIGHTS NOT EXPRESSLY GRANTED TO THE LICENSEE IN THIS AGREEMENT ARE RESERVED TO THE LICENSORS AND/OR CANOPY AND ITS AFFILIATES. THE LICENSEE DOES NOT ACQUIRE ANY RIGHTS, TITLE OR INTEREST OTHER THAN THE RIGHT TO USE THE INTELLECTUAL PROPERTY, SYSTEMS AND TRADEMARKS IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT. SPECIFICALLY, THE LICENSEE ACKNOWLEDGES THAT ANY GOODWILL ASSOCIATED WITH THE USE BY IT OF THE INTELLECTUAL PROPERTY, SYSTEMS AND TRADEMARKS INURES TO THE BENEFIT OF THE APPLICABLE LICENSOR.

SCOPE OF LICENSE. SUBJECT TO THE PROVISIONS OF SECTION 2 HEREOF, THE LICENSEE SHALL:

have the right (but not the obligation) to use the Intellectual Property, Systems and Trademarks in connection with the present or future products, services and business of Licensee relating to the cultivation, distribution, promotion and sale of Cannabis, Cannabis accessories and non-Cannabis merchandise (collectively, the “Licensed Products and Services”) within the Territory. The Licensee’s use of the Intellectual Property, Systems and Trademarks shall be in compliance with all Applicable Laws, with the exception of the Controlled Substances Act, 21 USC 801 et seq. (“CSA”), as it applies to cannabis, and any other federal law of the United States from time to time, the violation of which is predicated upon a violation of the CSA as it applies to cannabis (collectively “Federal Cannabis Laws”) and the Licensee shall comply with the limitations regarding Applicable Law in Section 6(c) of this Agreement.

Where reasonably practicable given the size, form and texture of the products and materials, with respect to the Trademarks listed at Schedule “A”, place the following notice, or any other notice that TS Brandco and/or Canopy may reasonably request from time to time, in a legible manner on each licensed product that forms part of the Licensed Products and Services and on any promotional materials or other materials in any form used in the delivery of the Licensed Products and Services, including any content posted on any Internet site:

“Trademark(s) of TS Brandco Inc.; used under licence by Acreage Holdings, Inc.” or
“Trademark(s) of TS Brandco Inc.; used under licence.”

Where reasonably practicable given the size, form and texture of the products and materials, with respect to the Trademarks listed at Schedule “B”, place the following notice, or any other notice that the Tweed Licensors and/or Canopy may request from time to time, in a legible manner on each licensed product that forms part of the Licensed Products and Services and on any promotional materials or other materials in any form used in the delivery of the Licensed Products and Services (subject to the nature of the medium and availability of space), including any content posted on any Internet site:

“Trademark(s) of Tweed Inc.; used under licence by Acreage Holdings, Inc.” or

“Trademark(s) of Tweed Inc.; used under licence.”

The Licensee shall mark each Trademark used on a licensed product that forms part of Licensed Products and Services with the ® symbol, in the case of trademarks registered in the Territory, and with the ™ symbol, in the case of trademarks that are not registered in the Territory.

The Licensee will cause all sub-licensees to affix in a conspicuous location upon their premises a sign containing whichever of the following notices is applicable: “This business is operated independently by “*sublicensee*” who is an authorized licensed user of the trademarks owned by TS Brandco Inc.”; or “This business is operated independently by “*sublicensee*” who is an authorized licensed user of the trademarks owned by Tweed Inc.”

SUBLICENSES. THE LICENSEE MAY, WITHOUT THE CONSENT OF CANOPY OR EITHER LICENSOR, SUBLICENSE USE OF THE TRADEMARKS, SYSTEMS AND/OR INTELLECTUAL PROPERTY TO ITS AFFILIATES. ANY SUBLICENSE GRANTED UNDER THIS AGREEMENT SHALL BE IN WRITING WITH A COPY PROVIDED TO CANOPY. THE LICENSEE SHALL ENSURE THAT ANY SUBLICENSEES COMPLY WITH THEIR OBLIGATIONS UNDER THIS AGREEMENT AS IF THE SUBLICENSEES WERE THEMSELVES THE LICENSEE.

STANDARDS.

Compliance with Standards. The Licensee shall ensure compliance with the specifications and service and quality standards of Canopy and/or the Licensors, as may be updated from time to time (collectively the “Standards”) applicable to the Trademarks, Systems, and Intellectual Property. The Licensee acknowledges and agrees that the

Standards shall be at least equivalent to those adopted or used by Canopy with respect to the Systems and Trademarks at the Effective Date. Canopy shall advise the Licensee in writing of any material changes to the Standards.

Quality Control. To ensure the maintenance of the Standards, Canopy shall have the right to investigate and inspect, from time to time upon ten (10) Business Days' advance written Notice during normal business hours, the facilities, operations, products and business records of the Licensee related to the Licensed Products and Services (for certainty excluding financial records) for the limited purpose of conducting an inspection to verify that the Licensee is in compliance with the Standards, and the Licensee shall reasonably cooperate with Canopy in making such investigations provided that Canopy acts reasonably in minimizing any material disruption to Licensee's business operations. Canopy shall keep confidential any information that it obtains from any inspection conducted under this Section in accordance with the terms of Section 8 (Confidential Information).

Compliance with Applicable Laws. The Licensee shall conduct its business operations involving the use of the Intellectual Property, Systems and Trademarks in strict compliance with all Applicable Laws, with the exception of Federal Cannabis Laws. The Licensee shall not establish or operate retail stores selling Cannabis or otherwise sell Cannabis for recreational or medicinal purposes using the Intellectual Property, Systems and Trademarks in jurisdictions within the Territory where the sale of Cannabis for such purposes violates Applicable Laws, with the exception of Federal Cannabis Laws. The Licensee may establish and operate retail stores, other than those selling Cannabis, using the Intellectual Property, Systems and Trademarks in any jurisdictions within the Territory provided that such activities comply with all Applicable Laws.

TERM AND TERMINATION.

The term of this Agreement (the "Initial Term") will be ninety (90) months, starting on the Effective Date. Licensee shall have the option to renew the term of this Agreement for seven (7) additional five (5) year terms provided the Licensee is in compliance with the material terms of this Agreement at the time of renewal (each a "Renewal Term") unless the Agreement is terminated earlier in accordance with its terms.

The License granted hereunder, or any portion thereof, shall terminate upon the occurrence of any of the following events:

Canopy may terminate this Agreement, in its entirety, at any time, in its sole discretion, upon twelve (12) months' prior written Notice to the Licensee. If both Parties mutually agree to waive such Notice period, this Agreement shall terminate upon the date of such waiver.

Canopy may terminate this Agreement in its entirety, at any time, in its sole discretion, in the event that Canopy or any of its Affiliates is notified in writing of, or is the subject of, any regulatory investigation or proceeding by any Governmental Authority related to possible violations of Applicable Law

arising from this Agreement. Canopy shall provide the Licensee with written Notice of such termination and this Agreement shall terminate upon the date of such written Notice.

Canopy may terminate this Agreement in its entirety, at any time, in the event that termination is required by Applicable Law (with the exception of Federal Cannabis Laws) or if the performance of this Agreement in any part of the Territory would otherwise violate Applicable Law (with the exception of Federal Cannabis Laws), as determined by Canopy, acting reasonably.

Canopy may terminate this Agreement, in its entirety, at any time, in its sole discretion, in the event that the Licensee has breached any material term of the arrangement agreement between Canopy and the Licensee dated as of April 18, 2019, as determined by Canopy, acting reasonably, and the Licensee fails to cure such breach within 30 days after written Notice from Canopy. If not cured within such time, Canopy shall provide the Licensee with written Notice of such termination and this Agreement shall terminate on the date of such written Notice.

If the Licensee shall apply for or consent to the appointment of a receiver, trustee or liquidator of the Licensee or of all or a substantial part of its assets, liquidate such by itself, file a voluntary petition in bankruptcy, be unable or admit in writing its inability to pay its debts as they become due, make a general assignment for the benefit of its creditors, an assignment for the benefit of its creditors, file a petition or any answer seeking reorganization or arrangement with creditors or to take advantage of any insolvency law, file an answer admitting the material allegations of a petition filed against the Licensee in any bankruptcy, reorganization or insolvency proceedings, or if an order, judgment or decree shall be entered by any court of competent jurisdiction, on the application of a creditor, adjudicating the Licensee a bankrupt or insolvent or approving a petition seeking reorganization of the Licensee or appointing a receiver, trustee or liquidator of the Licensee or of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for a period of 20 consecutive days from the filing thereof, or shall take any action towards its dissolution or termination;

In the event the Licensee does not maintain the Standards, and fails to commence to improve its adherence to the Standards within 30 days after written Notice from Canopy or shall thereafter fail to continue diligently to make such improvements until the required Standards have been reached;

If the Licensee shall default under any of the other provisions of this Agreement and shall fail to cure such default within 30 days after written Notice from Canopy;

then upon the occurrence of any such event, this Agreement and all rights of the Licensee hereunder shall terminate either immediately or upon written Notice by Canopy to the Licensee, as applicable; provided, however, that the provisions of this Agreement with respect to any actions required to be taken by the Licensee upon such termination shall continue in full force and effect and shall be enforceable by Canopy.

Upon the termination or expiry of this Agreement, the Licensee shall:

Except as set forth in Section 7(d) below, cease use of the Intellectual Property, Systems and Trademarks, including in association with retail stores and Licensed Products, and deliver up to Canopy all copies of all manuals, instructional materials and other technical information, records and instructions relating to the Intellectual Property, Systems and Trademarks in any media or form; and

as soon as practicable, deliver up to the Licensors all copies of all Confidential Information of Canopy, Canopy's Affiliates and/or the Licensors which are in its possession.

Except if this Agreement is terminated pursuant to Section 7(b)ii) or (iii), upon expiration or termination of this Agreement, Licensee shall have three (3) months to phase-out the use of Licensed Products and Services and related collateral bearing the Licensed Marks in its possession as of the date of termination or expiration (the "Sell-Off Period"), in each case, in accordance with the terms and conditions of this Agreement and any reasonable directions from Canopy. For greater certainty, the termination of rights under this Agreement with respect to only a specific state or local jurisdiction within the Territory does not affect Licensee's rights in the remainder of the Territory where the Agreement is not terminated.

CONFIDENTIAL INFORMATION

All Confidential Information shall be treated as confidential by the Parties and shall not be disclosed to any other Person other than in circumstances where a Party has an obligation to disclose such information in accordance with Applicable Law, in which case, such disclosure shall only be made after consultation with the other Parties (if reasonably practicable and permitted by Applicable Law) and, in the case of a public announcement required by Applicable Law, shall only be made in accordance with Section 8(e).

Notwithstanding the foregoing, each of the Parties acknowledges and agrees that

each of the Parties may disclose Confidential Information to a Person providing financing or funding to such Party in respect of its obligations hereunder, so long as prior to receiving any such information the recipient enters into a confidentiality agreement with the disclosing Party pursuant to which the recipient provides a confidentiality undertaking in favour of the

other Parties to maintain the confidentiality of the Confidential Information in a manner consistent with this Agreement; and

each of the Parties may disclose Confidential Information to their respective Representatives, as well as any contractors and subcontractors of such Party, provided that each of such individuals to whom Confidential Information is disclosed is advised of the confidentiality of such information and is directed to abide by the terms and conditions of this Section 8.

The Confidential Information of each Party is proprietary and has competitive value. Accordingly, any disclosure to a disclosing Party's competitors or to the public would be detrimental to the best interests of the disclosing Party, which may incur Losses, costs, and damages as a result.

During the Term, each Party shall, if practicable in advance of making, or any of its Affiliates making, a public announcement concerning this Agreement or the matters contemplated herein to a stock exchange or as otherwise required by Applicable Law, advise the other Parties of the text of the proposed public announcement and, to the extent legally permitted, provide such other Parties with a reasonable opportunity to comment on the content thereof. If any of the Parties determines that it is required to publish or disclose the text of this Agreement in accordance with Applicable Law, it shall provide the other Parties with an opportunity to propose appropriate additional redactions to the text of this Agreement, and the disclosing Party hereby agrees to accept any such suggested redactions to the extent permitted by Applicable Law. If a Party does not respond to a request for comments within 48 hours (excluding days that are not Business Days) or such shorter period of time as the requesting Party has determined is necessary in the circumstances, acting reasonably and in good faith, the Party making the disclosure shall be entitled to issue the disclosure without the input of the other Parties. The Party making the announcement shall disclose, or permit the disclosure of, only that portion of Confidential Information required to be disclosed by Applicable Law. The final text of the disclosure and the timing, manner and mode of release shall be the sole responsibility of the Party issuing the disclosure.

The provisions of this Section 8 shall apply indefinitely.

PROTECTION OF INTELLECTUAL PROPERTY, SYSTEMS AND TRADEMARKS.

Infringement by a Third Party. Each Party shall promptly give Notice to the other Party when it becomes aware of any actual, suspected, or threatened Infringement of the Intellectual Property, Systems and/or Trademarks by a third party in the Territory. Canopy and/or a Licensor shall, in that case, take any steps it considers reasonably necessary in its sole discretion to enforce its Intellectual Property Rights and Trademark Rights at its own expense. The Licensee shall, at Canopy's expense, cooperate with Canopy and/or the Licensors to the fullest possible extent.

Claim of Infringement against the Licensee. Each Party shall promptly give Notice to the other Party of any action, claim or demand brought or threatened by a third party against it arising out of its use of the Intellectual Property, Systems and/or Trademarks.

Claims which are not clearly the responsibility of either the Licensee or Canopy. In the event of any action, claim or demand brought or threatened by a third party against the Intellectual Property, Systems and/or Trademarks in the Territory and during the Term as a result of any actions, suits, conditions or occurrences which are not clearly the sole responsibility of a single Party hereunder, then the Parties shall cooperate and join with each other in taking all steps they consider appropriate to protect the Intellectual Property, Systems and/or Trademarks, and all liabilities and expenses imposed or incurred shall be borne equally by the Parties.

NO UNAUTHORIZED USES OR DISPARAGEMENT. NEITHER THE LICENSEE NOR ITS APPROVED SUBLICENSEES SHALL MODIFY OR ALTER ANY OF THE INTELLECTUAL PROPERTY, SYSTEMS AND/OR TRADEMARKS, AND NEITHER THE LICENSEE NOR ITS APPROVED SUBLICENSEES SHALL DISPARAGE OR OTHERWISE KNOWINGLY HARM THE GOODWILL ASSOCIATED WITH ANY OF THE INTELLECTUAL PROPERTY, SYSTEMS AND/OR TRADEMARKS. ALL OF THE LICENSEE'S AND ITS APPROVED SUBLICENSEES' USE OF ANY OF THE INTELLECTUAL PROPERTY, SYSTEMS AND/OR TRADEMARKS INURE TO CANOPY'S, CANOPY'S AFFILIATES, AND THE LICENSORS' BENEFIT. THE LICENSEE SHALL NOT DO, CAUSE TO BE DONE OR PERMIT TO BE DONE, DURING THE TERM OF THIS AGREEMENT, ANYTHING OR ACT THAT WILL IMPAIR IN ANY WAY THE RIGHTS OF CANOPY, CANOPY'S AFFILIATES OR THE LICENSORS IN AND TO THE INTELLECTUAL PROPERTY, SYSTEMS AND/OR TRADEMARKS. THE LICENSEE SHALL NOT REGISTER OR ATTEMPT TO REGISTER ANYWHERE IN THE WORLD ANY OF THE INTELLECTUAL PROPERTY, SYSTEMS OR TRADEMARKS OR ANY PORTION THEREOF ALONE OR AS PART OF ITS OWN INTELLECTUAL PROPERTY AND /OR TRADEMARKS, NOR SHALL THE LICENSEE USE OR ATTEMPT TO REGISTER ANYWHERE IN THE WORLD ANY TRADEMARKS WHICH ARE CONFUSINGLY SIMILAR TO OR CONSTITUTE A COLORABLE IMITATION OF THE TRADEMARKS WITHOUT THE PRIOR WRITTEN CONSENT OF CANOPY, CANOPY'S AFFILIATES AND/OR THE LICENSORS, AS APPLICABLE.

REPRESENTATIONS AND WARRANTIES OF CANOPY. CANOPY REPRESENTS AND WARRANTS TO THE LICENSEE AS FOLLOWS, ACKNOWLEDGING THAT THE LICENSEE IS RELYING ON THESE REPRESENTATIONS AND WARRANTIES:

it is the licensee of the Trademarks and Systems, that such license is legal, valid and binding upon the parties thereto, and enforceable by Canopy in accordance with its terms.

it or its Affiliates are the sole owner of the Intellectual Property.

Canopy and/or Licensors are the owners of the Intellectual Property, Systems and Trademarks including the applications and registrations set forth in Schedules A and B.

Canopy has the right, power and authority to grant the license set out in section 2 of this Agreement and all other rights granted to the Licensee under this Agreement and has not granted and will grant no other rights or licences that would conflict with the rights granted to Licensee under this Agreement.

To the knowledge of Canopy, the exercise by Licensee of the rights and license granted under this Agreement will not infringe or otherwise conflict with the rights of any other Person.

The Confidentiality and Know-How contained in the Intellectual Property is and remains confidential to Canopy and/or the Licensors and those who have signed written confidentiality and non-disclosure agreements with Canopy and/or the Licensors, as applicable, and Canopy and/or the Licensors have taken reasonable steps to protect the confidentiality of that Confidential Information and Know-How from disclosure to, or use by, unauthorized Persons.

Except as disclosed by Canopy to Licensee, there is no material settled, pending, or threatened litigation, opposition, or other claim or proceeding challenging the validity, enforceability, ownership, registration, or use of any Trademarks, Systems or Intellectual Property in the Territory that would impact Licensee's exercise of its rights under this Agreement.

Except as disclosed by Canopy to Licensee, neither Canopy or Licensors have brought or threatened any claim against any third party alleging infringement of any Intellectual Property, Systems or Trademarks in the Territory nor to the knowledge of Canopy is any third party infringing or threatening to infringe any such rights in the Territory.

SCHEDULE B REPRESENTATIONS AND WARRANTIES OF THE PARTIES. CANOPY, LICENSORS AND THE LICENSEE EACH REPRESENT AND WARRANT TO THE OTHER AS FOLLOWS, ACKNOWLEDGING THAT THE OTHER PARTIES ARE RELYING ON THESE REPRESENTATIONS AND WARRANTIES:

It is a corporation incorporated and existing under the laws of the jurisdiction of its incorporation.

It has the corporate power and capacity to carry on business, to own properties and assets, and to execute, deliver and perform its obligations under this Agreement.

It has taken all necessary corporate action to authorize its execution and delivery of, and the performance of its obligations under, this Agreement.

This Agreement constitutes a legal, valid, and binding obligation, enforceable against it in accordance with its terms, subject to:

bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement, winding-up and other laws of general application affecting the enforcement of creditors' rights generally, and

general equitable principles including the principle that the granting of equitable remedies, such as injunctive relief and specific performance, is at the court's discretion

The execution, delivery and performance of its obligations under this Agreement do not and will not breach or result in any default under its articles, by-laws, or any unanimous shareholders agreement, and/or any agreement to which it is a party or by which it is bound.

SCHEDULE C REPRESENTATIONS AND WARRANTIES OF THE LICENSEE.

The Licensee conducts its business operations in compliance with all Applicable Laws, with the exception of the Controlled Substances Act, 21 USC 801 et seq., (or similar U.S. laws) as it applies to Cannabis.

SCHEDULE D COVENANTS OF THE LICENSEE.

Ownership of Systems and Trademarks. The Licensee acknowledges, as between Licensors and Licensee, that the Licensors are the owners of the Systems and Trademarks, and of the goodwill pertaining thereto. The Licensee agrees, subject to the rights and privileges granted hereunder, that the same shall remain the sole and exclusive property of the Licensors. Upon termination of all or any part of the rights and privileges granted hereunder, the Licensee agrees that it will at Canopy's expense execute all documents and instruments, and make all filings, necessary to assign and transfer to Canopy without compensation any and all rights it may have acquired in the Systems and Trademarks (including any additional rights therein secured by reason of the Licensee's use thereof); and upon failure of the Licensee to so act, Canopy shall have the right to execute such documents and instruments, and make such filings, on behalf of the Licensee, and the Licensee hereby appoints Canopy its attorney in fact to execute all such documents and instruments, and to make all such filings, and to take all other steps necessary to effect such assignments and transfers in the name, place and stead of the Licensee. The Licensee agrees that the Licensors, Canopy and/or Canopy's Affiliates may continue to use the Systems and Trademarks for their own benefit in the Territory in order to conduct their business operations.

Ownership of Intellectual Property. The Licensee acknowledges, as between Canopy and Licensee, that Canopy and/or Canopy's Affiliates are the owner(s) of the Intellectual Property, and that all use by the Licensee of the Intellectual Property shall enure to the benefit of Canopy and/or its Affiliates. The Licensee agrees, subject to the rights and privileges granted hereunder, that the same shall remain the exclusive property of Canopy and/or Canopy's Affiliates. The Licensee agrees that Canopy and/or its Affiliates may continue to use the Intellectual Property for its own benefit in order to conduct its business operations.

Protection of Intellectual Property and Systems. The Licensee shall not directly or indirectly seek to register any other intellectual property or engage in any conduct that would constitute Infringement of or otherwise affect Canopy and/or Canopy's Affiliates rights in and to the Intellectual Property, or engage in any conduct that would constitute Infringement of, or otherwise harm, the intellectual property rights of third parties.

Protection of Trademarks. The Licensee shall not directly or indirectly seek to register any trademark or trade name incorporating the Trademarks, use the Trademarks in combination with any other trademarks, engage in any conduct that would constitute Infringement of or otherwise affect the Licensors' rights in or to the Trademarks or the goodwill associated with them, dispute the ownership, validity or enforceability of the Trademarks, or attempt to invalidate, dilute or otherwise adversely affect the value of the goodwill associated with the Trademarks.

SCHEDULE E COVENANTS OF THE LICENSORS. LICENSORS SHALL, AT THEIR SOLE EXPENSE AND DISCRETION (ACTING IN A COMMERCIALY REASONABLE MANNER), MAINTAIN THE EXISTING REGISTRATIONS OF THE TRADEMARKS AND PROSECUTE ALL PENDING APPLICATIONS FOR REGISTRATION OF THE TRADEMARKS IN THE TERRITORY. LICENSORS SHALL KEEP LICENSEE INFORMED OF ANY SIGNIFICANT ADVERSE DEVELOPMENTS IN THE PROSECUTION OF APPLICATIONS FOR THE TRADEMARKS IN THE TERRITORY OR ANY OPPOSITION OR OTHER CHALLENGE BY ANY OTHER PERSON TO THE OWNERSHIP OR VALIDITY OF ANY TRADEMARKS OR ANY REGISTRATION OR APPLICATION FOR REGISTRATION THEREOF IN THE TERRITORY THAT WOULD IMPACT LICENSEE'S EXERCISE OF ITS RIGHTS UNDER THIS AGREEMENT.

SCHEDULE F INDEMNIFICATION.

By Licensee. The Licensee hereby agrees to indemnify, defend and hold harmless the Licensors, Canopy, Canopy's Affiliates, Canopy's Controlling Persons and each of their respective directors, officers, employees, Representatives and agents (collectively, the "Licensor Indemnified Parties") for, from, and against any and all Losses incurred by a Licensor Indemnified Party as a result of, arising out of or in connection with any actual or alleged: (i) breach by the Licensee of any of its representations, warranties, covenants, or obligations under this Agreement; (ii) defect in any Licensed Product, including any product liability claim; (iii) infringement, dilution, or other violation of any intellectual property rights of any Person or injury or damage to any Person or property resulting directly from the manufacture, advertising, distribution, and sale of Licensed Products and delivery of Licensed Services except to the extent any such claim relates to the use of the Intellectual Property, Systems or Trademarks in accordance with the terms of this Agreement and the Standards or otherwise is covered by Canopy's or Licensors' indemnity obligations; or (iv) the gross negligence or fraud of the Licensee.

The Licensee and its sublicensees hereby agree to, jointly and severally, indemnify, defend and hold harmless the Licensor Indemnified Parties for, from, and against any Losses incurred by an Indemnified Party as a result of, arising out of or in connection with the actual or alleged promotion, sale, and/or provision of the Licensed Products and Services and any goods and/or services by the Licensee or its sublicensees in the Territory in violation of any Applicable Law (except Federal Cannabis Laws).

(c) The Licensors and/or Canopy shall indemnify, defend, and hold harmless Licensee and its Affiliates, officers, directors, employees, agents, sublicensees, successors, and assigns (each, a "Licensee Indemnified Party") from and against all Losses arising out of or in connection with any third-party claim, suit, action, or proceeding relating to any actual or alleged: (a) breach by a Licensor or Canopy of any representation, warranty, covenant, or obligation under this Agreement, or (b) infringement, dilution, or other violation of any intellectual property or other personal or proprietary rights of any Person resulting from the use of the Intellectual Property, Systems or Trademarks by Licensee or any of its Affiliates or sublicensees in accordance with this Agreement.

SCHEDULE G ASSIGNABILITY. EXCEPT WITH THE PRIOR WRITTEN CONSENT OF CANOPY, LICENSEE SHALL NOT ASSIGN OR TRANSFER THIS AGREEMENT. THE LICENSEE SHALL HAVE THE RIGHT TO GRANT SUBLICENSES OF THE INTELLECTUAL PROPERTY, SYSTEMS AND TRADEMARKS AS PROVIDED IN SECTION 5 HEREOF.

SCHEDULE H DISCLAIMER OF AGENCY. THIS AGREEMENT SHALL NOT CONSTITUTE THE LICENSEE AS THE LEGAL REPRESENTATIVE, PARTNER OR AGENT OF CANOPY, OR JOINT VENTURER WITH CANOPY, NOR SHALL THE LICENSEE HAVE THE RIGHT OR AUTHORITY TO ASSUME OR CREATE ANY LIABILITY OR ANY OBLIGATION OF ANY KIND, EXPRESS OR IMPLIED, AGAINST OR IN THE NAME OF OR ON BEHALF OF CANOPY.

SCHEDULE I NOTICES. ALL NOTICES, DEMANDS, REQUESTS OR OTHER COMMUNICATION WHICH UNDER THE PROVISIONS OF THIS AGREEMENT OR OTHERWISE MAY OR MUST BE GIVEN, SHALL BE IN WRITING AND SHALL BE GIVEN OR MADE BY ACTUAL DELIVERY OR BY EMAIL TO ITS ADDRESS, ADDRESS SET OUT BELOW, ADDRESSED TO THE RECIPIENT AS FOLLOWS:

Canopy:

Canopy Growth Corporation
1 Hershey Drive
Smiths Falls, Ontario K7A 0A8

Attention: Phil Shaer, Chief Legal Officer
Email: phil.shaer@canopygrowth.com

With a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, Ontario, M5H 3C2

Attention: Jonathan Sherman
Email: jsherman@casselsbrock.com

Licensee:

Acreage Holdings, Inc.
366 Madison Avenue, 11th Floor
New York, New York 10017

Attention: Kevin Murphy, Chief Executive Officer,
Email: k.murphy@acreageholdings.com

With a copy to:

DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON M5X 1E2

Attention: Robert Fonn
Email: robert.fonn@dlapiper.com

or to such other address or email address or individual as may be designated by Notice given by any Party to the others. Any Notice, certificate, consent, determination or other communication shall be effective, if delivered or emailed at or prior to 5:00 p.m. on any Business Day, when so delivered or emailed or, if delivered or emailed at any other time, on the next Business Day. Any Party may designate by Notice in writing a new or other address to which any such Notice, demand or request shall thereafter be given or made; such Notice of new or other address to become effective upon receipt.

SURVIVAL. SECTION 15 (INDEMNIFICATION) SHALL SURVIVE FOR 18 MONTHS FOLLOWING THE TERMINATION OR EXPIRATION OF THIS AGREEMENT.

MISCELLANEOUS.

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Licensors and Canopy acknowledges and agree that, if Licensor, Canopy and/or their estates shall become subject to any bankruptcy or similar proceeding, all rights and licenses granted to Licensee hereunder will continue subject to the terms and conditions of this

Agreement, and will not be affected, including by Licensors' or Canopy's rejection of this Agreement.

The headings of the sections of this Agreement are for convenience only and shall not affect the construction of this Agreement.

The remedies granted hereunder are cumulative and are not intended to be exclusive of any other remedies to which either Party may be lawfully entitled in case of any breach or threatened breach of the terms and provisions hereof.

Any provision of this Agreement prohibited or otherwise invalidated by law or by court decree shall be ineffective to the extent of such prohibition or invalidity, without in any way invalidating or affecting the remaining provisions of this Agreement.

This Agreement constitutes the entire agreement and understanding between the Parties hereto in connection with the subject matter hereof between the Parties hereto and supersedes all previous negotiations, commitments and writings, and may not be changed or modified in any manner, orally or otherwise, except by an instrument in writing signed by a duly authorized officer or Representative of each of the Parties hereto.

Each of the Parties to this Agreement shall from time to time and at all times do all such further acts and execute and deliver all further agreements and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, and said counterparts shall constitute one and the same instrument which may be sufficiently evidenced by the counterpart.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

CANOPY:

Canopy Growth Corporation,
a Canadian corporation

By: _____
Name: _____
Title: _____

TS BRANDCO, INC.

By: _____
Name: _____
Title: _____

TWEED, INC.

By: _____
Name: _____
Title: _____

LICENSEE:

Acreage Holdings, Inc.,
a British Columbia company

By: _____
Name: _____
Title: _____


Schedule "A" – TS Brandco's Trademarks

Citation	Application Date	Goods and Services	Owner Name
TOKYO SMOKE TOKYO SMOKE	App 20-DEC-2016 App 87274801	INT. CL. 3 COSMETICS; PERFUME INT. CL. 4 CANDLES INT. CL. 16 MAGAZINES ABOUT CANNABIS AND HEMP; MONEY CLIPS; POSTCARDS INT. CL. 21 DRINKING GLASSES; ESSENTIAL OIL BURNERS FOR AROMATHERAPY, NAMELY, FRAGRANCE OIL BURNERS, INCENSE BURNERS; MUGS; TRAVEL MUGS INT. CL. 25 SHOES; BOOTS INT. CL. 30 COFFEE, TEA; COFFEE BEANS; CHOCOLATE; ICE CREAM; BOTTLED AND CANNED COFFEE BEVERAGES INT. CL. 32 BEER; BOTTLED AND CANNED ENERGY DRINKS; BOTTLED WATER INT. CL. 35 RETAIL STORE AND ONLINE RETAIL STORE SERVICES FEATURING BEER, BOOTS, BOTTLED WATER, BOTTLED AND CANNED COFFEE BEVERAGE, BOTTLED AND CANNED ENERGY DRINK, BUTTONS, CANDLES, CHOCOLATES, CLOTHING, COFFEE, COSMETICS, DRINK GLASSES, ESSENTIAL OIL BURNERS FOR AROMATHERAPY, ICE CREAM, INCENSE BURNERS, JEWELRY, MAGAZINES, MONEY CLIPS, MUGS, PINS, POSTCARDS,	TS BRANDCO INC. (Canada)


		<p>SHOES, SNACK FOOD, SPREADS AND CONDIMENTS, TEA, AND TRAVEL MUGS; TRADE SHOWS IN THE FIELD OF CANNABIS</p> <p>INT. CL. 41 EDUCATIONAL EVENTS AND SERVICES, NAMELY, EDUCATIONAL COURSES AND SEMINARS IN THE FIELD OF CANNABIS; EXHIBIT EVENTS, NAMELY, ART EXHIBITIONS; ENTERTAINMENT EVENTS, NAMELY, FASHION SHOWS, COMMUNITY SOCIAL EVENTS</p> <p>INT. CL. 43 COFFEE-HOUSE SERVICES</p>	
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<p>TOKYO SMOKE</p> 	<p>App 20-DEC-2016 App 87274966</p>	<p>INT. CL. 3 COSMETICS; PERFUME INT. CL. 4 CANDLES INT. CL. 16 MAGAZINES ABOUT CANNABIS AND HEMP; MONEY CLIPS; POSTCARDS INT. CL. 21 DRINKING GLASSES; ESSENTIAL OIL BURNERS FOR AROMATHERAPY, NAMELY, FRAGRANCE OIL BURNERS; INCENSE BURNERS; MUGS; TRAVEL MUGS INT. CL. 25 CLOTHING ARTICLES AND WEAR FOR MEN, WOMEN AND CHILDREN, NAMELY, SUITS, DRESSES, BLAZERS, COATS, JACKETS, TROUSERS, ANORAKS, OVERCOATS AND JEANS; HOSIERY, NAMELY, STOCKINGS, NYLON STOCKINGS, SOCKS; SHIRTS, POLO SHIRTS, T- SHIRTS, SWEATSHIRTS, PULLOVERS, SWEATERS, KNITTED SWEATERS, BASEBALL CAPS, HATS, SHOES, BOOTS, TIES, BOW-TIES, CUFFS, GLOVES, BATHING SUITS, BIKINIS, SWIMSUITS, BATHING CAPS, SHORTS AND BERMUDA SHORTS; UNDERWEAR FOR MEN AND WOMEN, NAMELY, PANTIES, BRAS, SLIPS, NIGHTGOWNS, NIGHTSHIRTS, HOUSECOATS, PAJAMAS; BRACES, BELTS, STOLES AND SCARVES INT. CL. 30 COFFEE, TEA; COFFEE BEANS; CHOCOLATE; ICE CREAM; BOTTLED AND CANNED COFFEE BEVERAGES INT. CL. 32 BEER; BOTTLED AND CANNED ENERGY DRINKS; BOTTLED WATER INT. CL. 35 RETAIL STORE AND ONLINE RETAIL STORE SERVICES FEATURING BEER, BOOTS, BOTTLED WATER, BOTTLED AND CANNED COFFEE BEVERAGE, BOTTLED AND CANNED ENERGY DRINK, BUTTONS, CANDLES, CHOCOLATES, CLOTHING, COFFEE, COSMETICS, DRINK GLASSES, ESSENTIAL OIL BURNERS FOR AROMATHERAPY, ICE CREAM, INCENSE BURNERS,</p>	<p>TS BRANDCO INC. (Canada)</p>
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		JEWELRY, MAGAZINES, MONEY CLIPS, MUGS, PINS, POSTCARDS, SHOES, SNACK FOOD, SPREADS AND CONDIMENTS, TEA, AND TRAVEL MUGS; TRADE SHOWS IN THE FIELD OF CANNABIS INT. CL. 41 EDUCATIONAL EVENTS AND SERVICES, NAMELY, EDUCATIONAL COURSES AND SEMINARS IN THE FIELD OF CANNABIS; EXHIBIT EVENTS, NAMELY, ART EXHIBITIONS;	
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		ENTERTAINMENT EVENTS, NAMELY, FASHION SHOWS, COMMUNITY SOCIAL EVENTS INT. CL. 43 COFFEE-HOUSE SERVICES	
<p>TOKYO SMOKE</p> 	<p>App 20-DEC-2016 App 87274990</p>	<p>INT. CL. 3 COSMETICS; PERFUME INT. CL. 4 CANDLES INT. CL. 16 MAGAZINES ABOUT CANNABIS AND HEMP; MONEY CLIPS; POSTCARDS INT. CL. 21 DRINKING GLASSES; ESSENTIAL OIL BURNERS FOR AROMATHERAPY, NAMELY, FRAGRANCE OIL BURNERS; INCENSE BURNERS; MUGS; TRAVEL MUGS INT. CL. 25 CLOTHING ARTICLES AND WEAR FOR MEN, WOMEN AND CHILDREN, NAMELY, SUITS, DRESSES, BLAZERS, COATS, JACKETS, TROUSERS, ANORAKS, OVERCOATS AND JEANS; HOSIERY, NAMELY, STOCKINGS, NYLON STOCKINGS, SOCKS; SHIRTS, POLO SHIRTS, T- SHIRTS, SWEATSHIRTS, PULLOVERS, SWEATERS, KNITTED SWEATERS, BASEBALL CAPS, HATS, SHOES, BOOTS, TIES, BOW-TIES, CUFFS, GLOVES, BATHING SUITS, BIKINIS, SWIMSUITS, BATHING CAPS, SHORTS AND BERMUDA SHORTS; UNDERWEAR FOR MEN AND WOMEN, NAMELY, PANTIES, BRAS, SLIPS, NIGHTGOWNS, NIGHTSHIRTS, HOUSECOATS, PAJAMAS; BRACES, BELTS, STOLES AND SCARVES</p>	<p>TS BRANDCO INC. (Canada)</p>


		<p>INT. CL. 30 COFFEE, TEA; COFFEE BEANS; CHOCOLATE; ICE CREAM; BOTTLED AND CANNED COFFEE BEVERAGES</p> <p>INT. CL. 32 BEER; BOTTLED AND CANNED ENERGY DRINKS; BOTTLED WATER</p> <p>INT. CL. 35 RETAIL STORE AND ONLINE RETAIL STORE SERVICES FEATURING BEER, BOOTS, BOTTLED WATER, BOTTLED AND CANNED COFFEE BEVERAGE, BOTTLED AND CANNED ENERGY DRINK, BUTTONS, CANDLES, CHOCOLATES, CLOTHING, COFFEE, COSMETICS, DRINK GLASSES, ESSENTIAL OIL BURNERS FOR AROMATHERAPY, ICE CREAM, INCENSE BURNERS, JEWELRY, MAGAZINES, MONEY CLIPS, MUGS, PINS, POSTCARDS, SHOES, SNACK FOOD, SPREADS AND CONDIMENTS, TEA, AND TRAVEL MUGS; TRADE SHOWS IN THE FIELD OF CANNABIS</p> <p>INT. CL. 41 EDUCATIONAL EVENTS AND SERVICES, NAMELY, EDUCATIONAL COURSES AND SEMINARS IN THE FIELD OF CANNABIS; EXHIBIT EVENTS, NAMELY, ART EXHIBITIONS; ENTERTAINMENT EVENTS, NAMELY, FASHION SHOWS, COMMUNITY SOCIAL EVENTS</p> <p>INT. CL. 43 COFFEE-HOUSE SERVICES</p>	
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<p><i>Design Only</i></p> 	<p>App 20-DEC-2016 App 87275023</p>	<p>INT. CL. 3 COSMETICS; PERFUME INT. CL. 4 CANDLES INT. CL. 16 MAGAZINES ABOUT CANNABIS AND HEMP; MONEY CLIPS; POSTCARDS INT. CL. 21 DRINKING GLASSES; ESSENTIAL OIL BURNERS FOR AROMATHERAPY, NAMELY, FRAGRANCE OIL BURNERS; INCENSE BURNERS; MUGS; TRAVEL MUGS INT. CL. 25 CLOTHING ARTICLES AND WEAR FOR MEN, WOMEN AND CHILDREN, NAMELY, SUITS, DRESSES, BLAZERS, COATS, JACKETS, TROUSERS, ANORAKS, OVERCOATS AND JEANS; HOSIERY, NAMELY, STOCKINGS, NYLON STOCKINGS, SOCKS; SHIRTS, POLO SHIRTS, T- SHIRTS, SWEATSHIRTS, PULLOVERS, SWEATERS, KNITTED SWEATERS, BASEBALL CAPS, HATS, SHOES, BOOTS, TIES, BOW-TIES, CUFFS, GLOVES, BATHING SUITS, BIKINIS, SWIMSUITS, BATHING CAPS, SHORTS AND BERMUDA SHORTS; UNDERWEAR FOR MEN AND WOMEN, NAMELY, PANTIES, BRAS, SLIPS, NIGHTGOWNS, NIGHTSHIRTS, HOUSECOATS, PAJAMAS; BRACES, BELTS, STOLES AND SCARVES INT. CL. 30 COFFEE, TEA; COFFEE BEANS; CHOCOLATE; ICE CREAM; BOTTLED AND CANNED COFFEE BEVERAGES INT. CL. 32 BEER; BOTTLED AND CANNED ENERGY DRINKS; BOTTLED WATER</p>	<p>TS BRANDCO INC. (Canada)</p>
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		<p>INT. CL. 35 RETAIL STORE AND ONLINE RETAIL STORE SERVICES FEATURING BEER, BOOTS, BOTTLED WATER, BOTTLED AND CANNED COFFEE BEVERAGE, BOTTLED AND CANNED ENERGY DRINK, BUTTONS, CANDLES, CHOCOLATES, CLOTHING, COFFEE, COSMETICS, DRINK GLASSES, ESSENTIAL OIL BURNERS FOR AROMATHERAPY, ICE CREAM, INCENSE BURNERS, JEWELRY, MAGAZINES, MONEY CLIPS, MUGS, PINS, POSTCARDS, SHOES, SNACK FOOD, SPREADS AND CONDIMENTS, TEA, AND TRAVEL MUGS; TRADE SHOWS IN THE FIELD OF CANNABIS</p> <p>INT. CL. 41 EDUCATIONAL EVENTS AND SERVICES, NAMELY, EDUCATIONAL COURSES AND SEMINARS IN THE FIELD OF CANNABIS; EXHIBIT EVENTS, NAMELY, ART EXHIBITIONS; ENTERTAINMENT EVENTS, NAMELY, FASHION SHOWS, COMMUNITY SOCIAL EVENTS</p> <p>INT. CL. 43 COFFEE-HOUSE SERVICES</p>	
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<p>TOKYO SMOKE</p> <p>TOKYO SMOKE</p>	<p>App 22-AUG-2014</p> <p>App 86374525</p> <p>Reg 5080224</p> <p>Reg 15-NOV-2016</p>	<p>INT. CL. 25 CLOTHING ARTICLES AND WEAR FOR MEN, WOMEN AND CHILDREN, NAMELY, SUITS, DRESSES, BLAZERS, COATS, JACKETS, TROUSERS, ANORAKS, OVERCOATS AND JEANS; HOSIERY, NAMELY, STOCKINGS, NYLON STOCKINGS, SOCKS; SHIRTS, POLO SHIRTS, T- SHIRTS, SWEATSHIRTS, PULLOVERS, SWEATERS, KNITTED SWEATERS, CAPS, HATS, TIES, BOW-TIES, CUFFS, GLOVES, BATHING SUITS, BIKINIS, SWIMSUITS, BATHING CAPS, SHORTS AND BERMUDA SHORTS; UNDERWEAR FOR MEN AND WOMEN, NAMELY, PANTIES, BRAS, SLIPS, NIGHTGOWNS, NIGHTSHIRTS, HOUSECOATS, PAJAMAS; BRACES, BELTS, STOLE AND SCARVES</p>	<p>TS BRANDCO HOLDINGS INC. (Canada)</p>
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Schedule “B” – Tweed Licensor’s Trademarks

Citation	Application Date/No.	Goods and Services	Owner Name
	<p>App. March 25, 2019</p> <p>App. No. 88355238</p>	<p>IC 003. US 001 004 006 050 051 052. G & S: Skin, hair, body and personal preparations containing hemp and derivatives thereof, namely, cosmetics, makeup, makeup removers, eye creams, hand creams, skin care preparations, skin creams, skin serums, skin oils, skin emollients, skin lotions, non-medicated skin care treatment preparations, facial and body skin masks, face and body milk, skin soap, body powders for personal use, bath and shower soaps, liquid soap, moisturizing balms, and moisturizing body sprays, bath shower soaps, bath gels, bath lotions, non-medicated bath salts, bath scrubs, bath oils, bubble bath, bath additives, bath herbs, bath bombs, exfoliant, nail enamel and nail care preparations, nail polish remover, lip care preparations, lip conditioners, lip glosses, lipstick, sun skin care preparations, sun block, sun screen, self-tanning preparations, after-sun skin soothing and moisturizing preparations, pre-shave and after shave lotions, pre-shave and after shave creams, pre-shave and after shave balms, pre-shave and after shave splashes, pre-shave and after shave gels, personal deodorants and antiperspirants, hair care preparations, hair oils, hair masks, scalp treatments, hair sunscreen preparations, non-medicated preparations for the care of the scalp, essential oils for aromatherapy, essential oils for perfumery and personal use, scented oils for personal use, massage creams, massage cream, massage oil, toner</p>	<p>Tweed, Inc. (Canada)</p>

		<p>IC 005. US 006 018 044 046 051 052. G & S: health food supplements derived from hemp</p> <p>Pharmaceutical hemp and hemp derivative products for medicinal use including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, and mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; nutritional supplements derived from hemp, namely, hemp oil, shelled hemp seeds, and hemp protein powder hemp derivatives, namely, cannabidiol and cannabinoids herbal extracts for medicinal purposes botanical supplements for general health and well-being herbal supplements for general health and well-being natural health food products derived from hemp; Pet food adapted for veterinary use containing hemp and hemp derivatives; Herbal and dietary supplements for dogs containing hemp derivatives; Herbal and dietary supplements for cats containing hemp derivatives; Herbal and dietary supplements for pets containing hemp derivatives Veterinary health supplements hemp for veterinary use; hemp extracts; cannabidiol and cannabinoids derived from hemp; veterinary preparations for pets, namely, toothpaste, mouthwash, and dental spray preparations for pet care, namely, soap, shampoo, conditioner, moisturizers, wipes, deodorants, sprays, paw balm, insect repellent, cleansers and skin creams, all for veterinary use</p>	
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		<p>IC 018. US 001 002 003 022 041. G & S: Business card cases, umbrellas, backpacks, duffel bags, all-purpose carryall bags; Bags and cases specially adapted for holding or carrying hemp and hemp derivatives including oils and accessories; Pet products; Collars for cats; clothing for cats; cat shoes; collars for dogs; clothing for dogs; dog shoes; pet collars; pet clothing; pet shoes; pet leashes</p> <p>IC 025. US 022 039. G & S: Casual clothing; dress clothing; t-shirts, shirts, sweatshirts, hoodies, tank tops, jackets, lab coats, headwear, namely, hats, caps, visors and toques, dresses, skirts, sweatpants, pants, undergarments, scarves, belts, gloves</p> <p>IC 029. US 046. G & S: Edible oils; Edible butters; Hemp protein powder, hemp hearts, hemp oils, hemp seeds, hemp-derived cannabidiol, hemp flour, hemp cereal, hemp milk, hemp-based snack foods and other hemp products</p> <p>IC 030. US 046. G & S: hemp and hemp-derivative-infused chocolate, hemp and hemp-derivative-infused chocolates, hemp and hemp-derivative-infused chocolate confectionery, hemp and hemp-derivative-infused chocolate bars, hemp and hemp-derivative-infused chocolate spreads, hemp and hemp-derivative-infused chocolate covered nuts and pretzels, hemp and hemp-derivative-infused baking chocolate, hemp and hemp-derivative-infused chocolate candies, hemp and hemp-derivative-infused chocolate chips, hemp and hemp-derivative-infused chocolate chip cookies, hemp and hemp-derivative-infused chocolate</p>	
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		<p>mousse, hemp and hemp-derivative-infused chocolate nut butter, hemp and hemp-derivative-infused chocolate fondue, hemp and hemp-derivative-infused chocolate sauce, hemp and hemp-derivative-infused baked goods made of chocolate, hemp and hemp-derivative-infused chocolate powder, hemp and hemp-derivative-infused chocolate bark, hemp and hemp-derivative-infused cocoa powder, hemp and hemp-derivative-infused cocoa-based drinks, hemp and hemp-derivative-infused chocolate based drinks, hemp and hemp-derivative-infused alcoholic chocolate-based beverages; hemp and hemp-derivative-infused cakes, hemp and hemp-derivative-infused cereal bars, hemp and hemp-derivative-infused cookies, hemp and hemp-derivative-infused brownies, hemp and hemp-derivative-infused muffins, hemp and hemp-derivative-infused cupcakes, hemp and hemp-derivative-infused sugar confectionery, hemp and hemp-derivative-infused candies, hemp and hemp-derivative-infused biscuits, hemp and hemp-derivative-infused energy bars; herbal tea; tea containing hemp and derivatives thereof; hemp and hemp-derivative-infused snack food dips, hemp and hemp-derivative-infused dips, hemp and hemp-derivative-infused cheeses, hemp and hemp-derivative-infused spreads, hemp and hemp-derivative-infused yogurt, hemp and hemp-derivative-infused ice cream, hemp and hemp-derivative-infused jams, hemp and hemp-derivative-infused butter; hemp and hemp-derivative-infused nut-based snack mixes, hemp and hemp-derivative-infused fruit-based snack food hemp and hemp-derivative-</p>	
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		<p>infused ready to bake mixes for cakes, hemp and hemp-derivative-infused ready to bake mixes brownies, hemp and hemp-derivative-infused ready to bake mixes pancakes cupcakes, hemp and hemp-derivative-infused ready to bake mixes cookies and muffins, hemp and hemp-derivative-infused ready to bake mixes energy bars</p> <p>IC 031. US 001 046. G & S: Pet food and drinks, pet food containing hemp and hemp derivatives, edible pet treat containing hemp and hemp derivatives; Dog food and drinks, edible dog treats; dog biscuits; Dog food containing hemp and hemp derivatives; edible dog treats containing hemp and hemp derivatives; dog biscuits containing hemp and hemp derivatives; Cat food and drinks, edible cat treats, cat biscuits, Cat food containing hemp and hemp derivatives; edible cat treats containing hemp and hemp derivatives; cat biscuits containing hemp and hemp derivatives</p> <p>IC 032. US 045 046 048. G & S: Hemp or hemp derivative infused carbonated beverages; Hemp or hemp derivative infused non-carbonated beverages Non-alcoholic beverages infused with hemp or hemp derivatives, namely, smoothies, fruit beverages and fruit juices, carbonated soft drinks, energy drinks and waters, protein supplement shakes, sports recovery drinks, isotonic drinks, dietary supplement drinks, meal replacement drinks Fruit-flavoured beverages; honey-based beverages, non-alcoholic tea-based beverages, carbonated soft drinks, non-dairy soy beverages, energy drinks; Cocoa-</p>	
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		<p>based beverages, coffee-based beverages, herbal tea beverages; performance beverages for athletes</p> <p>IC 034. US 002 008 009 017. G & S: Fresh hemp, dried hemp, hemp for smoking, hemp derivatives; Hemp, hemp derivatives, and hemp infused products, not for medicinal use, including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; Smoking accessories, namely, hand pipes, water pipes, hookahs, nebulizers, matches, vaporizers, electronic cigarettes, ashtrays, atomizers, bongs, bowls, rolling papers, blunts, roach clips, pill bottles, torches, pouches for use with cannabis, and oral vaporizers, cigarette boxes, cigarette cases, and cigarette holders</p>	
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FROM YOUR FRIENDS AT TWEED	App. No. 88354587	IC 003. US 001 004 006 050 051 052. G & S: Skin, hair, body and personal preparations containing hemp and derivatives thereof, namely, cosmetics, makeup, makeup removers, eye creams, hand creams, skin care preparations, skin creams, skin serums, skin oils, skin emollients, skin lotions, non-medicated skin care treatment preparations, facial and body skin masks, face and body milk, skin soap, body powders for personal use, bath and shower soaps, liquid soap, moisturizing balms, and moisturizing body sprays, bath shower soaps, bath gels, bath lotions, non-medicated bath salts, bath scrubs, bath oils, bubble bath, bath additives, bath herbs, bath bombs, exfoliant, nail enamel and nail care preparations, nail polish remover, lip care preparations, lip conditioners, lip glosses, lipstick, sun skin care preparations, sun block, sun screen, self-tanning preparations, after-sun skin soothing and moisturizing preparations, pre-shave and after shave lotions, pre-shave and after shave creams, pre-shave and after shave balms, pre-shave and after shave splashes, pre-shave and after shave gels, personal deodorants and antiperspirants, hair care preparations, hair oils, hair masks, scalp treatments, hair sunscreen preparations, non-medicated preparations for the care of the scalp, essential oils for aromatherapy, essential oils for perfumery and personal use, scented oils for personal use, massage creams, massage cream, massage oil, toner	Tweed, Inc. (Canada)
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		<p>IC 005. US 006 018 044 046 051 052. G & S: health food supplements derived from hemp</p> <p>Pharmaceutical hemp and hemp derivative products for medicinal use including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, and mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; nutritional supplements derived from hemp, namely, hemp oil, shelled hemp seeds, and hemp protein powder hemp derivatives, namely, cannabidiol and cannabinoids herbal extracts for medicinal purposes botanical supplements for general health and well-being herbal supplements for general health and well-being natural health food products derived from hemp; Pet food adapted for veterinary use containing hemp and hemp derivatives; Herbal and dietary supplements for dogs containing hemp derivatives; Herbal and dietary supplements for cats containing hemp derivatives; Herbal and dietary supplements for pets containing hemp derivatives Veterinary health supplements hemp for veterinary use; hemp extracts; cannabidiol and cannabinoids derived from hemp; veterinary preparations for pets, namely, toothpaste, mouthwash, and dental spray preparations for pet care, namely, soap, shampoo, conditioner, moisturizers, wipes, deodorants, sprays, paw balm, insect repellent, cleansers and skin creams, all for veterinary use</p>	
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		<p>IC 018. US 001 002 003 022 041. G & S: Business card cases, umbrellas, backpacks, duffel bags, all-purpose carryall bags; Bags and cases specially adapted for holding or carrying hemp and hemp derivatives including oils and accessories; pet products; collars for cats; clothing for cats; cat shoes; collars for dogs; clothing for dogs; dog shoes; pet collars; pet clothing; pet shoes; pet leashes</p> <p>IC 025. US 022 039. G & S: Casual clothing; dress clothing; t-shirts, shirts, sweatshirts, hoodies, tank tops, jackets, lab coats, headwear, namely, hats, caps, visors and toques, dresses, skirts, sweatpants, pants, undergarments, scarves, belts, gloves</p> <p>IC 029. US 046. G & S: Edible oils; Edible butters; Hemp protein powder, hemp hearts, hemp oils, hemp seeds, hemp-derived cannabidiol, hemp flour, hemp cereal, hemp milk, hemp-based snack foods and other hemp products</p> <p>IC 030. US 046. G & S: hemp and hemp-derivative-infused chocolate, hemp and hemp-derivative-infused chocolates, hemp and hemp-derivative-infused chocolate confectionery, hemp and hemp-derivative-infused chocolate bars, hemp and hemp-derivative-infused chocolate spreads, hemp and hemp-derivative-infused chocolate covered nuts and pretzels, hemp and hemp-derivative-infused baking chocolate, hemp and hemp-derivative-infused chocolate candies, hemp and hemp-derivative-infused chocolate chips, hemp and hemp-derivative-infused chocolate chip cookies, hemp and hemp-derivative-infused chocolate mousse, hemp and hemp-derivative-</p>	
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		<p>infused chocolate nut butter, hemp and hemp-derivative-infused chocolate fondue, hemp and hemp-derivative-infused chocolate sauce, hemp and hemp-derivative-infused baked goods made of chocolate, hemp and hemp-derivative-infused chocolate powder, hemp and hemp-derivative-infused chocolate bark, hemp and hemp-derivative-infused cocoa powder, hemp and hemp-derivative-infused cocoa-based drinks, hemp and hemp-derivative-infused chocolate based drinks, hemp and hemp-derivative-infused alcoholic chocolate-based beverages; hemp and hemp-derivative-infused cakes, hemp and hemp-derivative-infused cereal bars, hemp and hemp-derivative-infused cookies, hemp and hemp-derivative-infused brownies, hemp and hemp-derivative-infused muffins, hemp and hemp-derivative-infused cupcakes, hemp and hemp-derivative-infused sugar confectionery, hemp and hemp-derivative-infused candies, hemp and hemp-derivative-infused biscuits, hemp and hemp-derivative-infused energy bars; herbal tea; tea containing hemp and derivatives thereof; hemp and hemp-derivative-infused snack food dips, hemp and hemp-derivative-infused dips, hemp and hemp-derivative-infused cheeses, hemp and hemp-derivative-infused spreads, hemp and hemp-derivative-infused yogurt, hemp and hemp-derivative-infused ice cream, hemp and hemp-derivative-infused jams, hemp and hemp-derivative-infused butter; hemp and hemp-derivative-infused nut-based snack mixes, hemp and hemp-derivative-infused fruit-based snack food hemp and hemp-derivative-</p>	
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		<p>infused ready to bake mixes for cakes, hemp and hemp-derivative-infused ready to bake mixes brownies, hemp and hemp-derivative-infused ready to bake mixes pancakes cupcakes, hemp and hemp-derivative-infused ready to bake mixes cookies and muffins, hemp and hemp-derivative-infused ready to bake mixes energy bars</p> <p>IC 031. US 001 046. G & S: Pet food and drinks, pet food containing hemp and hemp derivatives, edible pet treat containing hemp and hemp derivatives; Dog food and drinks, edible dog treats; dog biscuits; Dog food containing hemp and hemp derivatives; edible dog treats containing hemp and hemp derivatives; dog biscuits containing hemp and hemp derivatives; Cat food and drinks, edible cat treats, cat biscuits, Cat food containing hemp and hemp derivatives; edible cat treats containing hemp and hemp derivatives; cat biscuits containing hemp and hemp derivatives</p> <p>IC 032. US 045 046 048. G & S: Hemp or hemp derivative infused carbonated beverages; Hemp or hemp derivative infused non-carbonated beverages Non-alcoholic beverages infused with hemp or hemp derivatives, namely, smoothies, fruit beverages and fruit juices, carbonated soft drinks, energy drinks and waters, protein supplement shakes, sports recovery drinks, isotonic drinks, dietary supplement drinks, meal replacement drinks Fruit-flavoured beverages; honey-based beverages, non-alcoholic tea-based beverages, carbonated soft drinks, non-dairy soy</p>	
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		<p>beverages, energy drinks; Cocoa-based beverages, coffee-based beverages, herbal tea beverages; performance beverages for athletes</p> <p>IC 034. US 002 008 009 017. G & S: Fresh hemp, dried hemp, hemp for smoking, hemp derivatives; Hemp, hemp derivatives, and hemp infused products, not for medicinal use, including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; Smoking accessories, namely, hand pipes, water pipes, hookahs, nebulizers, matches, vaporizers, electronic cigarettes, ashtrays, atomizers, bongs, bowls, rolling papers, blunts, roach clips, pill bottles, torches, pouches for use with cannabis, and oral vaporizers, cigarette boxes, cigarette cases, and cigarette holders</p>	
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TRx BY TWEED	App. No. 88354403	IC 003. US 001 004 006 050 051 052. G & S: Skin, hair, body and personal preparations containing hemp and derivatives thereof, namely, cosmetics, makeup, makeup removers, eye creams, hand creams, skin care preparations, skin creams, skin serums, skin oils, skin emollients, skin lotions, non-medicated skin care treatment preparations, facial and body skin masks, face and body milk, skin soap, body powders for personal use, bath and shower soaps, liquid soap, moisturizing balms, and moisturizing body sprays, bath shower soaps, bath gels, bath lotions, non-medicated bath salts, bath scrubs, bath oils, bubble bath, bath additives, bath herbs, bath bombs, exfoliant, nail enamel and nail care preparations, nail polish remover, lip care preparations, lip conditioners, lip glosses, lipstick, sun skin care preparations, sun block, sun screen, self-tanning preparations, after-sun skin soothing and moisturizing preparations, pre-shave and after shave lotions, pre-shave and after shave creams, pre-shave and after shave balms, pre-shave and after shave splashes, pre-shave and after shave gels, personal deodorants and antiperspirants, hair care preparations, hair oils, hair masks, scalp treatments, hair sunscreen preparations, non-medicated preparations for the care of the scalp, essential oils for aromatherapy, essential oils for perfumery and personal use, scented oils for personal use, massage creams, massage cream, massage oil, toner	Tweed, Inc. (Canada)
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		<p>IC 005. US 006 018 044 046 051 052. G & S: health food supplements derived from hemp Pharmaceutical hemp and hemp derivative products for medicinal use including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, and mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; nutritional supplements derived from hemp, namely, hemp oil, shelled hemp seeds, and hemp protein powder hemp derivatives, namely, cannabidiol and cannabinoids herbal extracts for medicinal purposes botanical supplements for general health and well-being herbal supplements for general health and well-being natural health food products derived from hemp</p> <p>IC 025. US 022 039. G & S: Casual clothing; dress clothing; t-shirts, shirts, sweatshirts, hoodies, tank tops, jackets, lab coats, headwear, namely, hats, caps, visors and toques, dresses, skirts, sweatpants, pants, undergarments, scarves, belts, gloves</p> <p>IC 029. US 046. G & S: Edible oils; Edible butters; Hemp protein powder, hemp hearts, hemp oils, hemp seeds, hemp-derived cannabidiol, hemp flour, hemp cereal, hemp milk, hemp-based snack foods and other hemp products</p>	
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		<p>IC 030. US 046. G & S: hemp and hemp-derivative-infused chocolate, hemp and hemp-derivative-infused chocolates, hemp and hemp-derivative-infused chocolate confectionery, hemp and hemp-derivative-infused chocolate bars, hemp and hemp-derivative-infused chocolate spreads, hemp and hemp-derivative-infused chocolate covered nuts and pretzels, hemp and hemp-derivative-infused baking chocolate, hemp and hemp-derivative-infused chocolate candies, hemp and hemp-derivative-infused chocolate chips, hemp and hemp-derivative-infused chocolate chip cookies, hemp and hemp-derivative-infused chocolate mousse, hemp and hemp-derivative-infused chocolate nut butter, hemp and hemp-derivative-infused chocolate fondue, hemp and hemp-derivative-infused chocolate sauce, hemp and hemp-derivative-infused baked goods made of chocolate, hemp and hemp-derivative-infused chocolate powder, hemp and hemp-derivative-infused chocolate bark, hemp and hemp-derivative-infused cocoa powder, hemp and hemp-derivative-infused cocoa-based drinks, hemp and hemp-derivative-infused chocolate based drinks, hemp and hemp-derivative-infused alcoholic chocolate-based beverages; hemp and hemp-derivative-infused cakes, hemp and hemp-derivative-infused cereal bars, hemp and hemp-derivative-infused cookies, hemp and hemp-derivative-infused brownies, hemp and hemp-derivative-infused muffins, hemp and hemp-derivative-infused cupcakes, hemp and hemp-derivative-infused sugar confectionery, hemp and hemp-</p>	
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		<p>derivative-infused candies, hemp and hemp-derivative-infused biscuits, hemp and hemp-derivative-infused energy bars; herbal tea; tea containing hemp and derivatives thereof; hemp and hemp-derivative-infused snack food dips, hemp and hemp-derivative-infused dips, hemp and hemp-derivative-infused cheeses, hemp and hemp-derivative-infused spreads, hemp and hemp-derivative-infused yogurt, hemp and hemp-derivative-infused ice cream, hemp and hemp-derivative-infused jams, hemp and hemp-derivative-infused butter; hemp and hemp-derivative-infused nut-based snack mixes, hemp and hemp-derivative-infused fruit-based snack food hemp and hemp-derivative-infused ready to bake mixes for cakes, hemp and hemp-derivative-infused ready to bake mixes brownies, hemp and hemp-derivative-infused ready to bake mixes pancakes cupcakes, hemp and hemp-derivative-infused ready to bake mixes cookies and muffins, hemp and hemp-derivative-infused ready to bake mixes energy bars</p> <p>IC 032. US 045 046 048. G & S: Hemp or hemp derivative infused carbonated beverages; Hemp or hemp derivative infused non-carbonated beverages Non-alcoholic beverages infused with hemp or hemp derivatives, namely, smoothies, fruit beverages and fruit juices, carbonated soft drinks, energy drinks and waters, protein supplement shakes, sports recovery drinks, isotonic drinks, dietary supplement drinks, meal replacement drinks Fruit-flavoured beverages; honey-based beverages, non-alcoholic tea-based beverages, carbonated soft drinks, non-dairy soy</p>	
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		<p>beverages, energy drinks; Cocoa-based beverages, coffee-based beverages, herbal tea beverages; performance beverages for athletes</p> <p>IC 034. US 002 008 009 017. G & S: Fresh hemp, dried hemp, hemp for smoking, hemp derivatives; Hemp, hemp derivatives, and hemp infused products, not for medicinal use, including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; Smoking accessories, namely, hand pipes, water pipes, hookahs, nebulizers, matches, vaporizers, electronic cigarettes, ashtrays, atomizers, bongs, bowls, rolling papers, blunts, roach clips, pill bottles, torches, pouches for use with hemp and hemp derivatives, and oral vaporizers, cigarette boxes, cigarette cases, and cigarette holders</p> <p>IC 035. US 100 101 102. G & S: Development, management and operation of businesses in the healthcare industry, the hemp industry, the high-technology industry, and the horticulture and agriculture industry Advice and information concerning commercial business management; business management supervision; business planning; Marketing, namely, direct marketing of the goods and services of others, marketing services in the field of arranging for the</p>	
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		<p>distribution of the products of others, and digital marketing of the goods and services of others via websites, e-mail, apps, and social networks Consulting and advisory services in the field of hemp and hemp derivatives wholesale, retail and online sale of health food supplements derived from hemp, pharmaceuticals derived from hemp, nutraceuticals, botanical supplements for general health and well-being, herbal supplements for general health and well-being, natural health food products derived from hemp wholesale, retail and online sale of nutraceuticals, nutritional supplements derived from hemp, namely, hemp oil, shelled hemp seeds, and hemp protein powder wholesale, retail and online sale of hemp derivatives, namely, cannabidiol and cannabinoids wholesale, retail and online sale of herbal extracts for medicinal purposes wholesale, retail and online sale of hemp, hemp extracts, hemp fibres, cannabidiol and cannabinoids derived from hemp</p> <p>IC 044. US 100 101. G & S: Operation of a website providing information in the field of hemp and the benefits of hemp and medical hemp, and research related to medical hemp and hemp; Cultivation and breeding of hemp and medical hemp; Consulting and advisory services in the field of hemp and medical hemp and infused hemp products; Scientific research and development in the field of hemp, hemp derivatives</p>	
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TRx		C 003. US 001 004 006 050 051 052. G & S: Skin, hair, body and personal preparations containing hemp and derivatives thereof, namely, cosmetics, makeup, makeup removers, eye creams, hand creams, skin care preparations, skin creams, skin serums, skin oils, skin emollients, skin lotions, non-medicated skin care treatment preparations, facial and body skin masks, face and body milk, skin soap, body powders for personal use, bath and shower soaps, liquid soap, moisturizing balms, and moisturizing body sprays, bath shower soaps, bath gels, bath lotions, non-medicated bath salts, bath scrubs, bath oils, bubble bath, bath additives, bath herbs, bath bombs, exfoliant, nail enamel and nail care preparations, nail polish remover, lip care preparations, lip conditioners, lip glosses, lipstick, sun skin care preparations, sun block, sun screen, self-tanning preparations, after-sun skin soothing and moisturizing preparations, pre-shave and after shave lotions, pre-shave and after shave creams, pre-shave and after shave balms, pre-shave and after shave splashes, pre-shave and after shave gels, personal deodorants and antiperspirants, hair care preparations, hair oils, hair masks, scalp treatments, hair sunscreen preparations, non-medicated preparations for the care of the scalp, essential oils for aromatherapy, essential oils for perfumery and personal use, scented oils for personal use, massage creams, massage cream, massage oil, toner	Tweed, Inc. (Canada)
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		<p>IC 005. US 006 018 044 046 051 052. G & S: health food supplements derived from hemp Pharmaceutical hemp and hemp derivative products for medicinal use including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, and mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; nutritional supplements derived from hemp, namely, hemp oil, shelled hemp seeds, and hemp protein powder hemp derivatives, namely, cannabidiol and cannabinoids herbal extracts for medicinal purposes botanical supplements for general health and well-being herbal supplements for general health and well-being natural health food products derived from hemp</p> <p>IC 025. US 022 039. G & S: Casual clothing; dress clothing; t-shirts, shirts, sweatshirts, hoodies, tank tops, jackets, lab coats, headwear, namely, hats, caps, visors and toques, dresses, skirts, sweatpants, pants, undergarments, scarves, belts, gloves</p> <p>IC 029. Edible oils; Edible butters; Hemp protein powder, hemp hearts, hemp oils, hemp seeds, hemp-derived cannabidiol, hemp flour, hemp cereal, hemp milk, hemp-based snack foods and other hemp products</p> <p>IC 030. US 046. G & S: hemp and hemp-derivative-infused chocolate, hemp and hemp-derivative-infused chocolates, hemp and hemp-</p>	
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		<p> derivative-infused chocolate confectionery, hemp and hemp-derivative-infused chocolate bars, hemp and hemp-derivative-infused chocolate spreads, hemp and hemp-derivative-infused chocolate covered nuts and pretzels, hemp and hemp-derivative-infused baking chocolate, hemp and hemp-derivative-infused chocolate candies, hemp and hemp-derivative-infused chocolate chips, hemp and hemp-derivative-infused chocolate chip cookies, hemp and hemp-derivative-infused chocolate mousse, hemp and hemp-derivative-infused chocolate nut butter, hemp and hemp-derivative-infused chocolate fondue, hemp and hemp-derivative-infused chocolate sauce, hemp and hemp-derivative-infused baked goods made of chocolate, hemp and hemp-derivative-infused chocolate powder, hemp and hemp-derivative-infused chocolate bark, hemp and hemp-derivative-infused cocoa powder, hemp and hemp-derivative-infused cocoa-based drinks, hemp and hemp-derivative-infused chocolate based drinks, hemp and hemp-derivative-infused alcoholic chocolate-based beverages; hemp and hemp-derivative-infused cakes, hemp and hemp-derivative-infused cereal bars, hemp and hemp-derivative-infused cookies, hemp and hemp-derivative-infused brownies, hemp and hemp-derivative-infused muffins, hemp and hemp-derivative-infused cupcakes, hemp and hemp-derivative-infused sugar confectionery, hemp and hemp-derivative-infused candies, hemp and hemp-derivative-infused biscuits, hemp and hemp-derivative-infused energy bars; herbal tea; tea containing hemp and derivatives thereof; hemp </p>	
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		<p>and hemp-derivative-infused snack food dips, hemp and hemp-derivative-infused dips, hemp and hemp-derivative-infused cheeses, hemp and hemp-derivative-infused spreads, hemp and hemp-derivative-infused yogurt, hemp and hemp-derivative-infused ice cream, hemp and hemp-derivative-infused jams, hemp and hemp-derivative-infused butter; hemp and hemp-derivative-infused nut-based snack mixes, hemp and hemp-derivative-infused fruit-based snack food hemp and hemp-derivative-infused ready to bake mixes for cakes, hemp and hemp-derivative-infused ready to bake mixes brownies, hemp and hemp-derivative-infused ready to bake mixes pancakes cupcakes, hemp and hemp-derivative-infused ready to bake mixes cookies and muffins, hemp and hemp-derivative-infused ready to bake mixes energy bars</p> <p>IC 032. Hemp or hemp derivative infused carbonated beverages; Hemp or hemp derivative infused non-carbonated beverages Non-alcoholic beverages infused with hemp or hemp derivatives, namely, smoothies, fruit beverages and fruit juices, carbonated soft drinks, energy drinks and waters, protein supplement shakes, sports recovery drinks, isotonic drinks, dietary supplement drinks, meal replacement drinks Fruit-flavoured beverages; honey-based beverages, non-alcoholic tea-based beverages, carbonated soft drinks, non-dairy soy beverages, energy drinks; Cocoa-based beverages, coffee-based beverages, herbal tea beverages; performance beverages for athletes</p>	
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		<p>IC 034. Fresh hemp, dried hemp, hemp for smoking, hemp derivatives; Hemp, hemp derivatives, and hemp infused products, not for medicinal use, including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; Smoking accessories, namely, hand pipes, water pipes, hookahs, nebulizers, matches, vaporizers, electronic cigarettes, ashtrays, atomizers, bongs, bowls, rolling papers, blunts, roach clips, pill bottles, torches, pouches for use with hemp and hemp derivatives, and oral vaporizers, cigarette boxes, cigarette cases, and cigarette holders</p> <p>IC 035: Development, management and operation of businesses in the healthcare industry, the hemp industry, the high-technology industry, and the horticulture and agriculture industry Advice and information concerning commercial business management; business management supervision; business planning; Marketing, namely, direct marketing of the goods and services of others, marketing services in the field of arranging for the distribution of the products of others, and digital marketing of the goods and services of others via websites, e-mail, apps, and social networks Consulting and advisory services in the field of hemp and hemp derivatives</p> <p>wholesale, retail and online sale of health food</p>	
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		<p>supplements derived from hemp, pharmaceuticals derived from hemp, nutraceuticals, botanical supplements for general health and well-being, herbal supplements for general health and well-being, natural health food products derived from hemp wholesale, retail and online sale of nutraceuticals, nutritional supplements derived from hemp, namely, hemp oil, shelled hemp seeds, and hemp protein powder wholesale, retail and online sale of hemp derivatives, namely, cannabidiol and cannabinoids wholesale, retail and online sale of herbal extracts for medicinal purposes wholesale, retail and online sale of hemp, hemp extracts, hemp fibres, cannabidiol and cannabinoids derived from hemp</p> <p>IC 044. Operation of a website providing information in the field of hemp and the benefits of hemp and medical hemp, and research related to medical hemp and hemp; Cultivation and breeding of hemp and medical hemp; Consulting and advisory services in the field of hemp and medical hemp and infused hemp products; Scientific research and development in the field of hemp, hemp derivatives</p>	
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THE MORNING HI	App. No. 87431823	<p>IC 009. downloadable multimedia news weblogs featuring information in the fields of medical marijuana, marijuana and current events; downloadable multimedia news podcasts featuring information in the fields of medical marijuana, marijuana and current events; downloadable multimedia news webcasts featuring information in the fields of medical marijuana, marijuana and current events</p> <p>IC 035: news clipping services</p> <p>IC 038. telecommunication services, namely, transmission of news podcasts</p> <p>IC 041 news reporter services; providing an online website comprising news, editorials, and opinions concerning current events; providing entertainment news and information via a website in the field of current events; providing medical marijuana and marijuana current events news via a global computer information network; providing on-line current events news in the field of medical marijuana and marijuana; on-line journals, namely, blogs featuring information in the fields of medical marijuana and marijuana</p> <p>IC 045. online social networking services</p>	Tweed, Inc. (Canada)
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BLACK LABEL	App. No. 87353379	IC 005. US 006 018 044 046 051 052. G & S: analgesic preparations; antibiotic preparations; pharmaceutical preparations and substances for the treatment of gastro-intestinal diseases; pharmaceutical preparations for the relief of pain; pharmaceutical preparations for the treatment of acne; pharmaceutical preparations for the treatment of chronic pain; pharmaceutical preparations for the treatment of glaucoma; pharmaceutical preparations for the treatment of headaches; pharmaceutical preparations for the treatment of inflammatory connective tissue diseases and injuries; pharmaceutical preparations for the treatment of inflammatory muscle diseases and disorders; pharmaceutical preparations for the treatment of metabolic disorders, namely, diabetes, bulimia nervosa, anorexia, obesity and hypothyroidism; pharmaceutical preparations for the treatment of psychiatric diseases, namely, mood disorders, anxiety disorders, cognitive disorders, schizophrenia; pharmaceutical preparations for the treatment of skin irritations, namely, bee stings, sunburn, rashes, sores, corns, calluses, and acne; pharmaceutical preparations for the treatment of the musculoskeletal system, namely, connective tissue diseases, bone diseases, spinal diseases, back pain, fractures, sprains, cartilage injuries; pharmaceutical preparations for wounds; topical anesthetics; delivery systems in the nature of topical applications, namely, foams, gels, creams, sprays, lotions and ointments which act as a base and prepare the skin to receive therapeutic preparations that are absorbed into the blood stream through the skin	Tweed, Inc. (Canada)
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	App. No. 87793187	IC 025. Clothing, namely casual clothing, shirts, sweatshirts, hats, caps, visors, toques, dresses, skirts, pants, jackets, scarves, toques, lab coats, undergarments, belts, tank tops, and gloves	Tweed, Inc. (Canada)
	App 8-APR-2019 App 88375374	IC 003.: Skin, hair, body and personal preparations containing hemp and derivatives thereof, namely cosmetics, makeup, makeup removers, eye creams, hand creams, skin care preparations, skin creams, skin serums, skin oils, skin emollients, skin lotions, non-medicated skin care treatment preparations, facial and body skin masks, face and body milk, skin soap, body powders for personal use, bath and shower soaps, liquid soap, moisturizing balms, and moisturizing body sprays, bath shower soaps, bath gels, bath lotions, non-medicated bath salts, bath scrubs, bath oils, bubble bath, bath additives, bath herbs, bath bombs, exfoliant, nail enamel and nail care preparations, nail polish remover, lip care preparations, lip conditioners, lip glosses, lipstick, sun skin care preparations, sun block, sun screen, self-tanning preparations, after-sun skin soothing and moisturizing preparations, pre-shave and after shave lotions, pre-shave and after shave creams, pre-shave and after shave balms, pre-shave and after shave splashes, pre-shave and after shave gels, personal deodorants and antiperspirants, hair care preparations, hair oils, hair masks, scalp treatments, hair sunscreen preparations, non-medicated preparations for the care of the scalp, essential oils for aromatherapy, essential oils for	Tweed, Inc. (Canada)

		<p>perfumery and personal use, scented oils for personal use, massage creams, massage cream, massage oil, toner</p> <p>IC 005. US 006 018 044 046 051 052. G & S: health food supplements derived from hemp</p> <p>Pharmaceutical hemp and hemp derivative products for medicinal use including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, and mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; nutritional supplements derived from hemp, namely hemp oil, shelled hemp seeds, and hemp protein powder hemp derivatives, namely cannabidiol and cannabinoids herbal extracts for medicinal purposes botanical supplements for general health and well-being herbal supplements for general health and well-being natural health food products derived from hemp</p> <p>IC 025. US 022 039. G & S: Casual clothing; dress clothing; t-shirts, shirts, sweatshirts, hoodies, tank tops, jackets, lab coats, headwear, namely hats, caps, visors and toques, dresses, skirts, sweatpants, pants, undergarments, scarves, belts, gloves</p> <p>IC 029. US 046. G & S: Edible oils; Edible butters; Hemp protein powder, hemp hearts, hemp oils, hemp seeds, hemp-derived cannabidiol, hemp flour, hemp cereal, hemp milk, hemp-based snack foods and other hemp products</p>	
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		<p>IC 030. US 046. G & S: hemp and hemp-derivative-infused chocolate, hemp and hemp-derivative-infused chocolates, hemp and hemp-derivative-infused chocolate confectionery, hemp and hemp-derivative-infused chocolate bars, hemp and hemp-derivative-infused chocolate spreads, hemp and hemp-derivative-infused chocolate covered nuts and pretzels, hemp and hemp-derivative-infused baking chocolate, hemp and hemp-derivative-infused chocolate candies, hemp and hemp-derivative-infused chocolate chips, hemp and hemp-derivative-infused chocolate chip cookies, hemp and hemp-derivative-infused chocolate mousse, hemp and hemp-derivative-infused chocolate nut butter, hemp and hemp-derivative-infused chocolate fondue, hemp and hemp-derivative-infused chocolate sauce, hemp and hemp-derivative-infused baked goods made of chocolate, hemp and hemp-derivative-infused chocolate powder, hemp and hemp-derivative-infused chocolate bark, hemp and hemp-derivative-infused cocoa powder, hemp and hemp-derivative-infused cocoa-based drinks, hemp and hemp-derivative-infused chocolate based drinks, hemp and hemp-derivative-infused alcoholic chocolate-based beverages; hemp and hemp-derivative-infused cakes, hemp and hemp-derivative-infused cereal bars, hemp and hemp-derivative-infused cookies, hemp and hemp-derivative-infused brownies, hemp and hemp-derivative-infused muffins, hemp and hemp-derivative-infused cupcakes, hemp and hemp-derivative-infused sugar confectionery, hemp and hemp-derivative-infused candies, hemp and hemp-derivative-infused biscuits,</p>	
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		<p>hemp and hemp-derivative-infused energy bars; herbal tea; tea containing hemp and derivatives thereof; hemp and hemp-derivative-infused snack food dips, hemp and hemp-derivative-infused dips, hemp and hemp-derivative-infused cheeses, hemp and hemp-derivative-infused spreads, hemp and hemp-derivative-infused yogurt, hemp and hemp-derivative-infused ice cream, hemp and hemp-derivative-infused jams, hemp and hemp-derivative-infused butter; hemp and hemp-derivative-infused nut-based snack mixes, hemp and hemp-derivative-infused fruit-based snack food hemp and hemp-derivative-infused ready to bake mixes for cakes, hemp and hemp-derivative-infused ready to bake mixes brownies, hemp and hemp-derivative-infused ready to bake mixes pancakes cupcakes, hemp and hemp-derivative-infused ready to bake mixes cookies and muffins, hemp and hemp-derivative-infused ready to bake mixes energy bars</p> <p>IC 032. US 045 046 048. G & S: Hemp or hemp derivative infused carbonated beverages; Hemp or hemp derivative infused non-carbonated beverages Non-alcoholic beverages infused with hemp or hemp derivatives, namely smoothies, fruit beverages and fruit juices, carbonated soft drinks, energy drinks and waters, protein supplement shakes, sports recovery drinks, isotonic drinks, dietary supplement drinks, meal replacement drinks Fruit-flavoured beverages; honey-based beverages, non-alcoholic tea-based beverages, carbonated soft drinks, non-dairy soy</p>	
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		<p>beverages, energy drinks; Cocoa-based beverages, coffee-based beverages, herbal tea beverages; performance beverages for athletes</p> <p>IC 034. US 002 008 009 017. G & S: Fresh hemp, dried hemp, hemp for smoking, hemp derivatives; Hemp, hemp derivatives, and hemp infused products, not for medicinal use, including, oil extracts, oils, extracts, tinctures, resins, waxes, hashes, pastes, balms, salves, concentrates, lotions, sprays, ointments, tonics, liquids, powders, teas, coffees, beverages, topical skin creams, lotions and gels, pills, tablets, capsules, suppositories, tampons, skin patches, sublingual doses, mucous membrane doses, sprays and liquids, transdermal patches and oral sprays; Smoking accessories, namely hand pipes, water pipes, hookahs, nebulizers, matches, vaporizers, electronic cigarettes, ashtrays, atomizers, bongs, bowls, rolling papers, blunts, roach clips, pill bottles, torches, pouches for use with hemp and hemp derivatives, and oral vaporizers, cigarette boxes, cigarette cases, and cigarette holders</p> <p>IC 035. US 100 101 102. G & S: Development, management and operation of businesses in the healthcare industry, the hemp industry, the high-technology industry, and the horticulture and agriculture industry Advice and information concerning commercial business management; business management supervision; business planning; Marketing namely direct marketing of the goods and services of others, marketing services in the field of arranging for the distribution of the products of others,</p>	
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		<p>and digital marketing of the goods and services of others via websites, e-mail, apps, and social networks Consulting and advisory services in the field of hemp and hemp derivatives wholesale, retail and online sale of health food supplements derived from hemp, pharmaceuticals derived from hemp, nutraceuticals, botanical supplements for general health and well-being, herbal supplements for general health and well-being, natural health food products derived from hemp wholesale, retail and online sale of nutraceuticals, nutritional supplements derived from hemp, namely hemp oil, shelled hemp seeds, and hemp protein powder wholesale, retail and online sale of hemp derivatives, namely cannabidiol and cannabinoids wholesale, retail and online sale of herbal extracts for medicinal purposes wholesale, retail and online sale of hemp, hemp extracts, hemp fibres, cannabidiol and cannabinoids derived from hemp</p> <p>IC 044. US 100 101. G & S: Operation of a website providing information in the field of hemp and the benefits of hemp and medical hemp, and research related to medical hemp and hemp; Cultivation and breeding of hemp and medical hemp; Consulting and advisory services in the field of hemp and medical hemp and infused hemp products; Scientific research and development in the field of hemp, hemp derivatives</p>	
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Schedule “C” – Systems Particulars

Schedule “D” – Intellectual Property
(Designated or Exclusively Licensed to Third Parties)

Nil.

H-1

SCHEDULE H

LOCK-UP AND INCENTIVE AGREEMENT

LOCK-UP AND INCENTIVE AGREEMENT

_____, 2019

[INSERT NAME OF INDIVIDUAL] (the “undersigned”)
[INSERT ADDRESS OF INDIVIDUAL]

Gentlemen:

1. The undersigned understands that Canopy Growth Corporation (the “**Company**”) and Acreage Holdings, Inc. (“**Acreage**”) have entered into an arrangement agreement dated April 18, 2019 (the “**Arrangement Agreement**”) in connection with setting out the terms and conditions of a proposed acquisition (the “**Acquisition**”) by the Company of the issued and outstanding subordinate voting shares of Acreage (including, for greater certainty, the subordinate voting shares issuable on conversion of the issued and outstanding multiple voting shares and proportionate voting shares, in accordance with the amended share terms set out in the Notice of Articles of Acreage, pursuant to the terms of the Plan of Arrangement. The Acquisition shall be completed following the earlier to occur of: (a) delivery by the Company of a Purchaser Call Option Exercise Notice to the Depositary, and (b) the Triggering Event Date, pursuant to the Plan of Arrangement. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Arrangement Agreement and Plan of Arrangement attached as Schedule A to the Arrangement Agreement.
2. The undersigned further understands that it is a condition to completing the Arrangement Filings on the Effective Date that the undersigned enter into this lock-up and incentive agreement (the “**Agreement**”) with Acreage and the Company on or prior to the Effective Date.
3. Concurrent with the entering into of this Agreement, Acreage has agreed to the terms of a long-term incentive plan (the “**Incentive Plan**”) to be implemented by Acreage on or about the Effective Date, subject to receipt by Acreage of any requisite shareholder approval from Acreage’s shareholders in accordance with applicable securities laws, pursuant to which Acreage will award restricted share units (“**RSUs**”) to its key employees (the “**Participants**”) for purpose of advancing the interests of Acreage and its affiliates through the motivation and retention of the Participants whose performance is believed to deliver profitable results for Acreage. In accordance with the Incentive Plan, each Participant shall receive 981,836 RSUs. The awards for RSUs are aimed at ensuring the alignment of Participants with Acreage’s goals and objectives for successful growth and increased value for Acreage and its shareholders.
4. Pursuant to and upon the terms of the Incentive Plan, Participants (which shall include the undersigned) will be awarded RSUs subject to the terms of the Incentive Plan and will give the Participant the right to receive one subordinate voting share in the capital of Acreage upon the vesting thereof, provided that following the closing of the Acquisition, each RSU shall be exchanged for an RSU of the Company (a “**Replacement RSU**”) on the basis of the Exchange Ratio in effect immediately prior to the Acquisition Effective Time pursuant to the Plan of Arrangement and each Replacement RSU will entitle the holder thereof to receive one common share of the Company (a “**Company Share**”) upon the vesting thereof. For greater certainty, the RSUs and Replacement RSUs, as applicable, shall be included in the “Locked-Up Securities” in

accordance with the terms of this Agreement. All references to RSUs forming part of the Locked-Up Securities shall be assumed to include any Replacement RSUs.

The vesting of the RSUs shall be as follows:

Release Dates	Percentage of Locked-Up RSUs to Vest
12 months following the Effective Date	1/4 of Locked-Up RSUs
24 months following the Effective Date	1/4 of Locked-Up RSUs
3 months following the Acquisition Date	1/2 of Locked-Up RSUs, plus any otherwise unvested RSUs

7. In consideration of the benefit that the Acquisition will confer upon Acreage and its securityholders, including the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agrees to enter into this Agreement and agrees that the undersigned will not, whether for his, her or its own account or for the account of another, and will cause any spouse, immediate family member or immediate family member of the spouse or the undersigned living in the undersigned's household, or any trust of which any of the foregoing individuals are beneficiaries, to not in any manner, directly or indirectly, offer, sell, contract to offer or sell, transfer, assign, secure, pledge, grant or sell any option, right or warrant to purchase or otherwise lend, transfer or dispose of the Locked-Up Securities whether currently owned or hereafter acquired, either of record or beneficially by the undersigned (or such spouse or family member, as applicable) or with respect to which the undersigned (or such spouse or family member, as applicable) has or hereafter acquires the power of disposition, make any short sale of, engage in any hedging, monetization or derivative transaction with respect to or enter into any swap, forward or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of the Locked-Up Securities (regardless of whether any such arrangement is to be settled by the delivery of securities of Acreage, securities of the Company or securities of another person, cash or otherwise), agree to do any of the foregoing, publicly announce any intention to do any of the foregoing or act jointly or in concert with any third party with respect to any of the foregoing (any such action is referred to herein as a “**Transfer**”) except in accordance with the Lock-Up Schedule (as hereinafter defined). For greater certainty, upon release of the Locked-Up Securities in accordance with the Lock-Up Schedule, the undersigned shall thereafter not be restricted hereunder from making any Transfers in respect of such released securities. For clarity, nothing herein shall prevent the undersigned from, directly or indirectly, tendering or otherwise dealing with its Locked-Up Securities in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement.

8. The lock-up obligations of the undersigned contained herein shall be applicable to (A) two-thirds (2/3rds) of the securities of Acreage, or any financial instruments convertible into, exercisable or exchangeable for, or that represent the right to receive securities of Acreage,

currently owned directly or indirectly by the undersigned, or under control or direction of the undersigned or with respect to which the undersigned has beneficial ownership as of the date hereof as set forth in Schedule “A” to this Agreement (the “**Current Locked-Up Securities**”); and (B) the RSUs granted to the undersigned as a Participant in the Incentive Plan, which the undersigned has beneficial ownership of as of the date hereof, as set forth in Schedule “B” to this Agreement (as well as the RSUs to be issued in connection with the terms of this Agreement and the Incentive Plan, for the undersigned does not yet have beneficial ownership of as of the date hereof) (collectively, the “**Locked-Up RSUs**”), or securities of the Company that will be owned, directly or indirectly, by the undersigned, or under control or direction of the undersigned or with respect to which the undersigned will have beneficial ownership following completion of the Acquisition (collectively with the Current Locked-Up Securities and the Locked-Up RSUs, the “**Locked-Up Securities**”). For greater certainty, and notwithstanding the foregoing, the Locked-Up Securities will include any securities of the Company issued in exchange for securities of Acreage in connection with the completion of the Acquisition pursuant to the Plan of Arrangement however, this Agreement shall not apply to one-third (1/3rd) of (a) the securities of Acreage, or any financial instruments convertible into, exercisable or exchangeable for, or that represent the right to receive securities of Acreage currently owned directly or indirectly by the undersigned, or under control or direction of the undersigned or with respect to which the undersigned has beneficial ownership, or (b) the securities of the Company that will be owned directly or indirectly by the undersigned, or under control or direction of the undersigned or with respect to which the undersigned will have beneficial ownership following completion of the Acquisition. The Locked-Up Securities shall at all times be subject to the Lock-Up Schedule.

For the purposes hereof, the “Lock-Up Schedule” is as set forth below:

Release Dates	Percentage of Locked-Up Securities to be Released
6 months following the Effective Date	1/6 of Locked-Up Securities
12 months following the Effective Date	1/6 of Locked-Up Securities
18 months following the Effective Date	1/6 of Locked-Up Securities
Acquisition Date	1/6 of Locked-Up Securities
6 months following the Acquisition Date	1/6 of Locked-Up Securities
12 months following the Acquisition Date	1/6 of Locked-Up Securities

Notwithstanding the foregoing, at least 5/6ths of the Locked-Up Securities will be released by the earlier of (i) the 30 month anniversary of the Effective Date, or (ii) the 6 month anniversary of the Acquisition Date, and the remaining balance of 1/6th of all Locked-Up Securities will be released by 12 months following the Acquisition Date.

Notwithstanding the restrictions on Transfer described above, this Section 8 shall not apply, and for certainty the undersigned shall be permitted to (a) Transfer the Locked-Up Securities (other than the Locked-Up RSUs) to any immediate family members of the undersigned, or any company, trust or other entity owned by or maintained for the benefit of the undersigned or any immediate family members of the undersigned, (b) Transfer the Locked-Up Securities (other than the Locked-Up RSUs) by operation of law or in connection with transactions arising as a result of the death or incapacitation of the undersigned, (c) Transfer the Locked-Up Securities (other than the Locked-Up RSUs) to charitable organizations pursuant to *bona fide* gifts; provided that, in each of (a), (b) and (c), any such transferee shall first execute a lock-up agreement in substantially the form hereof, which lock-up agreement shall remain in force in accordance with the Lock-Up Schedule, (d) exercises of convertible securities of Acreage or the Company, as the case may be; provided that the securities of Acreage or the Company, as the case may be, issuable upon such exercises shall be subject to the terms of this Agreement, or (e) transfers made pursuant to a *bona fide* third party take-over bid (as defined in the *Securities Act* (Ontario)) made to all securityholders of Acreage or the Company, as the case may be; provided that, in the event that such take-over bid is not completed, the Locked-Up Securities shall remain subject to the terms of this Agreement.

9. If, prior to the Acquisition Date, the undersigned ceases to be an employee of Acreage by termination of the undersigned's employment, whether with or without cause, the undersigned forgoes any unvested RSU. If on or following the Acquisition Date, the undersigned ceases to be an employee of Acreage or the Purchaser (or any affiliate thereof) by termination (and not resignation) of their employment, other than for cause, all unvested RSUs for such undersigned will immediately vest.

10. In light of the nature of the position held by the undersigned and the close relationship the undersigned will have with Acreage's clients, it is important for Acreage to limit interference with its business. Therefore, by your execution of this Agreement, the undersigned hereby agrees that, during the currency of his or her employment with Acreage (or any successor thereof) and for one (1) year after such employment ends, however it ends, provided that the undersigned is paid a one year severance in the case of termination without cause, the undersigned will not work at, work for, be employed by, provide services to, engage with, or assist in any way, whether or not for remuneration, recognition, or reward any person, corporation, or organization, whether or not such organization is operated for profit, that cultivates, produces, sells or intends to cultivate, produce or sell cannabis or cannabis-derived products anywhere in any jurisdiction in which Acreage or its subsidiaries (or any successor thereof) has operations.

It is not Acreage's intention to unduly restrict the undersigned's employment prospects. Accordingly, Acreage may agree to waive this provision if it is able to establish appropriate safeguards to minimize the impact any proposed employment with a competitor will have on Acreage's business interests (or the business interest of any successor thereof). Any such waiver shall not be effective unless it is in writing and signed by an authorized representative of Acreage (or any successor thereof).

11. The undersigned understands that the Company and Acreage are relying upon this Agreement in connection with agreeing to complete the Arrangement Filings and the Acquisition. Each of the Company, Acreage and the undersigned further understands that this Agreement is irrevocable and shall be binding upon their respective legal representatives, successors, and

permitted assigns, as applicable, and shall enure to the benefit of the Company, Acreage and the undersigned and their respective legal representatives, successors, and permitted assigns; provided that this Agreement shall terminate and be of no further force or effect in the event the Acquisition is not completed.

12. The undersigned hereby represents and warrants that he, she or it has the full power and authority to enter into this Agreement, and that he, she or it will do all such acts and take all such steps as reasonably required in order to fully perform and carry out the provisions of this Agreement. All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, as applicable.

13. Each of Acreage and the Company hereby represents and warrants that it has the full power and authority to enter into this Agreement, and that it will do all such acts and take all such steps as reasonably required in order to fully perform and carry out the provisions of this Agreement.

14. This Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

15. Unless otherwise specified, all references to monetary amounts are to the lawful currency of Canada.

16. This Agreement, the Arrangement Agreement, the Plan of Arrangement and the Incentive Plan constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any other prior understandings and prior agreements between the parties with respect thereto.

17. If, in any jurisdiction, any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent such restriction, prohibition, enforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction without affecting its application to other parties or circumstances.

18. Nothing in this Agreement nor in any rights granted under this Agreement confers upon the undersigned any remuneration or benefits other than as set forth in this Agreement or the Incentive Plan.

19. The undersigned hereby acknowledges that the undersigned has had a reasonable opportunity to obtain independent legal advice regarding this Agreement, including any tax implications, and that the undersigned has reviewed and understands its terms.

20. This Agreement may be executed by facsimile, PDF or other electronic signature, and as so executed shall constitute an original.

[Remainder of page intentionally left blank. Signature page follows.]

Yours truly,

(Name of Securityholder)

(Signature)

(Name and Title of Signatory)

ACREAGE HOLDINGS, INC.

By:

Name:

Title:

CANOPY GROWTH CORPORATION

By:

Name:

Title:

SCHEDULE “A”
(to Lock-up and Incentive Agreement)

**[NOTE TO DRAFT: TO LIST ALL ACREAGE SECURITIES OWNED/CONTROLLED AS OF DATE OF
AGREEMENT]**

SCHEDULE “B”
(to Lock-up and Incentive Agreement)

[NOTE TO DRAFT: TO LIST ALL ACREAGE RSUs GRANTED]

EXHIBIT 1

Pursuant to Section 6.2(1)(j), the following are the principal terms by which the parties to the Arrangement Agreement and the parties to that certain Third Amended and Restated Limited Liability Company Agreement of High Street Capital Partners, LLC (“High Street” and the “High Street Agreement”) agree to amend the High Street Agreement:

1. Immediately prior to the acquisition of the Company by Purchaser, the High Street Agreement is amended to provide for the creation of two classes of Units: Class A Units, to be held by Acreage America Holdings, Inc. (“AAH”), and Class B Units, to be held by all other Members at the time of the Acquisition. The High Street Agreement will also be amended as may be required to effectuate the transactions contemplated by the Arrangement Agreement.
2. Class A Units would entitle the holder of such Units to (i) retain voting control, and (ii) be entitled to all distributions from High Street, other than with respect to the Class B Units as provided in this Exhibit 1. Class B Units would entitle the holders of such Class B Units to a preferred return equal to the Secured Overnight Financing Rate multiplied by the fair market value of such Class B Unit holders’ interests in High Street immediately before the amendment to the High Street Agreement. The preferred return will not be required to be paid annually, but will accrue and become payable at the earlier of (a) the 5th anniversary of the amendment of the High Street Agreement; or (b) a liquidation of, or a taxable sale of substantially all of the assets of, High Street. On such a transaction referenced in clause (b), the holders of Class B Units would also be entitled to a return of their capital accounts. In all events, after 7 years, each holder of the Class B Units would be paid its respective capital account balance plus any outstanding, accrued but unpaid preferred return. Notwithstanding anything to the contrary, no preferred return shall be due and payable pursuant this Section 2 at such time or times specified in the foregoing sentences unless the Class B Units remain issued and outstanding at such time or times and no such acquisition of the Class B Units described in item 6 below has occurred.
3. Taxable income of High Street generally will be first allocated to the holders of Class B Units up to and on account of its accrued preferred return and then the remainder of the income will be allocated to the holders of the Class A Units. No losses of High Street shall be allocated to holders of Class B Units.
4. The holders of the Class B Units would be entitled to mandatory, annual tax distributions with respect to the taxable income allocated to them on account of the accrued preferred return, with such tax distributions being made following the close of each taxable year of High Street. The amount of any such tax distributions would be intended to be limited to the actual tax liabilities of the holders of Class B Units on account of their allocable share of taxable income of High Street. To that end, the methodology for calculating tax distributions shall be based on an assumed tax rate equal to the actual combined effective federal, state and local tax rate applicable to individuals resident in California, taking into account, without limitation, (i) the character of income allocated on the Class B Units, (ii) deductibility of state and local taxes, (iii) unused losses previously allocated to any such holder of Class B units on account of any interest it held in High Street, and (iv) other factors that would reduce the actual tax liabilities of the holders of Class B Units that are not described in clauses (i)-(iii).

5. The holders of the Class B Units would have the right to exchange its Class B Units into shares of Purchaser at the ratio of .5818 shares of the Purchaser for each High Street Class B Unit. (If necessary, Purchaser would contribute its shares to AAH and/or High Street to facilitate such exchange.) With respect to Class B units held by Acreage Holdings WC Inc. ("WC Inc"), the shareholders of WC Inc would be entitled to exchange their WC Inc shares for Purchaser shares directly in lieu of WC Inc exchanging its Class B Units for Purchaser shares, as if the WC Inc shares were converted into Class B Units and in that proportion.

6. On the third anniversary of the acquisition of the Company by Purchaser, High Street or AAH or its successor would have an option to acquire all but not less than of the outstanding Class B Units at the aforementioned .5818 share/Class B Unit ratio; and with respect to the WC Inc shareholders, High Street or AAH or its successor would have an option to acquire all but not less than of WC Inc shares at the aforementioned .5818 share/Class B Unit ratio, as if the WC Inc shares were converted into Class B Units and in that proportion.

7. Appropriate conforming amendments will be made to the High Street Agreement, and any other relevant agreement to reflect and effectuate the terms of this Exhibit 1, with the parties negotiating in good faith and taking into account minority rights for the holders of the Class B Units.

EXHIBIT 2

The Tax Receivables Agreement (the “TRA”) will be amended as follows:

Firstly, at the Effective Time to reflect changes to the following:

1. Members to whom Tax Benefit Payments have been made shall be required to return such payments, plus interest, computed at the short-term applicable federal rate plus two percent (or such other rate imposed on an underpayment of tax pursuant to applicable provisions of the U.S. Tax Code), in the event that it is later determined by a final determination, closing agreement, or other resolution of the matter, that the Net Tax Benefit actually realized by the U.S. Corporation is less than the Net Tax Benefit previously determined for the purpose of making such payment.
2. The U.S. Corporation shall not be permitted to make any payments under the TRA without the prior written consent of Canopy, which consent shall not be unreasonably withheld, and in connection with such consent requirements, the U.S. Corporation shall provide to Canopy sufficient information, including reports of the Corporation’s accountants, to substantiate the computation of amounts payable under the TRA and a reasonable amount of time shall be allotted for such review which shall be reflected as an extension to the due date for any such relevant payments if the due date has expired.
3. The right of the U.S. Corporation to make an Early Termination Payment shall be subject to the prior written consent of Canopy which may be refused at the discretion of Canopy.
4. The Company shall provide the Purchaser with prompt notice of any breach or alleged breach of any terms of the TRA.

Secondly, prior to the Acquisition, to reflect changes to the following:

5. Neither the amendments to the TRA contemplated by this Exhibit 2 nor any of the transactions contemplated by the Arrangement (including, without limitation, the Acquisition) shall be treated as a termination of the TRA or an acceleration upon a change of control for all purposes of the TRA, and no payments shall be made on account of such amendments or transactions contemplated by the Arrangement except to the extent provided in Section 6 below.
6. At the time all of the units (“Units”) of High Street Capital Partners, LLC (“HSCP”) and in the case of Acreage Holdings WC, Inc. (“AHWC”), all of the shares of AHWC, have been acquired by the Purchaser, Acreage Holdings America, Inc. or any of their affiliates (the “Purchaser Group”) or redeemed or acquired by HSCP (the “Determination Date”), the TRA will be accelerated and a one-time payment will be made to the Members in the aggregate amount of \$121 million (the “Lump Sum Amount”), subject to the following conditions and adjustments:
 - (a) The utilization of the tax basis step up adjustment resulting from the acquisition or redemption of the Units is not disallowed due to Section 280E or any other provision of the of the U.S. Tax Code (including, without limitation, as a

result of a change in law occurring after the date hereof) prohibiting the utilization of the tax basis step up to offset taxable income, which is unrelated to the tax attributes, the amount of income of the Purchaser Group or the deferral of the utilization of the utilization of the tax basis step-up adjustment. Losses or expenses of the Purchaser Group that defer the utilization or amortization deductions from a tax basis step up would not prevent the payment of the Lump Sum Amount. It is intended that the TRA payment will be paid provided that Purchaser Group is generally permitted to claim deductions against taxable income for the full amount of the stepped up basis, assuming sufficient taxable income in the current year or future years.

- (b) The Lump Sum Amount will be reduced by any TRA payments and any payments under the Acreage Holding Tax Receivable Bonus Plan I or Acreage Holding Tax Receivable Bonus Plan II made after the Triggering Event Date prior to the payment of the Lump Sum Amount on a dollar for dollar basis.
- 7. It is expected that the purchase price for the Units recognized for the tax basis step up will be equal to (i) the cash paid and the fair market value of shares of Purchaser paid on the date of each transfer of Units, in the case where such Units are disposed of for Purchaser shares (i.e. after the Acquisition Date) and (ii) the cash paid and the fair market value of the Acreage shares paid on the date of each transfer of Units, in the case where such Units are disposed of for Acreage shares (i.e. before the Acquisition Date)
- 8. It is intended that the Purchaser will contribute publicly traded shares of Purchaser to Acreage Holding America, Inc. to effectuate the acquisition of the Units.
- 9. For the avoidance of doubt, no amounts can be clawed back from persons receiving the Lump Sum Amount.
- 10. If any payments are made pursuant to the TRA prior to the Triggering Date, such payments will reduce the Lump Sum Amount dollar-for-dollar.
- 11. The foregoing terms reflect the general intention of the parties in amending the TRA. The parties will negotiate in good faith in amending the TRA to effectuate such intent, including modification of other terms of the TRA and appropriate conforming amendments.

EXECUTION VERSION

FIRST AMENDMENT TO ARRANGEMENT AGREEMENT

THIS AMENDMENT is made as of May 15, 2019

BETWEEN:

CANOPY GROWTH CORPORATION, a corporation existing under the laws of Canada (“Canopy”)

- and -

ACREAGE HOLDINGS, INC., a corporation existing under the laws of the Province of British Columbia (“Acreage”)

RECITALS:

- A. Canopy and Acreage are parties to an arrangement agreement (the “Arrangement Agreement”) dated April 18, 2019; and
- B. Canopy and Acreage wish to amend certain terms of the Arrangement Agreement and the Plan of Arrangement, which is attached as Schedule A of the Arrangement Agreement, in accordance with Section 8.1 of the Arrangement Agreement and Section 6.1(a) of the Plan of Arrangement, as provided in this Amendment.

THEREFORE, in consideration of the mutual covenants contained herein (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Capitalized terms used but not defined in this Amendment have the meanings given to them in the Arrangement Agreement.

1.2 Interpretation not Affected by Headings

The division of this Amendment into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Amendment. Unless the contrary intention appears, references in this Amendment to an Article, Section, subsection or paragraph or both refer to the Article, Section, subsection or paragraph, respectively, bearing that designation in this Amendment.

1.3 Number and Gender

In this Amendment, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender shall include all genders.

ARTICLE 2 AMENDMENTS

2.1 Amendment to the Plan of Arrangement

The Plan of Arrangement, which is attached as Schedule A of the Arrangement Agreement, is deleted in its entirety and replaced with Schedule A attached hereto.

2.2 Amendments to the Arrangement Agreement

- (1) The definition of “Arrangement Regulatory Approvals” at Section 1.1 of the Arrangement Agreement is deleted, and replaced with the following:

“**Arrangement Regulatory Approvals**” means:

- (a) the grant of the Interim Order and the Final Order; and
- (b) in relation to the Company, the approval of the CSE in respect of the Arrangement.

- (2) The definition of “Acquisition Regulatory Approval” at Section 1.1 of the Arrangement Agreement is deleted, and replaced with the following:

“**Acquisition Regulatory Approvals**” means all Regulatory Approvals and all other third party consents, waivers, permits, orders and approvals that are necessary, proper or advisable to consummate the Acquisition, including, but not limited to:

- (a) The HSR Approval, and any applicable foreign investment and competition law approvals in Canada, the United States and elsewhere;
- (b) the approval from the stock exchange(s) on which the Consideration Shares are listed to permit the Purchaser to acquire all of the issued and outstanding Company Shares; and
- (c) the approval from the stock exchange(s) on which the Consideration Shares are listed, for the listing of the Consideration Shares, and any Purchaser Shares issuable upon the exercise of Replacement Options, Replacement RSUs and Replacement Compensation Options.

- (3) The reference to “Section 3.1(e) of the Plan of Arrangement” in the definition of “Company Multiple Voting Shares” at Section 1.1 of the Arrangement Agreement shall be changed to “Section 3.1(f) of the Plan of Arrangement”.

- (4) The reference to “Section 3.1(e) of the Plan of Arrangement” in the definition of “Company Proportionate Voting Shares” at Section 1.1 of the Arrangement Agreement shall be changed to “Section 3.1(f) of the Plan of Arrangement”.
- (5) The reference to “Section 3.1(e) of the Plan of Arrangement” in the definition of “Company Subordinate Voting Shares” at Section 1.1 of the Arrangement Agreement shall be changed to “Section 3.1(f) of the Plan of Arrangement”.
- (6) Section (s)(iv) of Schedule E to the Arrangement Agreement is deleted, and replaced with the following:
- (iv) To the knowledge of the Purchaser there are no proceedings, investigations, audits or claims now pending against the Purchaser or its Subsidiaries in respect of any Taxes and no Governmental Entity has asserted in writing, or to the knowledge of the Purchaser, has threatened to assert against the Purchaser or its Subsidiaries any deficiency or claim for Taxes or interest thereon or penalties in connection therewith which has not yet been paid.
- (7) Section (s)(v) of Schedule E to the Arrangement Agreement is deleted, and replaced with the following:
- (v) No waivers of statutes of limitation with respect to such Tax Returns of the Purchaser have been given by or requested from the Purchaser which have not yet expired. All deficiencies asserted or assessments made as a result of any examinations have been fully paid, or are fully reflected as a liability in the Purchaser Financial Statements, or are being contested and an adequate reserve therefor has been established and is fully reflected in the Purchaser Financial Statements.
- (8) Section (s)(vii) of Schedule E to the Arrangement Agreement is deleted, and replaced with the following:
- (vii) (i) the Purchaser or its Subsidiaries are not a party to any agreement, understanding, or arrangement relating to allocating or sharing any amount of Taxes, the principal purpose of which is to allocate or share Taxes; and (ii) neither the Purchaser nor any of its Subsidiaries has any liability for the Taxes of any other Person (other than the Purchaser and its Subsidiaries) (a) under Section 1.1502-6 of the U.S. Treasury Regulations (or any similar provision of state, local or foreign applicable Law); (b) as a transferee or successor; or (c) by contract or indemnity (including under any Tax sharing agreement) or otherwise.
- (9) Section (s)(xv) of Schedule E to the Arrangement Agreement is deleted, and replaced with the following:
- (xv) The Purchaser is duly registered under subdivision (d) of Division V of Part IX of the Excise Tax Act (Canada) with respect to the goods and services tax and harmonized sales tax, and under applicable provincial Tax statutes in respect of all provincial Taxes which it is or has been required to collect. The registration numbers of the Purchaser has been disclosed in writing to the Company. All material input tax credits claimed by the Purchaser pursuant to the Excise Tax Act (Canada) have been proper, correctly calculated and documented in accordance with the requirements of the Excise Tax Act (Canada) and the regulations thereto.

**ARTICLE 3
GENERAL PROVISIONS**

3.1 Ratification and Confirmation

The Arrangement Agreement and Plan of Arrangement, as amended hereby, remain in full force and effect, and as amended hereby is hereby ratified and confirmed. Provisions of the Arrangement Agreement that have not been amended or terminated by this Amendment remain in full force and effect, unamended. All rights and liabilities that have accrued to any Party under the Arrangement Agreement up to the date of this Amendment remain unaffected by this Amendment.

3.2 Arrangement Agreement Provisions

The provisions of Article 8 of the Arrangement Agreement shall apply, *mutatis mutandis*, to this Amendment.

3.3 Counterparts, Execution

This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Amendment, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF Canopy and Acreage have caused this Amendment to be executed as of the date first written above by their respective officers thereunto duly authorized.

CANOPY GROWTH CORPORATION

By: /s/ Phil Shaer

Name: Phil Shaer

Title: Chief Legal Officer

ACREAGE HOLDINGS, INC.

By: /s/ James Doherty

Name: James Doherty

Title: General Counsel

[Signature Page to Amendment to Arrangement Agreement]

SCHEDULE A

AMENDED AND RESTATED PLAN OF ARRANGEMENT

(Please see attached)

[Signature Page to Amendment to Arrangement Agreement]

**PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9
OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

**ARTICLE 1
INTERPRETATION**

1.1 Certain Rules of Interpretation.

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

“Acquisition” means the acquisition by the Purchaser of the issued and outstanding Company Shares following the exercise or deemed exercise of the Purchaser Call Option, pursuant to and in accordance with the Arrangement.

“Acquisition Closing Conditions” means the Company Acquisition Closing Conditions and the Purchaser Acquisition Closing Conditions.

“Acquisition Closing Outside Date” means the Purchaser Call Option Expiry Date, or, if (i) the Purchaser Call Option is exercised, or (ii) a Triggering Event Date occurs prior to the Purchaser Call Option Expiry Date, the date that is 12 months following such exercise of the Purchaser Call Option or Triggering Event Date, as applicable; provided that:

- (a) if the exercise of the Purchaser Call Option or Triggering Event Date has occurred prior to the Purchaser Call Option Expiry Date and the reason the Acquisition Date has not occurred prior to the Acquisition Closing Outside Date is because all of the Regulatory Approvals included in the Acquisition Closing Conditions (which, for certainty, does not include those Regulatory Approvals, the failure of which to obtain would not reasonably be expected to have a Company Material Adverse Effect (as defined in the Arrangement Agreement)) have not been satisfied or waived and, at such Acquisition Closing Outside Date, the Party responsible for obtaining such outstanding Regulatory Approvals is continuing to use good faith reasonable commercial efforts to obtain such Regulatory Approvals and there is a reasonable prospect that such Regulatory Approvals will be received, then the Acquisition Closing Outside Date shall automatically be extended to the date that is two Business Days following the date all such outstanding Regulatory Approvals are received or waived; or
- (b) if the exercise of the Purchaser Call Option or Triggering Event Date has occurred prior to the Purchaser Call Option Expiry Date and the reason the Acquisition Date has not occurred prior to the Acquisition Closing Outside Date is because all of the Purchaser Acquisition Closing Conditions included in the Acquisition Closing Conditions have not been satisfied or waived, then the Acquisition Closing Outside Date shall automatically be extended to the date that is the earliest of (i) two Business Days following the date all such outstanding Purchaser Acquisition Closing Conditions are satisfied or waived, or (ii) the date on which the Purchaser, acting reasonably, determines that there is no longer a reasonable prospect that such outstanding Purchaser Acquisition Closing Conditions will be satisfied or waived.

“Acquisition Date” means the date specified in a Purchaser Call Option Exercise Notice or Triggering Event Notice delivered in accordance with the terms of the Purchaser Call Option on which the closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur; provided that notwithstanding the foregoing, if the Acquisition Closing Conditions are not satisfied or waived prior to such date, the Acquisition Date shall automatically be extended, without any further action by any Person, to the date that is two Business Days following the satisfaction or waiver of the Acquisition Closing Conditions; provided further that under no circumstances shall the Acquisition Date be a date that is after the Acquisition Closing Outside Date.

“Acquisition Effective Time” means 12:01 a.m. (Vancouver time) on the Acquisition Date, or such other time on the Acquisition Date as the Parties agree to in writing before the Acquisition Date.

“affiliate” has the meaning specified in National Instrument 45-106 – *Prospectus Exemptions*.

“Aggregate Option Premium” means US\$300,000,000.

“Alternate Consideration” has the meaning specified in Section 1.1 of the Arrangement Agreement.

“Arrangement” means an arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“Arrangement Agreement” means the arrangement agreement dated as of April 18, 2019 between the Purchaser and the Company, including the schedules and exhibits thereto, providing for, among other things, the Arrangement, as the same may be amended, supplemented or restated.

“Arrangement Filings” means the records and information required to be provided to the Registrar under Section 292(a) of the BCBCA in respect of the Arrangement, together with a copy of the Final Order.

“Arrangement Issued Securities” means all securities (other than Mergeco Subordinate Voting Shares) to be issued pursuant to the Arrangement, including, for the avoidance of doubt, Company Subordinate Voting Shares issued pursuant to Sections 3.1(h)(i) and 3.1(h)(iii), all Purchaser Shares issued pursuant to Sections 3.1(h)(v) and 3.1(h)(vii)(F), Replacement Options, Replacement RSUs and Replacement Compensation Options.

“Arrangement Resolution” means the special resolution approving this Plan of Arrangement to be considered at the Company Meeting, substantially in the form attached as Schedule B to the Arrangement Agreement, with such amendments or variations as the Court may direct in the Interim Order with the consent of the Company and the Purchaser, each acting reasonably.

“BCBCA” means the *Business Corporations Act* (British Columbia).

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Toronto, Ontario or Vancouver, British Columbia or New York, New York, as the context requires.

“Call Option Grant Date” means the date on which a Person grants, or is deemed to grant, a Purchaser Call Option to the Purchaser pursuant to Section 3.1(b) or Section 3.1(d).

“Call Option Grantor” means a Person who grants, or is deemed to grant, a Purchaser Call Option to the Purchaser pursuant to Section 3.1(b) or Section 3.1(d).

“Common Membership Units” means the common membership units in the capital of High Street outstanding from time to time, other than common membership units held by Acreage Holdings America, Inc. and USCo2.

“Company” means Acreage Holdings, Inc., a corporation organized under the BCBCA and treated as a “domestic corporation” for U.S. federal income tax purposes.

“Company Acquisition Closing Conditions” has the meaning specified in Section 1.1 of the Arrangement Agreement.

“Company Canadian Shareholder” means a Person (other than the Purchaser or an affiliate of the Purchaser) who is a Company Shareholder at the Acquisition Effective Time and who has indicated in the Letter of Transmittal (or in such other document or form, or in such other manner, as may be specified in the Company Circular) that the Company Shareholder is (i) resident in Canada for purposes of the Tax Act, or (ii) a “Canadian partnership” as defined in the Tax Act.

“Company Circular” means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement.

“Company Equity Incentive Plan” means the Company’s omnibus equity plan, last approved by Company Shareholders on November 6, 2018 and as proposed to be amended at the Company’s May 7, 2019 shareholders’ meeting.

“Company Meeting” means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

“Company Multiple Voting Shares” means the shares in the capital of the Company designated as Class C multiple voting shares, each exchangeable for one Company Subordinate Voting Share and each entitling the holder thereof to 3,000 votes per share at shareholder meetings of the Company, and for greater certainty includes such Multiple Voting Shares following the alteration of the rights and restrictions of the existing Company Multiple Voting Shares pursuant to Section 3.1(e).

“Company Non-Canadian Shareholder” means a Company Shareholder (other than the Purchaser or an affiliate of the Purchaser) who is not a Company Canadian Shareholder.

“Company Option In-The-Money-Amount” in respect of a Company Option means the amount, if any, determined immediately before the Acquisition Effective Time, by which the total Fair Market Value of the Company Subordinate Voting Shares that a holder is entitled to acquire on exercise of the Company Option, exceeds the aggregate exercise price to acquire such Company Subordinate Voting Shares at that time.

“Company Optionholder” means a holder of Company Options.

“Company Options” means the options to purchase Company Subordinate Voting Shares issued pursuant to the Company Equity Incentive Plan, which are outstanding as of the Acquisition Effective Time.

“Company Proportionate Voting Shares” means the shares in the capital of the Company designated as Class B proportionate voting shares, each exchangeable for 40 Company Subordinate Voting Shares and each entitling the holder thereof to 40 votes per share at shareholder meetings of the Company, and for greater certainty includes such Proportionate Voting Shares following the alteration of the rights and restrictions of the existing Company Proportionate Voting Shares pursuant to Section 3.1(e).

“Company RSUs” means the restricted share units of the Company issued pursuant to the Company Equity Incentive Plan, which are outstanding as of the Acquisition Effective Time.

“Company RSU Holders” means the holders of Company RSUs.

“Company RSU In-The-Money Amount” in respect of a Company RSU means the amount, if any, by which the total Fair Market Value of the Company Subordinate Voting Shares that a holder is entitled to acquire on conversion of the Company RSUs, determined immediately before the Acquisition Effective Time, exceeds the aggregate acquisition price to acquire such Company Subordinate Voting Shares at that time.

“Company Securities” means, collectively, Company Shares, Company Options, Company RSUs and Company Compensation Options.

“Company Share” means a share in the capital of the Company, and includes the Company Subordinate Voting Shares, the Company Proportionate Voting Shares and the Company Multiple Voting Shares.

“Company Shareholder” means a registered or beneficial holder of one or more Company Shares, as the context requires.

“Company Subordinate Voting Shares” means the shares in the capital of the Company designated as Class A subordinate voting shares, each entitling the holder thereof to one vote per share at shareholder meetings of the Company, and for greater certainty includes such Subordinate Voting Shares following the alteration of the rights and restrictions of the existing Company Subordinate Voting Shares pursuant to Section 3.1(e).

“Company Compensation Option Holder” means a holder of one or more Company Compensation Options.

“Company Compensation Option In-The-Money Amount” in respect of a Company Compensation Option means the amount, if any, by which the total Fair Market Value of the Company Subordinate Voting Shares that a holder is entitled to acquire on exercise of the Company Compensation Option, determined immediately before the Acquisition Effective Time, exceeds the aggregate exercise price to acquire such Company Subordinate Voting Shares at that time.

“Company Compensation Options” means the compensation options to purchase Company Subordinate Voting Shares, and the warrants entitling the holders thereof to acquire Company Shares, which are outstanding as of the Acquisition Effective Time.

“Consideration Shares” means Purchaser Shares to be received by Company Shareholders (other than the Purchaser and its affiliates) pursuant to Sections 3.1(h)(v) or 3.1(h)(vii).

“Court” means the Supreme Court of British Columbia.

“CSE” means Canadian Securities Exchange.

“Depository” means Computershare Trust Company of Canada, or any other depository or trust company, bank or financial institution as the Purchaser may appoint to act as depository with the approval of the Company, acting reasonably, for the purpose of, among other things, exchanging certificates representing Company Shares for Consideration Shares in connection with the Arrangement.

“Dissent Rights” has the meaning specified in Section 4.1.

“Dissenting Company Shareholder” means a registered holder of Company Shares who has properly exercised its Dissent Rights in respect of the Arrangement Resolution in accordance with Section 4.1 and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights and who is ultimately determined to be entitled to be paid the fair value of his, her or its Company Shares.

“Dissenting Shares” means the Company Shares held by Dissenting Company Shareholders in respect of which such Dissenting Company Shareholders have given Notice of Dissent.

“Effective Date” means the date on which the Arrangement Filings are filed with the Registrar in accordance with the terms of the Arrangement Agreement.

“Effective Time” means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time on the Effective Date as the Parties agree to in writing before the Effective Date.

“Effective Time Company Shareholder” means a Person who is a Company Shareholder (other than an Excluded Company Shareholder) immediately prior to the Effective Time.

“Effective Time High Street Holder” means a Person who is a High Street Holder immediately prior to the Effective Time.

“Effective Time USCo2 Class B Holder” means a Person who is a USCo2 Class B Holder immediately prior to the Effective Time.

“Eligible Company Canadian Shareholder” means a Company Canadian Shareholder who is not a Tax Exempt Person.

“Exchange Ratio” means 0.5818 of a Purchaser Share to be issued by the Purchaser for each one Company Subordinate Voting Share exchanged pursuant to the Arrangement, provided that, if the aggregate number of Company Subordinate Voting Shares on a Fully-Diluted Basis at the Acquisition Effective Time is greater than 188,235,587 Company Subordinate Voting Shares on a Fully Diluted Basis, and the Purchaser has not provided written approval for the issuance of such additional Company Securities, the Exchange Ratio shall be the fraction, calculated to six decimal places, determined by the formula $A \times B/C$, where:

“A” equals 0.5818,

“B” equals the current number of Company Subordinate Voting Shares on a Fully-Diluted Basis as increased for the issuance of Company Securities in accordance with the Purchaser Approved Share Threshold, and

“C” equals the aggregate number of Company Subordinate Voting Shares on a Fully-Diluted Basis at the Acquisition Effective Time,

in each case subject to adjustment in accordance with Section 2.14 of the Arrangement Agreement; provided that in the event of a Payout, the Exchange Ratio shall be decreased and the two references to 0.5818 above shall instead refer to the number determined by the formula $(D - E) / (F \times G)$, where:

“D” equal $0.5818 \times F \times G$

“E” equals the Payout, and

“F” equals the aggregate number of Company Subordinate Voting Shares on a Fully-Diluted Basis at the Acquisition Effective Time

“G” the Fair Market Value of the Purchaser Shares immediately prior to the Acquisition Effective Time,

“Excluded Company Shareholder” means the Purchaser, any affiliate of the Purchaser and any Dissenting Company Shareholder.

“Fair Market Value” means the volume weighted average trading price of the Company Subordinate Voting Shares on the CSE (or other recognized stock exchange on which the Company Subordinate Voting Shares are primarily traded) for the five trading day period immediately prior to the Acquisition Date.

“Final Order” means the final order of the Court approving the Arrangement under Section 291 of the BCBCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

“Fully-Diluted Basis” means the aggregate number of Company Subordinate Voting Shares assuming the conversion, exercise or exchange, as applicable, of the Company Proportionate Voting Shares, the Company Multiple Voting Shares and any warrants, options or other securities, including the Common Membership Units and USCo2 Class B Shares, convertible into or exercisable or exchangeable for Company Subordinate Voting Shares (assuming the conversion of any underlying Company Proportionate Voting Shares or Company Multiple Voting Shares).

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (iv) any stock exchange.

“High Street” means High Street Capital Partners, LLC.

“High Street Holders” means the holders of Common Membership Units and vested Class C-1 Membership Units as defined in the Third Amended and Restated Limited Liability Company Agreement of High Street.

“Interim Order” means the interim order of the Court, to be issued following the application therefor contemplated by Section 2.2 of the Arrangement Agreement, after being informed of the intention of the Parties to rely upon the exemption from registration under Section 3(a)(10) of the U.S. Securities Act with respect to the Arrangement Issued Securities issued pursuant to the Arrangement, in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

“Interim Period” means the period commencing on the date of the Arrangement Agreement and ending immediately prior to the Acquisition Effective Time.

“Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, official guidance, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

“Letter of Transmittal” means the letter of transmittal to be sent by the Depositary to Company Shareholders following the receipt by the Depositary of a Purchaser Call Option Exercise Notice or Triggering Event Notice, as the case may be.

“Lien” means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

“Mergeco” has the meaning specified in Section 3.1(h)(vii).

“Mergeco Subordinate Voting Shares” means the Subordinate Voting Shares in the capital of Mergeco.

“Merger” has the meaning specified in Section 3.1(h)(vii).

“Notice of Dissent” means a notice of dissent duly and validly given by a registered holder of Company Shares exercising Dissent Rights as contemplated in the Interim Order and as described in Article 4.

“Option Premium” means an amount, in US\$, calculated to six decimal places, determined when (a) the Aggregate Option Premium, is divided by (b) the sum of (i) the number of Company Subordinate Voting Shares outstanding immediately prior to the Effective Time (excluding any such shares held by any Excluded Company Shareholder), (ii) the number of Company Proportionate Voting Shares outstanding immediately prior to Effective Time (excluding any such shares held by any Excluded Company Shareholder), multiplied by 40; (iii) the number of Company Multiple Voting Shares outstanding immediately prior to Effective Time (excluding any such shares held by any Excluded Company Shareholder), (iv) the number of Company Subordinate Voting Shares which the Effective Time High Street Holders are entitled to receive upon exchange of their Common Membership Units, and (v) the number of Company Subordinate Voting Shares which the Effective Time USCo2 Class B Holders are entitled to receive upon exchange of their USCo2 Class B Shares.

“Parties” means the Company and the Purchaser and **“Party”** means any one of them.

“Payment Agent” means Odyssey Trust Company, or any other payment agent or trust company, bank or financial institution as the Company may appoint to act as payment agent with the approval of the Purchaser, acting reasonably, for the purpose of, among other things, paying the Option Premium to the Company Shareholders in connection with the Arrangement.

“Payout” means any amount paid by the Company or any of its Subsidiaries over US\$20,000,000 in order to either (i) settle; (ii) satisfy a judgement; or (iii) acquire the disputed minority non-controlling interest; in connection with the claim set forth in Section (r)(4) of the Company Disclosure Letter.

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

“Per Share Consideration” means (i) the Purchaser Share Consideration, or (ii) following a Purchaser Change of Control, the Purchaser Share Consideration or such Alternate Consideration that holders of Company Shares are entitled to receive in accordance with Section 2.15 of the Arrangement Agreement.

“Per Share Option Premium” means:

- (a) for each Company Subordinate Voting Share in respect of which a Purchaser Call Option is granted pursuant to Section 3.1(b), the Option Premium;
- (b) for each Company Proportionate Voting Share in respect of which a Purchaser Call Option is granted pursuant to Section 3.1(b), the Option Premium multiplied by 40;
- (c) for each Company Multiple Voting Share in respect of which a Purchaser Call Option is granted pursuant to Section 3.1(b), the Option Premium;
- (d) for each Company Subordinate Voting Share which may be obtained upon exchange of Common Membership Units by Effective Time High Street Holders, the Option Premium; and
- (e) for each Company Subordinate Voting Share which may be obtained upon exchange of USCo2 Class B Shares by Effective Time USCo2 Class B holders, the Option Premium.

“Plan of Arrangement” means this plan of arrangement and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“Purchaser” means Canopy Growth Corporation, a corporation organized under the laws of Canada.

“Purchaser Acquisition Closing Conditions” has the meaning specified in Section 1.1 of the Arrangement Agreement.

“Purchaser Call Option” means the options granted by each Call Option Grantor to the Purchaser pursuant to Section 3.1(b) and Section 3.1(d) to acquire all of such Call Option Grantor’s Company Shares; all on the terms and conditions set forth on Exhibit B.

“Purchaser Call Option Exercise Notice” means a notice in writing, substantially in the form attached hereto as Exhibit C, delivered by the Purchaser to the Depositary (with a copy to the Company) stating that the Purchaser is exercising its rights pursuant to the Purchaser Call Option to acquire all (but not less than all) of the Purchaser Call Option Shares, and specifying a Business Day (to be not less than 61 days and not more than 90 days following the date such Purchaser Call Option Exercise Notice is delivered to the Depositary) on which the closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur, subject to the satisfaction or waiver, as applicable, of the Acquisition Closing Conditions.

“Purchaser Call Option Expiry Date” means the date that is 90 months following the Effective Date.

“Purchaser Call Option Share” means a Company Share in respect of which a Purchaser Call Option is granted pursuant to Section 3.1(b) or Section 3.1(d).

“Purchaser Equity Incentive Plan” means the Amended and Restated Omnibus Incentive Plan of the Purchaser as approved by shareholders of the Purchaser on July 30, 2018, as the same may be amended, supplemented or restated in accordance therewith, prior to the Acquisition Effective Time.

“Purchaser Share Consideration” means that number of Purchaser Shares issuable per Company Subordinate Voting Share in accordance with Sections 3.1(h)(v) and 3.1(h)(vii)(F) and based on the Exchange Ratio in effect immediately prior to the Acquisition Effective Time.

“Purchaser Shares” means the common shares in the capital of the Purchaser.

“Purchaser Subco” means a wholly-owned direct subsidiary of the Purchaser to be incorporated under the BCBCA for the purposes of completing the Merger.

“Purchaser Subco Shares” means the common shares in the capital of Purchaser Subco.

“PVS Conversion Ratio” means 40:1, as such conversion ratio may be adjusted from time to time in accordance with the rights and restrictions attached to the Company Proportionate Voting Shares.

“PVS Exchange Ratio” means the product obtained when the number of Company Subordinate Voting Shares issuable under the PVS Conversion Ratio is multiplied by the Exchange Ratio.

“Registrar” means the person appointed as the Registrar of Companies pursuant to Section 400 of the BCBCA.

“Replacement Option” means an option or right to purchase Purchaser Shares granted by the Purchaser in exchange for Company Options on the basis set forth in Section 3.1(h)(viii).

“Replacement Option In-The-Money Amount” means, in respect of a Replacement Option, the amount, if any, determined immediately after the exchange in Section 3.1(h)(viii), by which the fair market value of the Purchaser Shares that a holder is entitled to acquire on exercise of the Replacement Option exceeds the aggregate exercise price to acquire such Purchaser Shares at that time.

“Replacement RSU” means a restricted share unit to acquire Purchaser Shares granted by the Purchaser in exchange for the Company RSUs on the basis set forth in Section 3.1(h)(x).

“Replacement RSU In-The-Money Amount” means, in respect of a Replacement RSU, the amount, if any, determined immediately after the exchange in Section 3.1(h)(x), by which the fair market value of the Purchaser Shares that a holder is entitled to acquire on conversion of the Replacement RSU exceeds the aggregate exercise price to acquire such Purchaser Shares at that time.

“Replacement Compensation Option” means an option or right to purchase Purchaser Shares granted by the Purchaser in replacement of Company Compensation Options on the basis set forth in Section 3.1(h)(ix).

“Replacement Compensation Option In-The-Money Amount” means, in respect of a Replacement Compensation Option, the amount, if any, determined immediately after the exchange in Section 3.1(h)(ix), by which the total fair market value of the Purchaser Shares that a holder is entitled to acquire on exercise of the Replacement Compensation Option exceeds the aggregate exercise price to acquire such Purchaser Shares at that time.

“Tax Act” means the *Income Tax Act* (Canada), as amended from time to time.

“Tax Exempt Person” means a person who is exempt from tax under Part I of the Tax Act.

“Triggering Event Date” means the date federal laws in the United States are amended to permit the general cultivation, distribution and possession of marijuana (as defined in 21 U.S.C 802) or to remove the regulation of such activities from the federal laws of the United States.

“Triggering Event Notice” means a notice in writing, substantially in the form attached hereto as Exhibit D, stating that the Triggering Event Date has occurred and specifying a Business Day (to be not less than 61 days and not more than 90 days following the date such Triggering Event Notice is delivered to the Depositary) on which the closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur, subject to the satisfaction or waiver of the Acquisition Closing Conditions.

“TSX” means the Toronto Stock Exchange.

“United States” and **“U.S.”** each mean the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“US\$” means the lawful currency of the United States.

“USCo2” means Acreage Holdings WC Inc., a subsidiary of the Company.

“USCo2 Class B Holders” means the holders of USCo2 Class B Shares.

“USCo2 Class B Shares” means Class B non-voting common shares in the capital of USCo2 outstanding as of the date of the Arrangement Agreement.

“U.S. Securities Act” means the *United States Securities Act of 1933*, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

“U.S. Tax Code” means the United States *Internal Revenue Code of 1986*, as amended.

“U.S. Treasury Regulations” means the regulations promulgated under the U.S. Tax Code by the United States Department of the Treasury.

1.2 Certain Rules of Interpretation.

In this Plan of Arrangement, unless otherwise specified:

- (1) *Headings, etc.* The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.
- (2) *Currency.* All references to dollars or to “\$” are references to United States dollars.
- (3) *Gender and Number.* Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) *Certain Phrases, etc.* The words “including”, “includes” and “include” mean “including (or includes or include) without limitation,” and “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of.”
- (5) *Statutes.* Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re- enacted, unless stated otherwise.
- (6) *Computation of Time.* A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.
- (7) *Time References.* References to time are to local time, Toronto, Ontario, unless otherwise indicated.

ARTICLE 2

ARRANGEMENT AGREEMENT AND BINDING EFFECT

2.1 Arrangement Agreement.

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement, except in respect of the sequence of the transactions and events comprising the Arrangement, which shall occur in the order set forth herein.

2.2 Binding Effect.

As of and from the Effective Time, this Plan of Arrangement will be binding on: (i) the Company, (ii) the Purchaser, (iii) Purchaser Subco, (iv) the Depositary, (v) all registered and beneficial Company Shareholders (including Dissenting Company Shareholders and including, for the avoidance of doubt, Persons who acquire Company Shares after the Effective Time), (vi) all High Street Holders and USCo2 Class B Holders, and (vii) all holders of Company Options, Company RSUs and Company Compensation Options (including, for the avoidance of doubt, Persons who acquire Company Options, Company RSUs or Company Compensation Options after the Effective Time), in each case without any further act or formality required on the part of any Person.

2.3 Effective Time of Arrangement.

The exchanges, issuances and cancellations provided for in Section 3.1 shall be deemed to occur at the time and in the order specified in Section 3.1, notwithstanding that certain of the procedures related thereto are not completed until after such time.

2.4 No Impairment.

No rights of creditors against the property and interests of the Company will be impaired by the Arrangement.

ARTICLE 3 THE ARRANGEMENT

3.1 Arrangement.

Commencing at the Effective Time, each of the transactions or events set out below shall occur and shall be deemed to occur in the following sequence, in each case without any further authorization, act or formality on the part of any Person, and in each case, unless otherwise specifically provided in this Section 3.1, effective as at two-minute intervals starting at the Effective Time:

- (a) each Company Share held by a Dissenting Company Shareholder shall be, and shall be deemed to be, transferred to the Purchaser by the holder thereof, free and clear of all Liens, and thereupon each Dissenting Company Shareholder shall cease to have any rights as a holder of such Company Shares other than a claim against the Purchaser in an amount determined and payable in accordance with Article 4 and the name of such Dissenting Company Shareholder shall be removed from the central securities register for the Company Shares;
- (b) each Effective Time Company Shareholder shall grant, and shall be deemed to have granted, to the Purchaser a Purchaser Call Option in respect of (i) each Company Share held by such Effective Time Company Shareholder at the Effective Time, (ii) all Company Shares into which any Company Share referred to in (i) of this Section 3.1(b) may be converted in accordance with the rights and restrictions attached to such Company Share in the Company's notice of articles and articles, and (iii) all Company Shares for which any Company Share referred to in (i) of this Section 3.1(b) may be exchanged pursuant to Section 3.1(h)(i) or Section 3.1(h)(iii);

- (c) in consideration for the grant of the Purchaser Call Options by the Effective Time Company Shareholders to the Purchaser pursuant to Section 3.1(b), the Purchaser shall, concurrently with the grant of such Purchaser Call Options, pay to each Effective Time Company Shareholder the Per Share Option Premium in respect of each Company Share held by such Effective Time Company Shareholder at the Effective Time;
- (d) each Person (other than the Purchaser or any affiliate of the Purchaser) who, at any time after the Effective Time and prior to the earlier of the Acquisition Effective Time and the Acquisition Closing Outside Date, acquires a Company Share from the Company (other than a Company Share in respect of which the Person has already granted to the Purchaser a Purchaser Call Option pursuant to Section 3.1(b)) or from any other Person, shall, concurrently with the acquisition of such Company Share, grant and shall be deemed to have granted to the Purchaser a Purchaser Call Option in respect of (i) such Company Share, (ii) all Company Shares into which such Company Share may be converted in accordance with the rights and restrictions attached to such Company Share in the Company's Notice of Articles and Articles, and (iii) all Company Shares for which any Company Share referred to in (i) of this Section 3.1(d) may be exchanged pursuant to Section 3.1(h)(i) or Section 3.1(h)(iii); provided, that the Purchaser shall not be required to pay, nor shall such Person be entitled to receive from the Purchaser or from any Effective Time Company Shareholder, any payment on account of, as compensation for, or in relation to, the Option Premium in respect of any Purchaser Call Option granted pursuant to this Section 3.1(d);
- (e) the Notice of Articles and Articles of the Company, as applicable, shall be altered to:
 - (i) alter the rights and restrictions of the existing classes of Company Subordinate Voting Shares, Company Proportionate Voting Shares and Company Multiple Voting Shares and to provide for the special rights and restrictions attaching to the Company Subordinate Voting Shares, Company Proportionate Voting Shares and Company Multiple Voting Shares, respectively, set out in the attached Exhibit A, which special rights and restrictions shall specifically refer to and include the Purchaser Call Option granted pursuant to this Plan of Arrangement; and
 - (ii) in connection with the foregoing, Articles 26, 27 and 28 of the existing articles of the Company shall be deleted in their entirety and replaced with Articles 26, 27 and 28 as set out in the attached Exhibit A;
- (f) upon the Triggering Event Date prior to the Purchaser Call Option Expiry Date, the Purchaser shall, in accordance with the terms and conditions of the Purchaser Call Option, exercise, and shall be deemed to have exercised, effective at the end of the Triggering Event Date, the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares;

- (g) upon the exercise or deemed exercise of the Purchaser Call Option by the Purchaser prior to the Purchaser Call Option Expiry Date, the Purchaser shall, in accordance with the terms and conditions of the Purchaser Call Option, acquire from each Call Option Grantor, and each Call Option Grantor shall be required to transfer to the Purchaser, all of the Purchaser Call Option Shares that are held by such Call Option Grantor on the Acquisition Date immediately following the exchange referred to in Section 3.1(h)(iii) (which, for the avoidance of doubt, shall include any Company Subordinate Voting Shares received by such Call Option Grantor upon the exchange in Section 3.1(h)(i)), which acquisition and transfer shall occur on the Acquisition Date in accordance with Section 3.1(h)(v) or Section 3.1(h)(vii)(F), as applicable;
- (h) on the Acquisition Date, each of the transactions or events set out below in this Section 3.1(h) shall occur, and shall be deemed to occur, in the following sequence, in each case without any further authorization, act or formality on the part of any Person, effective as at two minute intervals starting at the Acquisition Effective Time:
 - (i) each Company Proportionate Voting Share outstanding immediately prior to the Acquisition Effective Time shall be exchanged with the Company for that number of Company Subordinate Voting Shares equal to the PVS Conversion Ratio in effect immediately prior to the Acquisition Effective Time, and upon such exchange:
 - (A) each such exchanged Company Proportionate Voting Share shall be cancelled, and the holders of such exchanged Company Proportionate Voting Shares shall be removed from the Company's securities register for the Company Proportionate Voting Shares; and
 - (B) each holder of such exchanged Company Proportionate Voting Shares shall be entered in the Company's securities register for the Company Subordinate Voting Shares in respect of the Company Subordinate Voting Shares issued to such holder pursuant to this Section 3.1(h)(i);
 - (ii) concurrently with the exchange of Company Proportionate Voting Shares pursuant to Section 3.1(h)(i), the capital of the Company Proportionate Voting Shares shall be reduced to nil, and there shall be added to the capital of the Company Subordinate Voting Shares, in respect of the Company Subordinate Voting Shares issued pursuant to Section 3.1(h)(i), an amount equal to the paid-up capital (within the meaning of the Tax Act) of the Company Proportionate Voting Shares immediately prior to the Acquisition Effective Time;

- (iii) each Company Multiple Voting Share outstanding immediately prior to the Acquisition Effective Time shall be exchanged with the Company for one Company Subordinate Voting Share, and upon such exchange:
 - (A) each such exchanged Company Multiple Voting Share shall be cancelled, and the holders of such exchanged Company Multiple Voting Shares shall be removed from the Company's central securities register for the Company Multiple Voting Shares; and
 - (B) each holder of such exchanged Company Multiple Voting Shares shall be entered in the Company's securities register for the Company Subordinate Voting Shares in respect of the Company Subordinate Voting Shares issued to such holder pursuant to this Section 3.1(h)(iii);
- (iv) concurrently with the exchange of Company Multiple Voting Shares pursuant to Section 3.1(h)(iii), the capital of the Company Multiple Voting Shares shall be reduced to nil, and there shall be added to the capital of the Company Subordinate Voting Shares, in respect of the Company Subordinate Voting Shares issued pursuant to Section 3.1(h)(iii), an amount equal to the paid-up capital (within the meaning of the Tax Act) of the Company Multiple Voting Shares immediately prior to the Acquisition Effective Time;
- (v) in accordance with the terms of the Purchaser Call Option, each Company Subordinate Voting Share held by a Company Canadian Shareholder immediately following the exchange in Section 3.1(h)(iii) (which, for the avoidance of doubt, shall include any Company Subordinate Voting Shares received by such Call Option Grantor upon the exchange in Section 3.1(h)(i)) shall be transferred, and shall be deemed to be transferred, by the holder thereof to the Purchaser for the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration), which Purchaser Share Consideration or Per Share Consideration, as applicable, shall be paid in accordance with the provisions of Article 5, and upon such transfer:
 - (A) each such former holder of such transferred Company Subordinate Voting Shares shall be removed from the Company's securities register for the Company Subordinate Voting Shares;
 - (B) the Purchaser shall be entered in the Company's central securities register for the Company Subordinate Voting Shares as the legal owner of such transferred Company Subordinate Voting Shares; and

- (C) each such former holder of such transferred Company Subordinate Voting Shares shall, subject to Section 5.1, be entered in the Purchaser's securities register for the Purchaser Shares in respect of the Consideration Shares issued to such holder pursuant to this Section 3.1(h)(v), or, to the extent applicable, in the securities register of the issuer of any Alternate Consideration that such former holder of Company Subordinate Voting Shares is entitled to receive in lieu of the Consideration Shares;
- (vi) each Eligible Company Canadian Shareholder shall be entitled to make a tax election, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law). The Purchaser shall make available on the Purchaser's website tax election forms required under the Tax Act within 60 days of the Acquisition Date. Any Eligible Company Canadian Shareholder who wants to make such election and otherwise qualifies to make such election may do so by providing to the Purchaser two signed copies of the necessary election forms within 120 days following the Acquisition Date, duly completed with the details of the number of Company Subordinate Voting Shares transferred and the applicable agreed amount or amounts for the purposes of such election. Thereafter, subject to the election forms complying with the provisions of the Tax Act (or applicable provincial or territorial income tax law), the forms will be signed by the Purchaser and returned to such Eligible Company Canadian Shareholder by ordinary mail within 30 days after the receipt thereof by the Purchaser for filing with the Canada Revenue Agency (or the applicable provincial or territorial taxing authority). The Purchaser will not be responsible for the proper completion of any election form and, except for the obligation of the Purchaser to so sign and return duly completed election forms which are received by the Purchaser within 120 days following the Acquisition Date. The Purchaser will not be responsible for any taxes, interest or penalties resulting from the failure by an Eligible Company Canadian Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial or territorial legislation). In its sole discretion, the Purchaser may choose to sign and return an election form received by it more than 120 days following the Acquisition Date, but the Purchaser will have no obligation to do so;
- (vii) Purchaser Subco shall merge with and into the Company (the "**Merger**") and be one corporate entity with the same effect as if they had amalgamated under Section 269 of the BCBCA, except that the legal existence of the Company shall not cease and the Company shall survive the Merger (the Company, as such surviving entity ("**Mergeco**"), notwithstanding the issue by the Registrar of a certificate of amalgamation and the assignment of a new incorporation number to Mergeco. The Merger, together with the transactions described in this Section 3.1(h)(i) through (h)(x) is intended to qualify as a reorganization within the meaning of sections 368(a)(1)(A) and 368(a)(2)(E) of the U.S. Tax Code for all United States federal income tax purposes, and the Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(9) of the Tax Act, and upon the Merger becoming effective:

- (A) without limiting the generality of the foregoing, the Company shall survive the Merger as Mergeco;
- (B) the properties, rights and interests and obligations of the Company shall continue to be the properties, rights and interests and obligations of Mergeco, and the Merger shall not constitute an assignment by operation of law, a transfer or any other disposition of the property, rights and interests of the Company to Mergeco;
- (C) the separate legal existence of Purchaser Subco shall cease without Purchaser Subco being liquidated or wound up, and the property, rights and interests and obligations of Purchaser Subco shall become the property, rights and interests and obligations of Mergeco;
- (D) Mergeco shall continue to be liable for the obligations of each of the Company and Purchaser Subco;
- (E) the Notice of Articles and Articles of Mergeco shall be the same as the Notice of Articles and Articles of the Company, as altered in accordance with Section 3.1(e);
- (F) each Company Subordinate Voting Share held by a Company Non-Canadian Shareholder immediately following the exchange in Section 3.1(h)(iii) (which, for the avoidance of doubt, shall include any Company Subordinate Voting Shares received by such Call Option Grantor upon the exchange in Section 3.1(h)(i)) shall, in accordance with the Purchaser Call Option, be transferred, and shall be deemed to be transferred, by the holder thereof to the Purchaser for the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration), which Purchaser Share Consideration or Per Share Consideration, as applicable, shall be paid in accordance with the provisions of Article 5, and each such former holder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer such Company Subordinate Voting Shares in accordance with this Section 3.1(h)(vii) (F), and upon such transfer:
 - (I) each such former holder of such transferred Company Subordinate Voting Shares shall be removed from the Company's central securities register for the Company Subordinate Voting Shares;
 - (II) the Purchaser shall be entered in Mergeco's central securities register for the Mergeco Subordinate Voting Shares as the legal owner of such transferred Company Subordinate Voting Shares; and

- (III) each such former holder of such transferred Company Subordinate Voting Shares shall, subject to Section 5.1, be entered in the Purchaser's securities register for the Purchaser Shares in respect of the Consideration Shares issued to such holder pursuant to this Section 3.1(h)(vii)(F), or, to the extent applicable, in the securities register of the issuer of any Alternate Consideration that such former holder of Company Subordinate Voting Shares is entitled to receive in lieu of the Consideration Shares;
- (G) each Purchaser Subco Share outstanding immediately prior to the Merger shall be exchanged for Mergeco Subordinate Voting Shares on the basis of one Mergeco Subordinate Voting Share for each Purchaser Subco Share;
- (H) in consideration for the Purchaser issuing Consideration Shares to the Company Non-Canadian Shareholders in accordance with Section 3.1(h)(vii)(F), Mergeco shall issue to the Purchaser one Mergeco Subordinate Voting Share for each Purchaser Share issued by the Purchaser to the Company Non-Canadian Shareholders pursuant to Section 3.1(h)(vii)(F);
- (I) the board of directors of Mergeco shall be comprised of a minimum of one and a maximum of 10 directors; and
- (J) the amount added to the capital of the Purchaser Shares in respect of the Consideration Shares issued to Company Non-Canadian Shareholders pursuant to Section 3.1(h)(vii)(F) shall be equal to the product obtained when (I) the paid-up capital (within the meaning of the Tax Act) of the Company Subordinate Voting Shares immediately following the exchanges in Section 3.1(h)(i) and Section 3.1(h)(iii), is multiplied by (II) a fraction, the numerator of which is the number of Company Subordinate Voting Shares transferred pursuant to Section 3.1(h)(vii)(F), and the denominator of which is the number of Company Subordinate Voting Shares outstanding immediately following the exchanges in Section 3.1(h)(i) and Section 3.1(h)(iii);

- (viii) each Company Option shall be exchanged for a Replacement Option to acquire from the Purchaser such number of Purchaser Shares as is equal to: (A) the number of Company Subordinate Voting Shares that were issuable upon exercise of such Company Option immediately prior to the Acquisition Effective Time, multiplied by (B) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time (provided that if the foregoing would result in the issuance of a fraction of a Purchaser Share on any particular exercise of a Replacement Option, then the number of Purchaser Shares to otherwise be issued shall be rounded down to the nearest whole number). Such Replacement Options shall provide for an exercise price per Replacement Option (rounded up to the nearest whole cent) equal to the quotient obtained when: (i) the exercise price per Company Subordinate Voting Share that would otherwise be payable pursuant to the Company Option it replaces is divided by (ii) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time, and any document evidencing a Company Option shall thereafter evidence and be deemed to evidence such Replacement Option. Except as provided herein, all terms and conditions of a Replacement Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Company Option for which it was exchanged, and shall be governed by the terms of the Purchaser Equity Incentive Plan, and the exchange shall not provide any optionee with any additional benefits as compared to those under his or her original Company Option. It is intended that subsection 7(1.4) of Tax Act and Sections 1.424-1(a)(5) and 1.409A-1(b)(5)(v)(D) of the U.S. Treasury Regulations, as applicable, apply to such exchange of Company Options. Accordingly, and notwithstanding the foregoing, if required, the exercise price of a Replacement Option will be increased such that the Replacement Option In-The-Money Amount immediately after the exchange does not exceed the Company Option In-The-Money Amount of the Company Option (or a fraction thereof) exchanged for such Replacement Option immediately before the exchange and so on a share-by-share basis, the ratio of the exercise price to the fair market value of the Company Options being exchanged shall not be less favourable to the optionee than the ratio of the exercise price to the fair market value of the Replacement Options immediately following the exchange;

- (ix) each **Company Compensation Option** shall be exchanged for a Replacement Compensation Option to acquire from the Purchaser such number of Purchaser Shares as is equal to: (A) the number of Company Subordinate Voting Shares that were issuable upon exercise of such Company Compensation Option immediately prior to the Acquisition Effective Time, multiplied by (B) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time (provided that if the foregoing would result in the issuance of a fraction of a Purchaser Share on any particular exercise of a Replacement Compensation Option, then the number of Purchaser Shares to otherwise be issued shall be rounded down to the nearest whole number). Such Replacement Compensation Option shall provide for an exercise price per Replacement Compensation Option (rounded up to the nearest whole cent) equal to the quotient obtained when: (i) the exercise price per Company Subordinate Voting Share that would otherwise be payable pursuant to the Company Compensation Option it replaces is divided by (ii) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time, and any document evidencing a Company Compensation Option shall thereafter evidence and be deemed to evidence such Replacement Compensation Option. Except as provided herein, all terms and conditions of a Replacement Compensation Option, including the term to expiry, conditions to and manner of exercising, will be the same as the Company Compensation Option for which it was exchanged, and the exchange shall not provide any optionee with any additional benefits as compared to those under his or her original Company Compensation Option; and
- (x) each **Company RSU** shall be exchanged for a Replacement RSU to acquire from the Purchaser such number of Purchaser Shares as is equal to: (A) the number of Company Subordinate Voting Shares that were issuable upon vesting of such Company RSU immediately prior to the Acquisition Effective Time, multiplied by (B) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time (provided that if the foregoing would result in the issuance of a fraction of a Purchaser Share on any particular conversion of a Replacement RSU, then the number of Purchaser Shares to otherwise be issued shall be rounded down to the nearest whole number). Such Replacement RSU shall provide for a conversion price per Replacement RSU (rounded up to the nearest whole cent) equal to the quotient obtained when: (i) the conversion price per Company Subordinate Voting Share that would otherwise be applicable pursuant to the Company RSU it replaces is divided by (ii) the Exchange Ratio in effect immediately prior to the Acquisition Effective Time, and any document evidencing a Company RSU shall thereafter evidence and be deemed to evidence such Replacement RSU. Except as provided herein, all terms and conditions of a Replacement RSU, including the term to expiry, conditions to and manner of exercising, will be the same as the Company RSU for which it was exchanged, and the exchange shall not provide any holder with any additional benefits as compared to those under his or her original Company RSU.

3.2 Letter of Transmittal.

The Company shall cause the Depositary to send a Letter of Transmittal to each Company Shareholder within 15 Business Days following the receipt by the Depositary of a Purchaser Call Option Exercise Notice or a Triggering Event Notice, as the case may be.

3.3 U.S. Tax Treatment.

The Company and Purchaser intend that for U.S. federal income Tax purposes (and applicable state and local Tax purposes) (i) the Option Premium paid by the Purchaser to an Effective Time Company Shareholder, Effective Time High Street Holder or Effective Time USCo2 Class B Shareholder will not be includible in income of such Effective Time Company Shareholder, Effective Time High Street Holder or Effective Time USCo2 Class B Shareholder until the earlier of: (A) (i) the sale or disposition of such Effective Time Company Shareholder's Company Shares to any person other than the Purchaser, (ii) the sale or disposition of such Effective Time High Street Holder's Common Membership Units to any person other than the Purchaser; (iii) the sale or disposition of such Effective Time USCo2 Class B Shareholder Shares to any person other than the Purchaser, (B) (i) the acquisition of such Effective Time Company Shareholder's Company Shares, (ii) the acquisition of such Effective Time High Street Holder's Common Membership Units; (iii) the acquisition of such Effective Time USCo2 Class B Holder's USCo2 Class B Shares; or (C) the lapse or termination of the Purchaser Call Option, and (ii) the Merger will qualify as a reorganization within the meaning of Sections 368(a)(1)(A) and (a)(2)(E) of the U.S. Tax Code. Subject to applicable Law, upon the occurrence of such transaction, the Purchaser and the Company will file all Tax Returns pursuant to the Purchaser Call Option in a manner consistent with such intent.

3.4 Canadian Tax Treatment.

The Company and the Purchaser intend that for Canadian federal income Tax purposes (and applicable provincial Tax purposes) the Merger will qualify as an amalgamation as defined in subsection 87(9) of the Tax Act.

3.5 No Fractional Purchaser Shares.

No fractional Purchaser Shares will be issued to any Person in connection with this Plan of Arrangement. Where the aggregate number of Purchaser Shares to be issued to a Company Shareholder pursuant to this Arrangement would otherwise result in a fraction of a Purchaser Share being issuable, then the aggregate number of Purchaser Shares to be issued to such Company Shareholder shall be rounded down to the closest whole number and no compensation shall be payable to such Company Shareholder in lieu of any such fractional Purchaser Share.

ARTICLE 4

RIGHTS OF DISSENT

4.1 Rights of Dissent.

Pursuant to the Interim Order, each registered Company Shareholder may exercise rights of dissent (“**Dissent Rights**”) under Section 238 of the BCBCA and in the manner set forth in Sections 242 to 247 of the BCBCA, all as modified by this Article 4 as the same may be modified by the Interim Order or the Final Order in respect of the Arrangement, provided that the written notice of dissent to the Arrangement Resolution contemplated by Section 242 of the BCBCA must be sent to and received by the Company not later than 5:00 p.m. (Vancouver time) on the Business Day that is two Business Days before the Company Meeting. Company Shareholders who validly exercise such rights of dissent and who:

- (a) are ultimately determined to be entitled to be paid fair value by the Purchaser, for the Dissenting Shares in respect of which they have exercised Dissent Rights, notwithstanding anything to the contrary contained in Section 245 of the BCBCA, will be deemed to have irrevocably transferred such Dissenting Shares to the Purchaser pursuant to Section 3.1(a) in consideration of such fair value, and in no case will the Company or the Purchaser or any other Person be required to recognize such holders as holders of Company Shares after the Effective Time, and each Dissenting Company Shareholder will cease to be entitled to the rights of a Company Shareholder in respect of the Company Shares in relation to which such Dissenting Company Shareholder has exercised Dissent Rights and the securities register of the Company will be amended to reflect that such former holder is no longer the holder of such Company Shares as at and from the Effective Time; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for the Dissenting Shares in respect of which they have exercised Dissent Rights, will be deemed to have participated in the Arrangement on the same basis as a Company Shareholder who has not exercised Dissent Rights.

In addition to any other restrictions set forth in the BCBCA, none of the following Persons shall be entitled to exercise Dissent Rights: (i) Company Optionholders (with respect to any Company Options); (ii) Company RSU Holders (with respect to any Company RSUs); (iii) Company Compensation Option Holders (with respect to any Company Compensation Options); and (iv) Company Shareholders who vote in favour of, or who have instructed a proxyholder to vote in favour of, the Arrangement Resolution.

ARTICLE 5
CERTIFICATES AND PAYMENTS

5.1 Payment and Delivery of Consideration.

- (a) Following receipt of the Final Order and prior to the Effective Date, the Purchaser shall deliver, or cause to be delivered, to the Payment Agent, by wire transfer in immediately available funds, an amount sufficient to pay the Aggregate Option Premium payable by the Purchaser to: (i) the Effective Time Company Shareholders in accordance with Section 3.1(c); and (ii) the Effective Time High Street Holders and Effective Time USCo2 Class B Shareholders in accordance with the terms of the Arrangement Agreement.
- (b) Following receipt by the Depositary of a Purchaser Call Option Exercise Notice or a Triggering Event Notice, as the case may be, and prior to the Acquisition Date, the Purchaser shall deliver, or cause to be delivered, to the Depositary a sufficient number of Purchaser Shares (or, to the extent applicable, any Alternate Consideration) to satisfy the Purchaser's obligation to issue Consideration Shares (or, to the extent applicable, any Alternate Consideration) to Company Shareholders in accordance with Sections 3.1(h)(v) and 3.1(h)(vii)(F).
- (c) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Acquisition Effective Time represented outstanding Company Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Company Shareholder(s), a certificate representing the Consideration Shares (or, to the extent applicable, securities representing any Alternate Consideration) which such holder is entitled to receive, which Consideration Shares (or, to the extent applicable, securities representing any Alternate Consideration) will be registered in such name or names and either (A) delivered to the address or addresses as such Company Shareholder directed in their Letter of Transmittal; or (B) made available for pick up at the office of the Depositary in accordance with the instructions of the Company Shareholder in the Letter of Transmittal, and any certificate representing Company Shares so surrendered shall forthwith thereafter be cancelled.
- (d) Until surrendered as contemplated by Section 5.1(c), each certificate that immediately prior to the Acquisition Effective Time represented Company Shares shall be deemed after the Acquisition Effective Time to represent only the right to receive upon such surrender the Consideration Shares (or, to the extent applicable, any Alternate Consideration) in lieu of such certificate as contemplated in Section 5.1(c), less any amounts withheld pursuant to Section 5.3. Any such certificate formerly representing Company Shares not duly surrendered on or before the sixth anniversary of the Acquisition Date shall cease to represent a claim by or interest of any former Company Shareholder of any kind or nature against or in the Company or the Purchaser. On such date, all Consideration Shares (or, to the extent applicable, securities representing any Alternate Consideration) to which such Company Shareholder was entitled shall be deemed to have been surrendered to the Purchaser and shall be paid over by the Depositary to the Purchaser or as directed by the Purchaser.

- (e) No dividends or other distributions declared or made after the Acquisition Date with respect to Purchaser Shares (or, to the extent applicable, securities representing any Alternate Consideration) with a record date on or after the Acquisition Date will be payable or paid to the holder of any unsurrendered certificate or certificates for Company Shares which, immediately prior to the Acquisition Date, represented outstanding Company Subordinate Voting Shares (or Company Shares that were exchanged for Company Subordinate Voting Shares), until the surrender of such certificates to the Depositary. Subject to applicable Law and to Section 5.3, at the time of such surrender, there shall, in addition to the delivery of the Purchaser Shares (or, to the extent applicable, securities representing any Alternate Consideration) to which such Company Shareholder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Acquisition Effective Time theretofore paid with respect to such Purchaser Shares (or, to the extent applicable, securities representing any Alternate Consideration).
- (f) No holder of Company Shares shall be entitled to receive any consideration or entitlement with respect to such Company Shares in connection with the transactions or events contemplated by this Plan of Arrangement other than any consideration or entitlement to which such holder is entitled to receive in accordance with Section 3.1, this Section 5.1 and the other terms of this Plan of Arrangement.

5.2 Lost Certificates.

In the event any certificate which immediately prior to the Acquisition Effective Time represented one or more outstanding Company Shares shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration Shares (or, to the extent applicable, any Alternate Consideration) that such Shareholder has the right to receive in accordance with the Acquisition and such Shareholder's Letter of Transmittal. When authorizing such exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration Shares (or, to the extent applicable, any Alternate Consideration) are to be delivered shall as a condition precedent to the delivery of such Consideration Shares (or, to the extent applicable, any Alternate Consideration), give a bond satisfactory to the Purchaser and the Depositary (each acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser (acting reasonably) against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights.

- (a) The Purchaser, the Company, the Payment Agent or the Depositary shall be entitled to deduct and withhold from any amount payable to any Person under this Plan of Arrangement and the Acquisition (including, without limitation, any amounts payable pursuant to Section 4.1), such amounts as the Purchaser, the Company, the Payment Agent or the Depositary determines, acting reasonably, are required to be deducted and withheld with respect to such payment under the Tax Act, the U.S. Tax Code or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate Governmental Entity.
- (b) Not later than 10 Business Days prior to the Acquisition Date, the Purchaser shall give written notice to the Company of any deduction or withholding set forth in Section 5.3(a) that the Purchaser intends to make or that it anticipates the Payment Agent or Depositary making and afford the Company a reasonable opportunity to dispute any such deduction or withholding.
- (c) Each of the Company, the Purchaser, the Payment Agent and the Depositary is hereby authorized to sell or otherwise dispose of such portion of any Purchaser Shares payable to any Company Shareholder pursuant to this Plan of Arrangement as is necessary to provide sufficient funds to the Company, the Purchaser, the Payment Agent or the Depositary, as the case may be, to enable it to implement such deduction or withholding, and the Company, the Purchaser, the Payment Agent or the Depositary will notify the holder thereof and remit to the holder any unapplied balance of the net proceeds of such sale.

5.4 No Liens.

Any exchange or transfer of securities pursuant to this Plan of Arrangement, including the surrender of Company Shares by Dissenting Company Shareholders, shall be free and clear of any Liens or other claims of third parties of any kind.

5.5 Paramouncy.

From and after the Effective Time this Plan of Arrangement shall take precedence and priority over any and all Company Shares, Company Options, Company RSUs and Company Compensation Options issued or outstanding at or following the Effective Time.

ARTICLE 6 AMENDMENTS

6.1 Amendments to Plan of Arrangement.

- (a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing, (ii) approved by the Purchaser and the Company (subject to the Arrangement Agreement), each acting reasonably, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to or approved by the Company Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting and the Purchaser Meeting (provided that the Purchaser or the Company, subject to the Arrangement Agreement, have each consented in writing thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting and the Purchaser Meeting, respectively (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date and prior to the Acquisition Date by the Purchaser and the Company, provided that it concerns a matter which, in the reasonable opinion of the Purchaser and the Company, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Company Shareholder, High Street Holder or USCo2 Class B Shareholder.

ARTICLE 7 FURTHER ASSURANCES

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

EXHIBIT A

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

ATTACHING TO THE COMPANY SHARES

SUBORDINATE VOTING SHARES

The Company will be authorized to issue an unlimited number of Class A subordinate voting shares (“**Subordinate Voting Shares**”), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

26.1 Voting

The holders of Subordinate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Each Subordinate Voting Share shall entitle the holder thereof to one vote at each such meeting.

26.2 Alteration to Rights of Subordinate Voting Shares

So long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Subordinate Voting Shares expressed by separate special resolution, alter or amend these Articles if the result of such alteration or amendment would:

- (a) prejudice or interfere with any right or special right attached to the Subordinate Voting Shares; or
- (b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

26.3 Purchaser Call Option

Each issued and outstanding Subordinate Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Subordinate Voting Share rights:

- (a) “**Arrangement Agreement**” means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;
- (b) “**Plan of Arrangement**” means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the Business Corporations Act (British Columbia) involving the Company and Canopy Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and

- (c) **“Purchaser Call Option”** has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part of the rights, privileges, restrictions and conditions attached to the Subordinate Voting Shares.

26.4 Dividends

The holders of Subordinate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared thereon by the directors from time to time, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Subordinate Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the Exchange Ratio (as defined in the Plan of Arrangement). The directors may declare no dividend payable in cash or property on the Subordinate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Proportionate Voting Shares, in an amount per Proportionate Voting Share equal to the amount of the dividend declared per Subordinate Voting Share, multiplied by 40; and (ii) the Multiple Voting Shares, in an amount per Multiple Voting Share equal to the amount of the dividend declared per Subordinate Voting Share.

26.5 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the Subordinate Voting Shares shall be entitled to participate *pari passu* with the holders of Proportionate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Subordinate Voting Share equal to each of: (i) the amount of such distribution per Proportionate Voting Share divided by 40; and (ii) the amount of such distribution per Multiple Voting Share.

26.6 Subdivision or Consolidation

The Subordinate Voting Shares shall not be consolidated or subdivided unless the Proportionate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

PROPORTIONATE VOTING SHARES

The Company will be authorized to issue an unlimited number of Class B proportionate voting shares (“**Proportionate Voting Shares**”), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

27.1 Voting

The holders of Proportionate Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 27.3 and 27.4, each Proportionate Voting Share shall entitle the holder to 40 votes and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 40 and rounding the product down to the nearest whole number, at each such meeting.

27.2 Alteration to Rights of Proportionate Voting Shares

So long as any Proportionate Voting Shares remain outstanding, the Company will not, without the consent of the holders of Proportionate Voting Shares and Multiple Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

- (a) prejudice or interfere with any right or special right attached to the Proportionate Voting Shares; or
- (b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate special resolution, each Proportionate Voting Share and Multiple Voting Share shall entitle the holder to one vote and each fraction of a Proportionate Voting Share or Multiple Voting Share will entitle the holder to the corresponding fraction of one vote.

27.3 Shares Superior to Proportionate Voting Shares

The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Proportionate Voting Shares without the consent of the holders of a majority of the Proportionate Voting Shares and Multiple Voting Shares expressed by separate ordinary resolution.

At any meeting of holders of Proportionate Voting Shares and Multiple Voting Shares called to consider such a separate ordinary resolution, each Proportionate Voting Share and Multiple Voting Share will entitle the holder to one vote and each fraction of a Proportional Voting Share and Multiple Voting Share shall entitle the holder to the corresponding fraction of one vote.

27.4 Purchaser Call Option

Each issued and outstanding Proportionate Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Proportionate Voting Share rights:

- (a) **“Arrangement Agreement”** means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;
- (b) **“Plan of Arrangement”** means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and
- (c) **“Purchaser Call Option”** has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part of the rights, privileges, restrictions and conditions attached to the Proportionate Voting Shares.

27.5 Dividends

The holders of Proportionate Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Proportionate Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the PVS Exchange Ratio (as defined in the Plan of Arrangement). The directors may declare no dividend payable in cash or property on the Proportionate Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Proportionate Voting Share divided by 40; and (ii) on the Multiple Voting Shares in an amount equal to the dividend declared per Proportionate Voting Share divided by 40.

Holders of fractional Proportionate Voting Shares shall be entitled to receive any dividend declared on the Proportionate Voting Shares, in an amount equal to the dividend per Proportionate Voting Share multiplied by the fraction thereof held by such holder.

27.6 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Proportionate Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Multiple Voting Shares, with the amount of such distribution per Proportionate Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share multiplied by 40; and (ii) the amount of such distribution per Multiple Voting Share multiplied by 40; and each fraction of a Proportionate Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Proportionate Voting Share.

27.7 Subdivision or Consolidation

The Proportionate Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares and the Multiple Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

27.8 Voluntary Conversion

Subject to the Conversion Limitation set forth in this Article 27.8, holders of Proportionate Voting Shares and Multiple Voting Shares shall have the following rights of conversion (the “**Share Conversion Right**”):

- (a) **Right to Convert Proportionate Voting Shares.** Each Proportionate Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares in respect of which the Share Conversion Right is exercised by 40. Fractions of Proportionate Voting Shares may be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 40.
- (b) **Right to Convert Multiple Voting Shares.** Each Multiple Voting Share shall be convertible at the option of the holder into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares in respect of which the Share Conversion Right is exercised by one. Fractions of Multiple Voting Shares may be converted into such number of Subordinated Voting Shares as is determined by multiplying the fraction by one.
- (c) **Conversion Limitation.** Unless already appointed, upon receipt of a Conversion Notice (as defined below), the directors (or a committee thereof) shall designate an officer of the Company who shall determine whether the Conversion Limitation set forth in this Article shall apply to the conversion referred to therein (the “**Conversion Limitation Officer**”).

- (d) **Foreign Private Issuer Status.** The Company shall use commercially reasonable efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the *Securities Exchange Act* of 1934, as amended (the “**Exchange Act**”). Accordingly, the Company shall not give effect to any voluntary conversion of Proportionate Voting Shares or Multiple Voting Shares pursuant to this Article 27.8 or otherwise, and the Share Conversion Right will not apply, to the extent that after giving effect to all permitted issuances after such conversion of Proportionate Voting Shares or Multiple Voting Shares, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (calculated on the basis that each Subordinate Voting Share, Proportionate Voting Share and Multiple Voting Share is counted once, without regard to the number of votes carried by such share) held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act (“**U.S. Residents**”) would exceed 40% (the “**40% Threshold**”) of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (calculated on the same basis) issued and outstanding (the “**FPI Restriction**”). The directors may by resolution increase the 40% Threshold to a number not to exceed 50%, and if any such resolution is adopted, all references to the 40% Threshold herein shall refer instead to the amended percentage threshold set by the directors in such resolution.
- (e) **Conversion Limitation.** In order to give effect to the FPI Restriction, the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares or Multiple Voting Shares upon exercise by such holder of the Share Conversion Right will be subject to the 40% Threshold based on the number of Proportionate Voting Shares or Multiple Voting Shares held by such holder as of the date of issuance of Proportionate Voting Shares or Multiple Voting Shares to such holder, and thereafter at the end of each of the Company’s subsequent fiscal quarters (each, a “**Determination Date**”), calculated as follows:

$$X = [A \times 40\% - B] \times (C/D)$$

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding.

B = Aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents.

C = Aggregate Number of Proportionate Voting Shares and Multiple Voting Shares held by such holder.

D = Aggregate Number of All Proportionate Voting Shares and Multiple Voting Shares.

The Conversion Limitation Officer shall determine as of each Determination Date, in his or her sole discretion acting reasonably, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents, the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Proportionate Voting Shares or Multiple Voting Shares, the Company will provide each holder of Proportionate Voting Shares or Multiple Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Conversion Limitation Officer in its discretion. To the extent that issuances of Subordinate Voting Shares on exercise of the Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be prorated among each holder of Proportionate Voting Shares or Multiple Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of Articles 27.8(d) and (e), the directors may by resolution waive the application of the Conversion Restriction to any exercise or exercises of the Share Conversion Right to which the Conversion Restriction would otherwise apply, or to future Conversion Restrictions generally, including with respect to a period of time.

(f) **Disputes.**

- (i) Any holder of Proportionate Voting Shares or Multiple Voting Shares who beneficially owns more than 5% of the issued and outstanding Proportionate Voting Shares or Multiple Voting Shares may submit a written dispute as to the calculation of the 40% Threshold or the FPI Restriction by the Conversion Limitation Officer to the directors with the basis for the disputed calculations. The Company shall respond to the holder within five business days of receipt of the notice of such dispute with a written calculation of the 40% Threshold or the FPI Restriction, as applicable. If the holder and the Company are unable to agree upon such calculation of the 40% Threshold or the FPI Restriction, as applicable, within five business days of such response, then the Company and the holder shall, within one business day thereafter submit the disputed calculation of the 40% Threshold or the FPI Restriction to the Company's independent auditor. The Company, at the Company's expense, shall cause the auditor to perform the calculations in dispute and notify the Company and the holder of the results no later than five business days from the time it receives the disputed calculations. The auditor's calculations shall be final and binding on all parties, absent demonstrable error.
- (ii) In the event of a dispute as to the number of Subordinate Voting Shares issuable to a holder of Proportionate Voting Shares or Multiple Voting Shares in connection with a voluntary conversion of Proportionate Voting Shares or Multiple Voting Shares, the Company shall issue to the holder of Proportionate Voting Shares or Multiple Voting Shares the number of Subordinate Voting Shares not in dispute, and resolve such dispute in accordance with Article 27.8(f)(i).

- (g) **Mechanics of Conversion.** Before any holder of Proportionate Voting Shares or Multiple Voting Shares shall be entitled to voluntarily convert Proportionate Voting Shares or Multiple Voting Shares into Subordinate Voting Shares in accordance with Articles 27.8(a) or (b), the holder shall surrender the certificate or certificates representing the Proportionate Voting Shares or Multiple Voting Shares to be converted at the head office of the Company, or the office of any transfer agent for the Proportionate Voting Shares or Multiple Voting Shares, and shall give written notice to the Company at its head office of his or her election to convert such Proportionate Voting Shares or Multiple Voting Shares and shall state therein the name or names in which the certificate or certificates representing the Subordinate Voting Shares are to be issued (a “**Conversion Notice**”). The Company shall (or shall cause its transfer agent to) as soon as practicable thereafter, issue to such holder or his or her nominee, a certificate or certificates or direct registration statement representing the number of Subordinate Voting Shares to which such holder is entitled upon conversion. Such conversion shall be deemed to have taken place immediately prior to the close of business on the day on which the certificate or certificates representing the Proportionate Voting Shares or Multiple Voting Shares to be converted is surrendered and the Conversion Notice is delivered, and the person or persons entitled to receive the Subordinate Voting Shares issuable upon such conversion shall be treated for all purposes as the holder or holders of record of such Subordinate Voting Shares as of such date.

27.9 Mandatory Conversion

Notwithstanding anything to the contrary contained in this Article 27, the Company shall require, in accordance with the Plan of Arrangement, each holder of Proportionate Voting Shares to convert all, and not less than all, of the Proportionate Voting Shares on the Acquisition Date. Each Proportionate Voting Share shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the number of Proportionate Voting Shares by 40. Fractions of Proportionate Voting Shares shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the fraction by 40.

MULTIPLE VOTING SHARES

The Company will be authorized to issue 168,000 Class C multiple voting shares (“**Multiple Voting Shares**”), without nominal or par value, having attached thereto the special rights and restrictions as set forth below:

28.1 Voting

The holders of Multiple Voting Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Company except a meeting at which only the holders of another class or series of shares is entitled to vote. Subject to Articles 28.4 and 28.5, each Multiple Voting Share shall entitle the holder to 3,000 votes and each fraction of a Multiple Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 3,000 and rounding the product down to the nearest whole number, at each such meeting.

28.2 Alteration to Rights of Multiple Voting Shares

So long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of Multiple Voting Shares expressed by separate special resolution alter or amend these Articles if the result of such alteration or amendment would:

- (a) prejudice or interfere with any right or special right attached to the Multiple Voting Shares; or
- (b) affect the rights or special rights of the holders of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares on a per share basis as provided for herein.

At any meeting of holders of Multiple Voting Shares called to consider such a separate special resolution, each Multiple Voting Share shall entitle the holder to one vote and each fraction of a Multiple Voting Share will entitle the holder to the corresponding fraction of one vote.

28.3 Shares Superior to Multiple Voting Shares

The Company may take no action which would authorize or create shares of any class or series having preferences superior to or on a parity with the Multiple Voting Shares without the consent of the holders of a majority of the Multiple Voting Shares expressed by separate ordinary resolution.

At any meeting of holders of Multiple Voting Shares called to consider such a separate ordinary resolution, each Multiple Voting Share will entitle the holder to one vote and each fraction of a Multiple Voting Share shall entitle the holder to the corresponding fraction of one vote.

28.4 Purchaser Call Option

Each issued and outstanding Multiple Voting Share shall, without any action by the holder, be subject to the terms of the Plan of Arrangement (as defined below) and the Purchaser Call Option (as defined below) granted pursuant to the Plan of Arrangement.

For the purposes of these Multiple Voting Share rights:

- (a) **“Arrangement Agreement”** means the arrangement agreement made April 18, 2019 between Canopy Growth Corporation and the Company;
- (b) **“Plan of Arrangement”** means the plan of arrangement contemplated by the Arrangement Agreement implementing an arrangement under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and Canopy Growth Corporation, as such plan of arrangement may be amended from time to time in accordance with the Arrangement Agreement; and
- (c) **“Purchaser Call Option”** has the meaning ascribed to such term in the Plan of Arrangement containing the terms and conditions in Exhibit B to the Plan of Arrangement, a copy of which is set out in Appendix A to this Exhibit A and forms part of the rights, privileges, restrictions and conditions attached to the Multiple Voting Shares.

28.5 Issuance

No additional Multiple Voting Shares are issuable following the date of the Arrangement Agreement.

28.6 Dividends

The holders of Multiple Voting Shares shall be entitled to receive such dividends payable in cash or property of the Company as may be declared by the directors from time to time, provided that at any particular time in the period from the Effective Date (as defined in the Plan of Arrangement) until the earlier to occur of the Acquisition Date (as defined in the Plan of Arrangement) and the Acquisition Closing Outside Date (as defined in the Plan of Arrangement), the aggregate amount of dividends per Multiple Voting Share declared from the Effective Date until such particular time shall not exceed the product obtained when (i) the aggregate amount of dividends, per share, declared by Canopy Growth Corporation (or any successor thereto) on its common shares from the Effective Date until such particular time, is multiplied by (ii) the Exchange Ratio (as defined in the Plan of Arrangement). The directors may declare no dividend payable in cash or property on the Multiple Voting Shares unless the directors simultaneously declare a dividend payable in cash or property on: (i) the Subordinate Voting Shares, in an amount equal to the amount of the dividend declared per Multiple Voting Share; and (ii) on the Proportionate Voting Shares in an amount equal to the dividend declared per Multiple Voting Share multiplied by 40.

Holders of fractional Multiple Voting Shares shall be entitled to receive any dividend declared on the Multiple Voting Shares, in an amount equal to the dividend per Multiple Voting Share multiplied by the fraction thereof held by such holder.

28.7 Liquidation Rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purpose of winding up its affairs, the holders of the Multiple Voting Shares shall be entitled to participate *pari passu* with the holders of Subordinate Voting Shares and Proportionate Voting Shares, with the amount of such distribution per Multiple Voting Share equal to each of: (i) the amount of such distribution per Subordinate Voting Share; and (ii) the amount of such distribution per Proportionate Voting Share divided by 40; and each fraction of a Multiple Voting Share will be entitled to the amount calculated by multiplying the fraction by the amount payable per whole Multiple Voting Share.

28.8 Subdivision or Consolidation

The Multiple Voting Shares shall not be consolidated or subdivided unless the Subordinate Voting Shares and the Proportionate Voting Shares are simultaneously consolidated or subdivided utilizing the same divisor or multiplier.

28.9 Transfer of Multiple Voting Shares

No Multiple Voting Share may be sold, transferred, assigned, pledged or otherwise disposed of, other than: (i) in connection with the conversion of Multiple Voting Shares into Subordinate Voting Shares; (ii) to an immediate family member of the holder; or (iii) a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by the holder or immediate family members of the holder or which the holder or immediate family members of the holder are the sole beneficiaries thereof.

28.10 Mandatory Conversion

Notwithstanding anything to the contrary contained in this Article 28, the Company shall require, in accordance with the Plan of Arrangement, each holder of Multiple Voting Shares to convert all, and not less than all, of the Multiple Voting Shares on the Acquisition Date. Each Multiple Voting Share shall be converted into such number of Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by one. Fractions of Multiple Voting Shares shall be converted into such number of Subordinated Voting Shares as is determined by multiplying the fraction by one.

APPENDIX A

(TO RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

ATTACHING TO THE COMPANY SHARES)

TERMS OF PURCHASER CALL OPTION

Each Purchaser Call Option shall be granted upon and shall be subject to the following terms and conditions:

Definitions

Capitalized terms used but not defined in this Appendix A shall have the meaning ascribed thereto in the Plan of Arrangement (the “**Plan of Arrangement**”).

Grant of Purchaser Call Option

Pursuant to Section 3.1(b) or Section 3.1(d) of the Plan of Arrangement, as applicable, and subject to the terms and conditions of the Plan of Arrangement, including Exhibit B thereto and this Appendix A, the Call Option Grantor grants to the Purchaser, on the Call Option Grant Date, an option (the “**Purchaser Call Option**”) to purchase all of the Company Shares held by the Call Option Grantor on the Acquisition Date immediately following the exchanges referred to in Section 3.1(h)(i) and Section 3.1(h)(iii) of the Plan of Arrangement (such Company Shares, the “**Purchaser Call Option Shares**”), in each case subject to the terms and conditions set out in the Plan of Arrangement, including Exhibit B thereto and this Exhibit A.

Exercise of Purchaser Call Option Prior to Triggering Event Date

The Purchaser Call Option may be exercised by the Purchaser in its sole discretion at any time prior to the Triggering Event Date and before the Purchaser Call Option Expiry Date by delivering to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Exercise of Purchaser Call Option Following Triggering Event Date

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, effective at 5:00 p.m. (Toronto time) on the Triggering Event Date, the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares.

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall, within two Business Days of the Triggering Event Date, deliver to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

If the Purchaser fails to deliver a Purchaser Call Option Exercise Notice to the Depositary in accordance with the immediately preceding paragraph, the Company shall be entitled and shall be required, forthwith following such failure by the Purchaser, to deliver to the Depositary (with a copy to the Purchaser) a Triggering Event Notice specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Issuance of Company Shares Following Exercise or Deemed Exercise of Option

Where a Purchaser Call Option is granted or deemed to be granted pursuant to Section 3.1(d) of the Plan of Arrangement at any time following the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, such Purchaser Call Option effective immediately following the grant or deemed grant of such Purchaser Call Option pursuant to Section 3.1(d) of the Plan of Arrangement.

Expiry of Purchaser Call Option

If the Purchaser Call Option has not been exercised or deemed to have been exercised prior to the Purchaser Call Option Expiry Date, the Purchaser Call Option shall expire and terminate effective as of the Purchaser Call Option Expiry Date and thereafter shall be of no further force or effect.

Notwithstanding anything to the contrary contained herein, if the Purchaser Call Option is exercised or deemed to be exercised prior to the Purchaser Call Option Expiry Date but the closing of the Acquisition has not occurred by the Acquisition Closing Outside Date, the Purchaser Call Option shall expire and terminate effective as of the Acquisition Closing Outside Date and thereafter shall be of no further force or effect.

Effect of Exercise or Deemed Exercise of Purchaser Call Option

Upon the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall be required to purchase from each Call Option Grantor, and each Call Option Grantor shall be required to sell to the Purchaser, on the Acquisition Date, the Company Subordinate Voting Shares held by such Call Option Grantor immediately following the exchange referred to in Section 3.1(h)(iii) of the Plan of Arrangement, in consideration for the payment by the Purchaser to such Call Option Grantor of the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration) for each Company Subordinate Voting Share acquired from such Call Option Grantor, all in accordance with this Exhibit B and the Plan of Arrangement.

Purchase and Sale of Purchaser Call Option Shares Following Exercise of Purchaser Call Option

The closing of the purchase and sale of Purchaser Call Option Shares following the exercise or deemed exercise by the Purchaser of the Purchaser Call Option shall occur on the Acquisition Date as follows:

- 1) Following the exchange referred to in Section 3.1(h)(iii) of the Plan of Arrangement, Company Canadian Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(h)(v) of the Plan of Arrangement; and
- 2) Following the sale by Company Canadian Shareholders of their Company Subordinate Voting Shares to the Purchaser in accordance with Section 3.1(h)(v) of the Plan of Arrangement, Company Non-Canadian Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(h)(vii)(F) of the Plan of Arrangement.

On the Acquisition Date, the Purchaser shall issue to the holder of a Purchaser Call Option Share, for each Purchaser Call Option Share acquired, the Purchaser Share Consideration (or, to the extent applicable, any Alternate Consideration), in accordance with Section 5.1 of the Plan of Arrangement.

Assignment of Company Shares Prior to the Acquisition Date

Notwithstanding the foregoing, the Purchaser Call Option shall not prohibit the sale, assignment or transfer of Company Shares by Call Option Grantors at any time, or from time to time, prior to the Acquisition Date. A Company Shareholder that sells, assigns or transfers Company Shares prior to the Acquisition Date shall, following such sale, assignment or transfer, not be subject to the terms of the Purchaser Call Option in respect of such Company Shares (except to the extent such Company Shareholder subsequently re-acquires such Company Shares). For greater certainty, any acquirer of Company Shares following such sale, assignment or transfer shall be subject to the terms of the Purchaser Call Option in respect of such Company Shares.

Holders of Common Membership Units and USCo2 Class B Shares

The terms provided herein with respect to Company Shares shall apply in all respects to the holders of Common Membership Units and USCo2 Class B Shares except that the Purchaser Call Option may not be exercised before three years after the Acquisition Date with respect to these holders. The exercise of the Purchaser Call Option with respect to these holders is to be effectuated in a manner consistent with Exhibit 1 and Exhibit 2 of the Arrangement Agreement.

EXHIBIT B

TERMS OF PURCHASER CALL OPTION

Each Purchaser Call Option shall be granted upon and shall be subject to the following terms and conditions:

Definitions

Capitalized terms used but not defined in this Exhibit B shall have the meaning ascribed thereto in the Plan of Arrangement to which this Exhibit B is appended (the “**Plan of Arrangement**”).

Grant of Purchaser Call Option

Pursuant to Section 3.1(b) or Section 3.1(d) of the Plan of Arrangement, as applicable, and subject to the terms and conditions set out in this Exhibit B and the Plan of Arrangement, the Call Option Grantor grants to the Purchaser, on the Call Option Grant Date, an option (the “**Purchaser Call Option**”) to purchase all of the Company Shares held by the Call Option Grantor on the Acquisition Date immediately following the exchanges referred to in Section 3.1(h) (i) and Section 3.1(h)(iii) of the Plan of Arrangement (such Company Shares, the “**Purchaser Call Option Shares**”), in each case subject to the terms and conditions set out in this Exhibit B and the Plan of Arrangement.

Exercise of Purchaser Call Option Prior to Triggering Event Date

The Purchaser Call Option may be exercised by the Purchaser in its sole discretion at any time prior to the Triggering Event Date and before the Purchaser Call Option Expiry Date by delivering to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Exercise of Purchaser Call Option Following Triggering Event Date

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, effective at 5:00 p.m. (Toronto time) on the Triggering Event Date, the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares.

Upon the occurrence of the Triggering Event Date prior to the Purchaser Call Option Expiry Date, and provided the Purchaser has not previously exercised the Purchaser Call Option, the Purchaser shall, within two Business Days of the Triggering Event Date, deliver to the Depositary (with a copy to the Company) a Purchaser Call Option Exercise Notice stating that the Purchaser is exercising the Purchaser Call Option with respect to all (but not less than all) of the Purchaser Call Option Shares and specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

If the Purchaser fails to deliver a Purchaser Call Option Exercise Notice to the Depositary in accordance with the immediately preceding paragraph, the Company shall be entitled and shall be required, forthwith following such failure by the Purchaser, to deliver to the Depositary (with a copy to the Purchaser) a Triggering Event Notice specifying the Acquisition Date on which the closing of the purchase and sale of the Purchaser Call Option Shares is to occur, subject to the Acquisition Closing Conditions being satisfied or waived.

Issuance of Company Shares Following Exercise or Deemed Exercise of Option

Where a Purchaser Call Option is granted or deemed to be granted pursuant to Section 3.1(d) of the Plan of Arrangement at any time following the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall exercise, and shall be deemed to have exercised, such Purchaser Call Option effective immediately following the grant or deemed grant of such Purchaser Call Option pursuant to Section 3.1(d) of the Plan of Arrangement.

Expiry of Purchaser Call Option

If the Purchaser Call Option has not been exercised or deemed to have been exercised prior to the Purchaser Call Option Expiry Date, the Purchaser Call Option shall expire and terminate effective as of the Purchaser Call Option Expiry Date and thereafter shall be of no further force or effect.

Notwithstanding anything to the contrary contained herein, if the Purchaser Call Option is exercised or deemed to be exercised prior to the Purchaser Call Option Expiry Date but the closing of the Acquisition has not occurred by the Acquisition Closing Outside Date, the Purchaser Call Option shall expire and terminate effective as of the Acquisition Closing Outside Date and thereafter shall be of no further force or effect.

Effect of Exercise or Deemed Exercise of Purchaser Call Option

Upon the exercise or deemed exercise of the Purchaser Call Option, the Purchaser shall be required to purchase from each Call Option Grantor, and each Call Option Grantor shall be required to sell to the Purchaser, on the Acquisition Date, the Company Subordinate Voting Shares held by such Call Option Grantor immediately following the exchange referred to in Section 3.1(h)(iii) of the Plan of Arrangement, in consideration for the payment by the Purchaser to such Call Option Grantor of the Purchaser Share Consideration (or, in the event a Purchaser Change of Control shall have occurred prior to the Acquisition Date, the Per Share Consideration) for each Company Subordinate Voting Share acquired from such Call Option Grantor, all in accordance with this Exhibit B and the Plan of Arrangement.

Purchase and Sale of Purchaser Call Option Shares Following Exercise of Purchaser Call Option

The closing of the purchase and sale of Purchaser Call Option Shares following the exercise or deemed exercise by the Purchaser of the Purchaser Call Option shall occur on the Acquisition Date as follows:

- 3) Following the exchange referred to in Section 3.1(h)(iii) of the Plan of Arrangement, Company Canadian Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(h)(v) of the Plan of Arrangement; and
- 4) Following the sale by Company Canadian Shareholders of their Company Subordinate Voting Shares to the Purchaser in accordance with Section 3.1(h)(v) of the Plan of Arrangement, Company Non-Canadian Shareholders shall exchange their Company Subordinate Voting Shares for Consideration Shares (or, to the extent applicable, any Alternate Consideration) in accordance with Section 3.1(h)(vii)(F) of the Plan of Arrangement.

On the Acquisition Date, the Purchaser shall issue to the holder of a Purchaser Call Option Share, for each Purchaser Call Option Share acquired, the Purchaser Share Consideration (or, to the extent applicable, any Alternate Consideration), in accordance with Section 5.1 of the Plan of Arrangement.

Assignment of Company Shares Prior to the Acquisition Date

Notwithstanding the foregoing, the Purchaser Call Option shall not prohibit the sale, assignment or transfer of Company Shares by Call Option Grantors at any time, or from time to time, prior to the Acquisition Date. A Company Shareholder that sells, assigns or transfers Company Shares prior to the Acquisition Date shall, following such sale, assignment or transfer, not be subject to the terms of the Purchaser Call Option in respect of such Company Shares (except to the extent such Company Shareholder subsequently re-acquires such Company Shares). For greater certainty, any acquirer of Company Shares following such sale, assignment or transfer shall be subject to the terms of the Purchaser Call Option in respect of such Company Shares.

Holders of Common Membership Units and USCo2 Class B Shares

The terms provided herein with respect to Company Shares shall apply in all respects to the holders of Common Membership Units and USCo2 Class B Shares except that the Purchaser Call Option may not be exercised before three years after the Acquisition Date with respect to these holders. The exercise of the Purchaser Call Option with respect to these holders is to be effectuated in a manner consistent with Exhibit 1 and Exhibit 2 of the Arrangement Agreement.

EXHIBIT C

PURCHASE CALL OPTION EXERCISE NOTICE

CANOPY GROWTH CORPORATION
PURCHASER CALL OPTION EXERCISE NOTICE

TO: Computershare Trust Company of Canada (the “**Depository**”)

AND TO: Acreage Holdings, Inc. (the “**Company**”)

Reference is made to the arrangement agreement between Canopy Growth Corporation (the “**Purchaser**”) and the Company dated April 18, 2019 and the plan of arrangement contemplated thereby (the “**Plan of Arrangement**”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Plan of Arrangement.

In accordance with the terms of the Purchaser Call Option and the Plan of Arrangement, the Purchaser hereby gives notice that it is exercising its rights pursuant to the Purchaser Call Option to acquire all (but not less than all) of the Purchaser Call Option Shares.

The closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur on _____, 20__ (the “**Acquisition Date**”) subject to the satisfaction or waiver of the Acquisition Closing Conditions.

DATED the _____ day of _____, 20__.

CANOPY GROWTH CORPORATION

Per: _____
Authorized Signatory
I have authority to bind the Company.

EXHIBIT D

TRIGGERING EVENT NOTICE

ACREAGE HOLDINGS, INC.

TRIGGERING EVENT NOTICE

TO: Computershare Trust Company of Canada (the “**Depository**”)

AND TO: Canopy Growth Corporation. (the “**Purchaser**”)

Reference is made to the arrangement agreement between the Purchaser and Acreage Holdings, Inc. (the “**Company**”) dated April 18, 2019 and the plan of arrangement contemplated thereby (the “**Plan of Arrangement**”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Plan of Arrangement.

In accordance with the terms of the Purchaser Call Option and the Plan of Arrangement, the Company hereby gives notice that the Triggering Event Date has occurred, and that the Purchaser is therefore deemed to have exercised its rights pursuant to the Purchaser Call Option to acquire all (but not less than all) of the Purchaser Call Option Shares.

The closing of the purchase and sale of the Purchaser Call Option Shares pursuant to the Purchaser Call Option is to occur on _____, 20__ (the “**Acquisition Date**”) subject to the satisfaction or waiver of the Acquisition Closing Conditions.

DATED the _____ day of _____, 20__.

ACREAGE HOLDINGS, INC.

Per: _____

Authorized Signatory

I have authority to bind the Company.

Certificate of Amendment*Canada Business Corporations Act***Certificat de modification***Loi canadienne sur les sociétés par actions*Canopy Growth Corporation

Corporate name / Dénomination sociale

721873-7

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.


Virginie Ethier

Director / Directeur

2015-09-18
 Date of Amendment (YYYY-MM-DD)
 Date de modification (AAAA-MM-JJ)



Industry
Canada

Industrie
Canada

Form 4
Articles of Amendment
Canada Business Corporations Act
(CBCA) (s. 27 or 177)

Formulaire 4
Clauses modificatrices
Loi canadienne sur les sociétés par
actions (LCSA) (art. 27 ou 177)

- 1 Corporate name
Dénomination sociale
TWEED MARIJUANA INC.
- 2 Corporation number
Numéro de la société
721873-7
- 3 The articles are amended as follows
Les statuts sont modifiés de la façon suivante
- The corporation changes its name to:
La dénomination sociale est modifiée pour :
Canopy Growth Corporation

- 4 Declaration: I certify that I am a director or an officer of the corporation.
Déclaration : J'atteste que je suis un administrateur ou un dirigeant de la société.

Original signed by / Original signé par
Timothy Saunders
Timothy Saunders
613-706-2185

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the Privacy Act allow this information to be disclosed to the public. It will be stored in personal information bank number IC79PU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la Loi sur les renseignements personnels permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC79PU-049.

Canada

IC 3069 (2008/04)



Certificate of Amendment

Canada Business Corporations Act

Certificat de modification

Loi canadienne sur les sociétés par actions

TWEED MARIJUANA INC.

Corporate name / Dénomination sociale

721873-7

Corporation number / Numéro de société

I HEREBY CERTIFY that the articles of the above-named corporation are amended under section 178 of the *Canada Business Corporations Act* as set out in the attached articles of amendment.

JE CERTIFIE que les statuts de la société susmentionnée sont modifiés aux termes de l'article 178 de la *Loi canadienne sur les sociétés par actions*, tel qu'il est indiqué dans les clauses modificatrices ci-jointes.

Cheryl Ringor

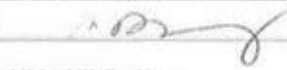
Deputy Director / Directeur adjoint

2014-03-26

Date of Amendment (YYYY-MM-DD)

Date de modification (AAAA-MM-JJ)

Canada Business Corporations Act (CBCA)
FORM 4
ARTICLES OF AMENDMENT
 (Sections 27 or 177)

1 - Corporate name LW Capital Pool Inc.
2 - Corporation number - 7 2 1 8 7 3 - 7
3 - The articles are amended as follows: <i>(Please note that more than one section can be filled out)</i> A: The corporation changes its name to: TWEED MARIJUANA INC.
B: The corporation changes the province or territory in Canada where the registered office is situated to: To complete the change, a Form 3 - Change of Registered Office Address must accompany the Articles of Amendment. n/a
C: The corporation changes the minimum and/or maximum number of directors to: <i>(For a fixed number of directors, please indicate the same number in both the minimum and maximum options).</i> Minimum number <input type="text"/> Maximum number <input type="text"/>
D: Other changes: <i>(e.g., to the classes of shares, to restrictions on share transfers, to restrictions on the businesses of the corporation or to any other provisions that are permitted by the CBCA to be set out in the Articles) Please specify.</i> The Articles of Corporation are hereby amended to consolidate all of the issued and outstanding Common Shares on the basis that each five (5) issued and outstanding Common Share shall become one (1) issued and outstanding Common Shares in the capital of the Corporation; any fractional Common Shares shall be rounded up to the nearest whole number.
4 - Declaration I hereby certify that I am a director or an authorized officer of the corporation. Signature:  Print name: Michael W. Dunleavy Telephone number: (613) 599-9600
Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).



Industry Canada

Industrie Canada

Certificate
of Amendment

Certificat
de modification

Canada Business
Corporations Act

Loi canadienne sur
les sociétés par actions

LW CAPITAL POOL INC.

721873-7

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the articles of the
above-named corporation were amended:

Je certifie que les statuts de la société
susmentionnée ont été modifiés:

- a) under section 13 of the Canada
Business Corporations Act in
accordance with the attached notice;
- b) under section 27 of the Canada
Business Corporations Act as set out in
the attached articles of amendment
designating a series of shares;
- c) under section 179 of the Canada
Business Corporations Act as set out in
the attached articles of amendment;
- d) under section 191 of the Canada
Business Corporations Act as set out in
the attached articles of reorganization;

- ☐ a) en vertu de l'article 13 de la Loi
canadienne sur les sociétés par
actions, conformément à l'avis ci-joint;
- ☐ b) en vertu de l'article 27 de la Loi
canadienne sur les sociétés par
actions, tel qu'il est indiqué dans les
clauses modificatrices ci-jointes
désignant une série d'actions;
- ☒ c) en vertu de l'article 179 de la Loi
canadienne sur les sociétés par
actions, tel qu'il est indiqué dans les
clauses modificatrices ci-jointes;
- ☐ d) en vertu de l'article 191 de la Loi
canadienne sur les sociétés par
actions, tel qu'il est indiqué dans les
clauses de réorganisation ci-jointes;

Richard G. Shaw
Director - Directeur

January 27, 2010 / le 27 janvier 2010

Date of Amendment - Date de modification

Canada



Industry Canada Industrie Canada

Canada Business
Corporations Act

Loi canadienne sur les
sociétés par actions

ELECTRONIC TRANSACTION
REPORT

RAPPORT DE LA TRANSACTION
ÉLECTRONIQUE

ARTICLES OF AMENDMENT
(SECTIONS 27 OR 177)

CLAUSES MODIFICATRICES
(ARTICLES 27 OU 177)

Processing Type - Mode de traitement: E-Commerce/Commerce-É

1. Name of Corporation - Dénomination de la société LW CAPITAL POOL INC.	2. Corporation No. - N° de la société 721873-7
---	---

3. The articles of the above-named corporation are amended as follows:
Les statuts de la société mentionnée ci-dessus sont modifiés de la façon suivante:

1. To delete Section 4 of the Articles of Incorporation (Restrictions, if any, on Share Transfers) in its entirety and replace with "None";
2. To delete Section 7 of the Articles of Incorporation (Other Provisions, if any) in its entirety and replace with the following:

"Number of Directors

The directors may appoint one or more directors, who shall hold office for a term expiring no later than the close of the next annual meeting of shareholders of the Corporation, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders."

Date	Name - Nom	Signature	Capacity of - en qualité
2010-01-27	MICHAEL W. DUNLEAVY		AUTHORIZED OFFICER

Page 1 of 1

Canada



Industry Canada

Industrie Canada

Certificate
of Incorporation

Canada Business
Corporations Act

Certificat
de constitution

Loi canadienne sur
les sociétés par actions

LW CAPITAL POOL INC.

721873-7

Name of corporation-Dénomination de la société

Corporation number-Numéro de la société

I hereby certify that the above-named corporation, the articles of incorporation of which are attached, was incorporated under the Canada Business Corporations Act.

Je certifie que la société susmentionnée, dont les statuts constitutifs sont joints, a été constituée en société en vertu de la Loi canadienne sur les sociétés par actions.

Richard G. Shaw
Director - Directeur

August 5, 2009 / le 5 août 2009

Date of Incorporation - Date de constitution

Canada



Industry Canada Industrie Canada
Canada Business Loi canadienne sur les
Corporations Act sociétés par actions

ELECTRONIC TRANSACTION RAPPORT DE LA TRANSACTION
REPORT ÉLECTRONIQUE
ARTICLES OF INCORPORATION
(SECTION 6) STATUTS CONSTITUTIFS
(ARTICLE 6)

Processing Type - Mode de Traitement: E-Commerce/Commerce-É

1. Name of Corporation - Dénomination de la société
LW CAPITAL POOL INC.

2. The province or territory in Canada where the registered office is to be situated -
La province ou le territoire au Canada où se situera le siège social
ON

3. The classes and any maximum number of shares that the corporation is authorized to issue -
Catégories et le nombre maximal d'actions que la société est autorisée à émettre
The annexed schedule is incorporated in this form.
L'annexe ci-jointe fait partie intégrante de la présente formule.

4. Restrictions, if any, on share transfers - Restrictions sur le transfert des actions, s'il y a lieu
The annexed schedule is incorporated in this form.
L'annexe ci-jointe fait partie intégrante de la présente formule.

5. Number (or minimum and maximum number) of directors - Nombre (ou nombre minimal et maximal) d'administrateurs
Minimum: 1 Maximum: 12

6. Restrictions, if any, on business the corporation may carry on -
Limites imposées à l'activité commerciale de la société, s'il y a lieu
The annexed schedule is incorporated in this form.
L'annexe ci-jointe fait partie intégrante de la présente formule.

7. Other provisions, if any - Autres dispositions, s'il y a lieu
The annexed schedule is incorporated in this form.
L'annexe ci-jointe fait partie intégrante de la présente formule.

8. Incorporators - Fondateurs

Name(s) - Nom(s)
MICHAEL DOULEVY

Address (including postal code) - Adresse (inclure le code postal)
800-515 LEGGET DR.,
KANATA, ONTARIO, CANADA, K2M 3G4

Signature
MICHAEL DOULEVY

Canada

Item 3 - Shares / Rubrique 3 - Actions

The Corporation is authorized to issue an unlimited number of Common Shares which shall have the rights, privileges, restrictions and conditions as set-out herein:

1. Voting

The holders of the Common Shares shall be entitled to receive notice of and to attend and shall be entitled to one (1) vote at any meeting of the shareholders of the Corporation for each Common Share held.

2. Dividends

The holders of the Common Shares shall be entitled to receive dividends as and when the directors shall in their discretion declare dividends on the Common Shares and pay the same.

3. Dissolution

The holders of the Common Shares shall be entitled to receive the remaining property of the Corporation in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

Item 4 - Restrictions on Share Transfers / Rubrique 4 - Restrictions sur le transfert des actions

No share or shares in the capital of the Corporation shall be transferred without the consent of either (a) a majority of the directors of the Corporation expressed by a resolution passed at a meeting of the board of directors or by an instrument or instruments in writing signed by a majority of the directors; or (b) the holders of at least 51% of the outstanding common shares of the Corporation expressed by a resolution passed at a meeting of such shareholders or by an instrument or instruments in writing signed by the holders of at least 51% of the outstanding common shares of the Corporation.

Item 6 - Restrictions - Business / Rubrique 6 - Restrictions - activité commerciale

None

Item 7 - Other Provisions / Rubrique 7 - Autres dispositions

Limitation on Number of Shareholders

The number of shareholders of the Corporation, exclusive of persons who are in its employment and exclusive of persons who, having been formerly in the employment of the Corporation, were, while in that employment and have continued after the termination of that employment to be, shareholders of the Corporation, is limited to 50, two or more persons who are the joint registered owners of one or more shares being counted as one shareholder.

No Public Distribution

Any invitation to the public to subscribe for securities of the Corporation is prohibited.

Number of Directors

The directors may appoint one or more directors, who shall hold office for a term expiring no later than the close of the next annual meeting of shareholders of the Corporation, provided that the total number of directors so appointed may not exceed one-third of the number of directors elected at the previous annual meeting of shareholders.

Transfer of Securities

The corporation's securities, other than non-convertible debt securities, shall not be transferred without either (a) the sanction of a majority of the directors of the corporation, or (b) the sanction of the majority of the shareholders of the corporation, or alternatively (c), if applicable, the restriction contained in security holders' agreements |

BY-LAW NO. 1

**A BY-LAW RELATING GENERALLY TO THE CONDUCT
OF THE BUSINESS AND AFFAIRS OF CANOPY GROWTH CORPORATION (FORMERLY LW
CAPITAL POOL INC.),
A CANADIAN FEDERAL CORPORATION**

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BY-LAW NO. 1
A BY-LAW RELATING GENERALLY TO THE CONDUCT
OF THE BUSINESS AND AFFAIRS OF LW CAPITAL POOL INC.,
A CANADIAN FEDERAL CORPORATION

SECTION 1 - INTERPRETATION

1.1 Definitions

In the By-laws of the Corporation, unless the context otherwise requires:

- (1) “**Act**” means the *Canada Business Corporations Act*, R.S.C. 1985, Chapter C-44, c. B.16, or any statute that may be substituted for it, as from time to time amended;
- (2) “**appoint**” includes “elect” and *vice versa*;
- (3) “**Articles**” means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization and articles of revival of the Corporation and includes any amendments thereto;
- (4) “**Board**” means the board of directors of the Corporation, and “**Director**” means a member of the Board;
- (5) “**By-laws**” means these by-laws and all other by-laws of the Corporation from time to time in force and effect;
- (6) “**Cheque**” includes a draft;
- (7) “**Corporation**” means LW Capital Pool Inc.;
- (8) “**Defaulting Shareholder**” means a shareholder of the Corporation who defaults in the payment of any Shareholder Debt when the same becomes due and payable;
- (9) “**entity**” means a body corporate, a partnership, a trust, a joint venture or an unincorporated association or organization;
- (10) “**Liened Shares**” means the whole or any part of the shares registered in the name of a Defaulting Shareholder;
- (11) “**meeting of shareholders**” means an annual meeting of shareholders and a special meeting of shareholders;
- (12) “**non-business day**” means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Canada) as from time to time amended;
- (13) “**recorded address**” means:
 - (a) in the case of a shareholder, such person’s address as recorded in the securities register;
 - (b) in the case of joint shareholders, the address appearing in the securities register in respect of the joint holding or the first address so appearing if there is more than one;

(c) in the case of an officer, auditor or member of a committee of the Board, such person's latest address as recorded in the records of the Corporation; and

(d) in the case of a Director, such person's latest address as recorded in the most recent notice filed under the Act;

(14) **"resident Canadian"** means an individual who is:

(a) a Canadian citizen ordinarily resident in Canada;

(b) a Canadian citizen not ordinarily resident in Canada who is a member of a prescribed class of persons as defined in the regulations to the Act; or

(c) a permanent resident within the meaning of the *Immigration Act* (Canada) and ordinarily resident in Canada, except a permanent resident who has been ordinarily resident in Canada for more than one year after the time at which such person first became eligible to apply for Canadian citizenship;

(15) **"Shareholder Debt"** means any principal or interest due in respect of any indebtedness owing by the holder of shares of any class or series of the Corporation, including, without limitation, an amount unpaid in respect of a share issued by a body corporate on the date it was continued under this Act;

(16) **"special meeting of shareholders"** includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders; and

(17) **"Unanimous Shareholder Agreement"** means an otherwise lawful written agreement among all of the shareholders of the Corporation or among all such shareholders and one or more persons who are not shareholders, or a written declaration of the beneficial owner of all of the issued shares of the Corporation, that restricts in whole or in part the powers of the Directors to manage or supervise the management of the business and affairs of the Corporation, as from time to time amended.

1.2 Other Definitions

Other than as specified above, words and expressions defined in the Act, have the same meanings when used herein. Words importing the singular number include the plural and *vice versa*; words importing gender include the masculine, feminine and neuter genders; and words importing a person include an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate and a natural person in such person's capacity as trustee, executor, administrator or other legal representative.

SECTION 2 - GENERAL BUSINESS

2.1 Corporate Seal

The Corporation may, but need not, adopt a corporate seal and, if one is adopted, it may be changed from time to time by the Board.

2.2 Financial Year

The Board may, by resolution, fix the financial year-end of the Corporation and may from time to time, by resolution, change the financial year-end of the Corporation.

2.3 Execution of Instruments

- (1) Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any Director or officer of the Corporation.
- (2) In addition, the Board may from time to time authorize any other person or persons to sign any particular instruments.
- (3) The Secretary, or any other officer or any Director, may sign certificates and similar instruments (other than share certificates) on the Corporation's behalf with respect to any factual matters relating to the Corporation's business and affairs, including, without limitation, certificates verifying copies of the Articles, By-laws, resolutions and minutes of meetings of the Corporation. Any signing officer may affix the corporate seal to any instrument requiring the same.
- (4) The signature of any person authorized to sign on behalf of the Corporation may, if specifically authorized by resolution of the Board, be written, printed, stamped, engraved, lithographed or otherwise mechanically reproduced or may be an electronic signature. Anything so signed shall be as valid as if it had been signed manually, even if that person has ceased to hold office when anything so signed is issued or delivered, until revoked by resolution of the Board.

2.4 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies, credit unions or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe.

SECTION 3 - BORROWING AND SECURITY

3.1 Borrowing Power

- (1) Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the Articles and any Unanimous Shareholder Agreement, the Board may from time to time on behalf of the Corporation, without authorization of the shareholders:
 - (a) borrow money upon the credit of the Corporation;
 - (b) issue, reissue, sell or pledge bonds, debentures, notes or other debt obligations or guarantees of the Corporation, whether secured or unsecured;
 - (c) give, directly or indirectly, financial assistance to any person by means of a loan, a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person, or otherwise; and
 - (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including, without limitation, accounts, rights, powers, franchises and undertakings to secure any such bonds, debentures, notes or other debt obligations or guarantees or any other present or future indebtedness, liability or obligation of the Corporation.

- (2) Nothing in Section 3.1(1) limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.2 Delegation

Subject to the Act, the Articles and any Unanimous Shareholder Agreement, the Board may from time to time delegate to a committee of the Board, a Director or an officer of the Corporation or any other person as may be designated by the Board all or any of the powers conferred on the Board by Section 3.1 or by the Act to such extent and in such manner as the Board may determine at the time of such delegation.

SECTION 4 - DIRECTORS

4.1 Duties of Directors

Subject to any Unanimous Shareholder Agreement, the Board shall manage or supervise the management of the business and affairs of the Corporation.

4.2 Number of Directors

Until changed in accordance with the Act, the Board shall consist of not fewer than the minimum number and not more than the maximum number of Directors as set out in the Articles.

4.3 Qualification

- (1) No person shall be qualified for election or appointment as a Director if such person:
- (a) is less than 18 years of age;
 - (b) is of unsound mind and has been so found by a court in Canada or elsewhere;
 - (c) is not an individual; or
 - (d) has the status of a bankrupt.
- (2) A Director need not be a shareholder.
- (3) Not less than 25% of the Directors shall be resident Canadians; however, in the event that the Corporation has only two directors, one of its Directors shall be a resident Canadian.

4.4 Election and Term

- (1) Directors shall be elected by the shareholders at the first meeting of shareholders after the effective date of this By-law and at each succeeding annual meeting at which an election of Directors is required, and shall hold office until the next annual meeting of shareholders or, if elected for an expressly stated term, for a term expiring not later than the close of the third annual meeting of shareholders following the election.
- (2) The election of Directors shall be by resolution, or if demanded by a shareholder or a proxyholder, by ballot.
- (3) If an election of Directors is not held at the proper time, the incumbent Directors shall continue in office until their successors are elected.

(4) A person who is elected or appointed to hold office as a Director is not a Director and is deemed not to have been elected or appointed to hold office as a Director unless:

(a) such person was present at the meeting when the election or appointment took place and such person did not refuse to hold office as a Director; or

(b) such person was not present at the meeting when the election or appointment took place, and:

(i) such person consented to hold office as a Director in writing before the election or appointment or within 10 days after it; or

(ii) such person has acted as a Director pursuant to the election or appointment.

4.5 Removal of Directors

Subject to the Act, the shareholders may by ordinary resolution passed, at an annual or special meeting of shareholders, remove any Director from office, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the Board.

4.6 Ceasing to Hold Office

A Director ceases to hold office when:

(a) such person dies;

(b) such person is removed from office by the shareholders;

(c) such person ceases to be qualified for election as a Director; or

(d) such person's written resignation is received by the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later.

4.7 Filling Vacancies

Subject to the Act and any Unanimous Shareholder Agreement, a quorum of the Board may fill a vacancy in the Board, except for a vacancy resulting from:

(a) an increase in the number or minimum number of Directors;

(b) a failure of the shareholders to elect the number or minimum number of Directors provided for in the Articles.

4.8 Action by the Board

(1) Subject to any Unanimous Shareholder Agreement, the Board shall exercise its powers by or pursuant to a By-law or resolution either by the signatures of all the Directors then in office, if constituting a quorum or passed at a meeting of the Directors at which a quorum is present and at which not less than 25% of the Directors present are resident Canadians.

(2) Where there is a vacancy in the Board, the remaining Directors may exercise all the powers of the Board so long as a quorum remains in office.

4.9 Conflict of Interest

A Director who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose in writing to the Corporation, or request to have entered in the minutes of the meeting of Directors, the nature and extent of such person's interest at the time and in the manner provided by the Act. Such a Director may participate in any discussion related thereto but shall not vote on any resolution to approve the same except as provided by the Act.

4.10 Remuneration and Expenses

Subject to any Unanimous Shareholder Agreement, the Directors shall be paid such remuneration for their services as the Board may from time to time determine. The Directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any Director from serving the Corporation in any other capacity and receiving remuneration therefor.

SECTION 5 - MEETINGS OF DIRECTORS

5.1 Resident Canadian Directors at Meetings

Subject to the Act and any Unanimous Shareholder Agreement, the Board shall not transact business at a meeting, unless the required number of Directors present are resident Canadians, except where:

(a) a resident Canadian Director who is unable to be present approves in writing or by telephonic, electronic or other communication facility, the business transacted at the meeting; and

(b) the required number of resident Canadian Directors would have been present had that Director been present at the meeting.

5.2 Meeting by Telephone or Electronic Facilities

If all the Directors consent thereto generally or in respect of a particular meeting, a Director may participate in a meeting of the Board or of a committee of the Board by means of such telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, and a Director participating in such a meeting by such means shall be deemed to be present at such meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the Board and of committees of the Board.

5.3 Calling of Meetings

Meetings of the Board shall be held from time to time at such time and at such place as the Board, the Chairperson of the Board, the Chief Executive Officer, the President or any two Directors may determine.

5.4 Notice of Meeting

(1) Notice of the time and place of each meeting of the Board shall be given in the manner provided in Section 10 to each Director:

(a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed; or

(b)not less than 24 hours before the time the meeting is to be held if the notice is given personally, is delivered or sent by any means of transmitted or recorded communication.

- (2) A notice of a meeting of Directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business or the general nature thereof to be specified.

5.5 Waiver of Notice

A Director may in any manner or at any time waive notice of or otherwise consent to a meeting of the Board. Attendance of a Director at a meeting of the Board shall constitute a waiver of notice of that meeting except where a Director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been properly called.

5.6 First Meeting of New Board

As long as a quorum of Directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of shareholders at which such Board is elected.

5.7 Adjourned Meeting

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

5.8 Regular Meetings

The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

5.9 Chairperson and Secretary

The chairperson of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a Director and is present at the meeting: Chairperson of the Board; Chief Executive Officer; or President. If no such officer is present, the Directors present shall choose one of their number to be chairperson. The Secretary shall act as secretary of any meeting of the Board, and, if the Secretary is absent, the chairperson of the meeting shall appoint a person who need not be a Director to act as secretary of the meeting.

5.10 Quorum

Subject to Section 5.1 and any Unanimous Shareholder Agreement, a majority of the Directors constitutes a quorum at a meeting of the Board.

5.11 Votes to Govern

- (1) At all meetings of the Board, every question shall, subject to any Unanimous Shareholder Agreement, be decided by a majority of the votes cast on the question.

- (2) Unless a ballot is demanded, an entry in the minutes of a meeting to the effect that the chairperson of the meeting declared a resolution to be carried or defended is, in the absence of evidence to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

5.12 Casting Vote

In case of an equality of votes at a meeting of the Board, the chairperson of the meeting shall, subject to any Unanimous Shareholder Agreement, not be entitled to a second or casting vote.

5.13 Resolution in Lieu of Meeting

A resolution in writing, signed by all the Directors entitled to vote on that resolution at a meeting of Directors, is as valid as if it had been passed at a meeting of Directors.

5.14 One Director Meeting

Where the Board consists of only one Director, that Director may constitute a meeting.

SECTION 6 - OFFICERS

6.1 Appointment

Subject to any Unanimous Shareholder Agreement, the Board may from time to time designate the offices of the Corporation and from time to time appoint a Chairperson of the Board, Chief Executive Officer, President, one or more vice-presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and such other officers as the Board may determine, including, without limitation, one or more assistants to any of the officers so appointed. One person may hold more than one office. The Board may specify the duties of and, in accordance with these By-laws and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for the Chairperson of the Board and the Chief Executive Officer, an officer may but need not be a Director.

6.2 Chairperson of the Board

The Board may from time to time appoint a Chairperson of the Board who shall be a Director. If appointed, the Board may assign to the Chairperson of the Board any of the powers and duties that are by any provisions of these By-laws assigned to the Chief Executive Officer or to the President. The Chairperson shall have such other powers and duties as the Board may specify.

6.3 Chief Executive Officer

The Board may from time to time appoint a Chief Executive Officer. If appointed, subject to the authority of the Board, the Chief Executive Officer shall have general supervision of the business and affairs of the Corporation. The Chief Executive Officer shall have such other powers and duties as the Board may specify. During the absence or disability of the President, or if no President has been appointed, the Chief Executive Officer shall also have the powers and duties of that office.

6.4 President

If appointed, the President shall, subject to the authority of the Board, have general supervision of the business of the Corporation. The President shall have such other powers and duties as the Board may specify. During the absence or disability of the Chief Executive Officer, or if no Chief Executive Officer has been appointed, the President shall also have the powers and duties of that office.

6.5 Secretary

Unless otherwise determined by the Board, the Secretary shall attend and be the secretary of all meetings of the Board, shareholders and committees of the Board that such person attends. The Secretary shall enter or cause to be entered in records kept for that purpose minutes of all proceedings at meetings of the Board, shareholders and committees of the Board, whether or not such person attends such meetings. The Secretary shall give or cause to be given, as and when instructed, all notices to shareholders, Directors, officers, auditors and members of committees of the Board. The Secretary shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, records and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose. The Secretary shall have such other powers and duties as otherwise may be specified.

6.6 Treasurer

The Treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation. The Treasurer shall render to the Board whenever required an account of all such person's transactions as treasurer and of the financial position of the Corporation. The Treasurer shall have such other powers and duties as otherwise may be specified.

6.7 Powers and Duties of Officers

The powers and duties of all officers shall be such as the terms of their engagement call for or as the Board or (except for those whose powers and duties are to be specified only by the Board) the chief executive officer may specify. The Board and (except as aforesaid) the chief executive officer may, from time to time and subject to the provisions of the Act and any Unanimous Shareholder Agreement, vary, add to or limit the powers and duties of any officer. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the chief executive officer otherwise directs.

6.8 Term of Office

Subject to any Unanimous Shareholder Agreement, the Board, in its discretion, may remove any officer of the Corporation. Otherwise, each officer appointed by the Board shall hold office until such person's successor is appointed or until such person's earlier resignation.

6.9 Agents and Attorneys

The Board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including, without limitation, the power to sub-delegate) of management, administration or otherwise as may be thought fit.

6.10 Conflict of Interest

An officer shall disclose such person's interest in any material contract or transaction or proposed material contract or transaction with the Corporation in accordance with Section 4.9.

6.11 Fidelity Bonds

The Board may require such officers, employees and agents of the Corporation as the Board deems advisable to furnish bonds for the faithful discharge of their duties, in such form and with such surety as the Board may from time to time prescribe.

SECTION 7 - PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.1 Limitation of Liability

Every Director and officer of the Corporation in exercising such person's powers and discharging such person's duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no Director or officer shall be liable for the acts, omissions, failures, neglects or defaults of any other Director, officer or employee, or for joining in any act for conformity, or for any loss, damage or expense suffered or incurred by the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on such person's part, or for any other loss, damage or misfortune which shall happen in the execution of the duties of such person's office or in relation thereto. Nothing herein shall relieve any Director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

7.2 Indemnity

- (1) The Corporation shall indemnify a Director or officer of the Corporation, a former Director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a Director or officer (or an individual acting in a similar capacity) of another entity, against all costs, charges and expenses, including, without limitation, an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.
- (2) The Corporation shall advance monies to a Director, officer or other individual for the costs, charges and expenses of a proceeding referred to in Section 7.2(1). Such person shall repay such monies if such person does not fulfil the conditions of Section 7.2(3).
- (3) The Corporation shall not indemnify a person under Section 7.2(1) unless such person:
 - (a) acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which such person acted as a director or officer or in a similar capacity at the Corporation's request; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person had reasonable grounds for believing that such person's conduct was lawful.

- (4) The Corporation shall also indemnify a person referred to in Section 7.2(1) in such other circumstances as the Act or law permits or requires. Nothing in these By-laws shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of these By-laws.

7.3 Insurance

Subject to the Act, the Corporation may purchase and maintain such insurance for the benefit of any individual referred to in Section 7.2(1) as the Board may from time to time determine.

SECTION 8 - SECURITIES

8.1 Options or Rights

Subject to the Act, the Articles and any Unanimous Shareholder Agreement, the Board may from time to time issue or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine, except that no share shall be issued until it is fully paid as provided by the Act.

8.2 Commissions

The Board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of such person's purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

8.3 Securities Register

The Corporation shall prepare and maintain, at its registered office or, subject to the Act, at any other place designated by the Board, a securities register in which it records the securities issued by it in registered form, showing with respect to each class or series of securities:

(a) the names, alphabetically arranged, of each person who:

(i) is or has been registered as a shareholder of the Corporation, the latest known address including, without limitation, the street and number, if any, of every such person while a holder, and the number and class of shares registered in the name of such holder; or

(ii) is or has been registered as a holder of debt obligations of the Corporation, the latest known address including, without limitation, the street and number, if any, of every such person while a holder, and the class or series and principal amount of the debt obligations registered in the name of such holder; and

(b) the date and particulars of the issue and transfer of each security.

8.4 Registration of Transfers

Subject to the Act, no transfer of a share shall be registered in a securities register except on presentation of the certificate representing the share with an endorsement which complies with the Act made on or delivered with it duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the Board may from time to time prescribe, on payment of all applicable taxes and any reasonable fees prescribed by the Board, on compliance with the restrictions on issue, transfer or ownership authorized by the Articles or any Unanimous Shareholder Agreement and on satisfaction of any lien referred to in Section 8.11(1).

8.5 Transfer Agents and Registrars

The Board may from time to time, in respect of each class of securities issued by it, appoint one or more trustees, transfer or other agents to keep the securities register and a registrar, trustee or agent to maintain a central securities register of issued security certificates and may appoint one or more persons or agents to keep branch registers, and, subject to the Act, one person may be appointed to keep the securities register and the records of issued security certificates. Such a person may be designated as transfer agent or registrar according to its functions, and one person may be designated both registrar and transfer agent. The Board may at any time terminate such appointment.

8.6 Non-recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any security as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect of the security, and otherwise to exercise all the rights and powers of an owner of the security.

8.7 Security Certificates

- (1) Every holder of one or more securities of the Corporation shall be entitled, at such person's option, to a security certificate, or to a non-transferable written certificate of acknowledgement of such person's right to obtain a security certificate, stating the number and class or series of shares held by such person as shown on the securities register. The certificates shall be in such form as the Board may from time to time approve and need not be under the corporate seal. Unless otherwise ordered by the Board, any such certificate shall be signed by at least one of the following persons, or the signature shall be printed or otherwise mechanically reproduced on the certificate:
 - (a) a Director or officer of the Corporation;
 - (b) a registrar, transfer agent or branch transfer agent of the Corporation, or an individual on their behalf; and
 - (c) a trustee who certifies it in accordance with a trust indenture.
- (2) Unless the Board otherwise determines, certificates in respect of which a transfer agent or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent or registrar.
- (3) Signatures of signing officers may be printed or mechanically reproduced in facsimile upon security certificates and every such facsimile shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A security certificate executed as aforesaid shall be valid notwithstanding that the person has ceased to be a Director or an officer of the Corporation.

8.8 Replacement of Security Certificates

The Board may in its discretion (or any officer or agent designated by the Board may in such person's discretion) direct the issue of a new share or other such certificate in lieu of and on cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, apparently destroyed or wrongfully taken, on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

8.9 Joint Holders

If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect of that security, and delivery of such certificate to one of those persons shall be sufficient delivery to all of them. Any one of those persons may give effectual receipts for the certificate issued in respect of it or for any dividend, interest, bonus, return of capital or other money payable or warrant issuable in respect of that security.

8.10 Deceased Holders

In the event of the death of a holder, or of one of the joint holders of any security, the Corporation shall not be required to make any entry in the securities register in respect of the death or to make any dividend, interest or other payments in respect of the security except on production of all such documents as may be required by law.

8.11 Enforcement of Lien

(1) If any Defaulting Shareholder defaults in the payment due in respect of any Shareholder Debt when the same becomes due and payable and continues in default for a period of 15 days after the Corporation has given notice in writing of such default to the Defaulting Shareholder:

(a) the Corporation may sell all or any part of the Liened Shares at a *bona fide* public or private sale or auction;

(b) the terms and manner of the auction or sale shall be in the sole discretion of the Corporation;

(c) the Corporation may accept any offer which it in its absolute discretion considers advisable upon such terms, whether for cash or credit or partly cash and partly credit, as it in its discretion considers advisable;

(d) notice of any public or private sale or auction shall be given to the Defaulting Shareholder at least 15 days prior to the date on which such sale is held;

(e) the proceeds of such sale shall be used and applied in descending order as follows:

(i) first, to the cost and expense of such sale incurred by the Corporation, including, without limitation, legal fees, disbursements and charges;

(ii) second, to reimburse the Corporation for out-of-pocket expenses incurred in connection with the sale;

(iii) third, for the payment in full of the Shareholder Debt and all other sums due to the Corporation by the Defaulting Shareholder; and

(iv) the balance, if any, to the Defaulting Shareholder;

(f) if the proceeds of the sale are insufficient to pay the Shareholder Debt, the Defaulting Shareholder shall remain liable for any such deficiency;

(g) the Corporation may apply any dividends or other distributions paid or payable on or in respect of the Liened Shares in repayment of the Shareholder Debt;

(h) where the Liened Shares are redeemable pursuant to the Articles or may be repurchased at a price determined pursuant to the terms of any Unanimous Shareholder Agreement, the Corporation may redeem or repurchase all or any part of the Liened Shares and apply the redemption or repurchase price to the Shareholder Debt; and

(i) the Corporation may refuse to register a transfer of all or part of the Liened Shares until the Shareholder Debt is paid.

- (2) In exercising one or more of the rights granted in Section 8.11(1), the Corporation shall not prejudice or surrender any other rights of enforcement of its lien which may by law be available to it, or any other remedy available to the Corporation for collection of the Shareholder Debt, and the Defaulting Shareholder shall remain liable for any deficiency remaining.

SECTION 9 - MEETINGS OF SHAREHOLDERS

9.1 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year and, subject to Section 9.4, at such place as the Board may from time to time determine, for the purpose of considering the minutes of an earlier meeting, considering the financial statements and reports required by the Act to be placed before the annual meeting, electing Directors, appointing or waiving the appointment of an auditor, fixing or authorizing the Directors to fix the remuneration payable to any such auditor and for the transaction of such other business as may properly be brought before the meeting.

9.2 Special Meetings

The Board shall have power to call a special meeting of shareholders at any time.

9.3 Meeting Held by Electronic Means

- (1) Any person entitled to attend a meeting of shareholders may vote and otherwise participate in the meeting by means of a telephonic, electronic or other communication facility made available by the Corporation that permits all participants to communicate adequately with each other during the meeting. A person participating in a meeting of shareholders by such means is deemed to be present at the meeting.
- (2) Directors who call (but not shareholders who requisition) a meeting of shareholders may determine that:
- (a) the meeting shall be held, in accordance with the regulations, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting; and
- (b) any vote shall be held, in accordance with the regulations, entirely by means of a telephone, electronic or other communication facility that the corporation has made available for that purpose.
- (3) Any vote at a meeting of shareholders may be carried out by means of a telephonic, electronic or other communication facility, if the facility:
- (a) enables the votes to be gathered in a manner that permits their subsequent verification; and
- (b) permits the tallied votes to be presented to the Corporation without it being possible for the Corporation to identify how each shareholder or group of shareholders voted.

9.4 Place of Meetings

- (1) Meetings of shareholders shall be held at such place in Canada as the Directors determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located. If all the shareholders entitled to vote at that meeting so agree or the Articles specify a place outside Canada where a meeting of shareholders may be held, a meeting of shareholders of the Corporation may be held outside Canada. A meeting held under Section 9.3 shall be deemed to be held at the place where the registered office of the Corporation is located.
- (2) A shareholder who attends a meeting of shareholders held outside Canada is deemed to have agreed to it being held outside Canada except when the shareholder attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

9.5 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 10, in the case of a distributing corporation, not less than 21 days and, in the case of any other corporation, not less than 10 days, but in either case, not more than 60 days before the date of the meeting to each Director, to any auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to receive notice of or vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the minutes of an earlier meeting, financial statements and auditor's report, election of Directors and reappointment of the incumbent auditor or fixing or authorizing the Directors to fix the remuneration payable to such auditor shall state or be accompanied by a statement of:

- (a) the nature of the business in sufficient detail to permit the shareholders to form a reasoned judgment on it; and
- (b) the text of any special resolution to be submitted to the meeting.

9.6 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to Section 9.7, the shareholders listed shall be those registered at the close of business on that record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared. Where a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such a meeting shall be deemed to be a list of shareholders.

9.7 Record Date for Notice

The Board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall be given not less than seven days before the record date, by advertisement in a newspaper published or distributed in the place where the Corporation has its registered office and in each place in Canada where it has a transfer agent or where a transfer of the Corporation's shares may be recorded, and, where applicable, by written notice to each stock exchange in Canada on which the Corporation's shares are listed for trading unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register of the Corporation at the close of business on the day the Directors fix the record date. If no such record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day preceding the day on which the notice is given or, if no notice is given, shall be the day on which the meeting is held.

9.8 Meetings Without Notice

- (1) A meeting of shareholders may be held without notice at any time and place permitted by the Act if:
 - (a) all the shareholders entitled to vote at the meeting are present in person or duly represented or if those not present or represented waive notice of or otherwise consent to the meeting being held; and
 - (b) the auditor and the Directors are present or waive notice of or otherwise consent to the meeting being held, so long as the shareholders, auditor or Directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
- (2) At a meeting held under Section 9.8(1), any business may be transacted which the Corporation may transact at a meeting of shareholders.

9.9 Chairperson, Secretary and Scrutineers

The chairperson of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairperson of the Board; Chief Executive Officer; President; or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairperson. If the Secretary is absent, the chairperson shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairperson with the consent of the meeting.

9.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of the shareholders shall be those entitled to attend or vote at the meeting, the Directors, auditor, legal counsel of the Corporation and others who, although not entitled to attend or vote, are entitled or required under any provision of the Act, the Articles, By-laws or Unanimous Shareholder Agreement to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting.

9.11 Quorum

Subject to any Unanimous Shareholder Agreement, a quorum of shareholders is present at a meeting of shareholders irrespective of the number of persons actually present at the meeting, if at least two shareholders are present in person or represented by proxy. A quorum need not be present throughout the meeting provided that a quorum is present at the opening of the meeting. If a quorum is not present at the time appointed for the meeting or within a reasonable time after that the shareholders may determine, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

9.12 Right to Vote

Every person named in the list referred to in Section 9.6 shall be entitled to vote the shares shown on the list opposite such person's name at the meeting to which the list relates.

9.13 Proxyholders and Representatives

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, as such person's nominee to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing or electronic signature executed by the shareholder or such person's attorney and shall conform with the requirements of the Act. Alternatively, every shareholder which is a body corporate or other legal entity may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and that individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of the resolution, or in such other manner as may be satisfactory to the Secretary or the chairperson of the meeting. Any such proxyholder or representative need not be a shareholder. The proxy is valid only at the meeting in respect of which it is given or any adjournment thereof.

9.14 Time for Deposit of Proxies

The Board may fix a time not exceeding 48 hours, excluding non-business days, preceding any meeting or adjourned meeting of shareholders before which time proxies to be used at the meeting must be deposited with the Corporation or its agent, and any time so fixed shall be specified in the notice calling the meeting. A proxy shall be acted on only if, before the time so specified, it has been deposited with the Corporation or its agent specified in the notice or if, no such time having been specified in the notice, it has been received by the Secretary or by the chairperson of the meeting before the time of voting.

9.15 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholders may, in the absence of the other or others, vote the shares, but, if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

9.16 Votes to Govern

At any meeting of shareholders, every question shall, unless otherwise required by the Articles, By-laws, any Unanimous Shareholder Agreement or by law, be determined by a majority of the votes cast on the question.

9.17 Casting Vote

In case of an equality of votes at any meeting of shareholders either on a show of hands or on a poll, the chairperson of the meeting shall not, subject to any Unanimous Shareholder Agreement, be entitled to a second or casting vote.

9.18 Show of Hands

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, unless a ballot is required or demanded as provided. On a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands has been taken on a question, unless a ballot is demanded, an entry in the minutes of a meeting of shareholders to the effect that the chairperson declared a resolution to be carried or defeated is, in the absence of proof to the contrary, proof of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

9.19 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken on it, the chairperson may require a ballot or any person who is present and entitled to vote on the question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson shall direct. A requirement or demand for a ballot may be withdrawn at any time before the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting on the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders on the question.

9.20 Adjournment

The chairperson at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it will not be necessary to give notice of the adjourned meeting, other than by announcement at the original meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

9.21 Resolution in Lieu of Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless, in accordance with the Act:

(a) in the case of the resignation or removal of a Director, or the appointment or election of another person to fill the place of that Director, a written statement is submitted to the Corporation by the Director giving the reasons for such person's resignation or the reasons why such person opposes any proposed action or resolution for the purpose of removing such person from office or the election of another person to fill the office of that Director; or

(b) in the case of the removal or resignation of an auditor, or the appointment or election of another person to fill the office of auditor, representations in writing are made to the Corporation by that auditor concerning its proposed removal, the appointment or election of another person to fill the office of auditor or its resignation.

9.22 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

SECTION 10 - NOTICES

10.1 Method of Giving Notices

Any notice (which term includes, without limitation, any communication or document) to be given (which term includes, without limitation, sent, delivered or served) pursuant to the Act, the regulations, the Articles, the By-laws, any Unanimous Shareholder Agreement or otherwise to a shareholder, Director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given or if mailed to such person at such person's recorded address by prepaid, ordinary or air mail, or if sent to such person at such person's recorded address by means of any telephonic, electronic or other communication facility. A notice so delivered shall be deemed to have been given when it is delivered personally and a notice so mailed shall be deemed to have been given when deposited in a post office or public mailbox. A notice sent by any means of electronic or recorded telephonic communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency. The Secretary may change or cause to be changed the recorded address of any shareholder, Director, officer, auditor or member of a committee of the Board in accordance with any information believed by such person to be reliable.

10.2 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all such joint holders, but notice addressed to one of those persons shall be sufficient notice to all of them.

10.3 Computation of Time

In computing the period of days when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the period shall be deemed to begin on the day following the event that began the period and shall be deemed to end at midnight of the last day of the period, except that, if the last day of the period falls on a non-business day, the period shall end at midnight on the day next following that is not a non-business day.

10.4 Undelivered Notices

If any notice given to a shareholder pursuant to Section 10.1 is returned on two consecutive occasions because such shareholder cannot be found, the Corporation shall not be required to give any further notices to that shareholder until such person informs the Corporation in writing of such person's new address.

10.5 Omissions and Errors

The accidental omission to give any notice to any shareholder, Director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance of the notice shall not invalidate any action taken at any meeting held pursuant to the notice or otherwise founded on it.

10.6 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of the share which has been duly given to the shareholder from whom such person derives such person's title to the share before such person's name and address is entered on the securities register (whether the notice was given before or after the happening of the event on which such person became so entitled) and before such person furnished the Corporation with the proof of authority or evidence of such person's entitlement prescribed by the Act.

10.7 Waiver of Notice

Any shareholder, proxyholder or other person entitled to notice of or attend a meeting of shareholders, Director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under the Act, the regulations, the Articles, the By-laws, any Unanimous Shareholder Agreement or otherwise, and that waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of the notice, as the case may be. Any such waiver or abridgement shall be in writing, except a waiver of notice of a meeting of shareholders or of the Board or a committee of the Board, which may be given in any manner.

SECTION 11 - EFFECTIVE DATE

11.1 Effective Date

These By-laws shall come into force when made by the Board in accordance with the Act.

11.2 Paramountcy

In the event of any conflict between any provision of these By-laws and any provision of any Unanimous Shareholder Agreement, the provision of the Unanimous Shareholder Agreement shall prevail to the extent of the conflict, and the Directors and the shareholders shall amend these By-laws accordingly.

11.3 Repeal

All previous By-laws of the Corporation are repealed as of the coming into force of these By-laws. The repeal shall not affect the previous operation of any By-laws so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any Articles or predecessor charter documents of the Corporation obtained pursuant to, any such By-laws before its repeal. All officers and persons acting under any By-laws so repealed shall continue to act as if appointed under the provisions of these By-laws, and all resolutions of the shareholders or the Board or a committee of the Board with continuing effect passed under any repealed By-laws shall continue to be good and valid except to the extent inconsistent with these By-laws and until amended or repealed.

The foregoing by-law was made by the directors of the Corporation on the 3rd day of September, 2009, and was confirmed without variation by the shareholders of the Corporation on the 3rd day of September, 2009.

Secretary ~ Michael Dunleavy

DESCRIPTION OF SECURITIES REGISTERED
PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934

As of March 31, 2020, Canopy Growth Corporation (“Canopy”, “we”, “us” and “our”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: our common shares, no par value (“Common Shares”).

The following description of our Common Shares is a summary and does not purport to be complete. It is based on and qualified in its entirety by reference to our Articles of Incorporation, as amended (the “Articles of Incorporation”) and our Bylaws, as amended (the “Bylaws”), each of which are incorporated by reference as an exhibit to our Annual Report on Form 10-K for the year ended March 31, 2020, of which this Exhibit 4.1 is a part.

Description of Common Shares

Authorized Capital Shares: Our authorized capital shares consists of an unlimited number of Common Shares. The primary trading markets of exchange for our Common Shares are the New York Stock Exchange and the Toronto Stock Exchange, under the trading symbols “CGC” and “WEED”, respectively.

Voting Rights: Holders of our Common Shares are entitled to receive notice of and to attend all meetings of shareholders to be convened by Canopy. Each holder of our Common Shares is entitled to one vote per Common Share held on all matters voted on by the shareholders, either in person or by proxy. At any meeting of shareholders, every matter brought before such meeting shall, unless otherwise required by our Articles of Incorporation, Bylaws or by applicable law, be determined by the affirmative vote of the majority of the votes cast on the matter. Our Common Shares do not have cumulative voting rights.

Dividends and Liquidation Rights: Holders of Common Shares are entitled to receive dividends, if any, as may be declared by our board of directors in its discretion, out of funds legally available for the payment of dividends. Holders of Common Shares are entitled to share ratably in all assets of Canopy legally available for distribution to holders of Common Shares in the event of liquidation, dissolution or winding-up of Canopy, whether voluntary or involuntary.

Other Rights and Preferences: There are no sinking fund, preemptive, conversion, redemption or exchange rights attached to our Common Shares.

The transfer agent and registrar for our Common Shares is Computershare Investor Services Inc.

Foreign Ownership of Our Common Shares

There is no limitation imposed by our Articles of Incorporation or Bylaws on the right of non-Canadian residents to hold our Common Shares or exercise voting rights on our Common Shares. The following provides a brief summary of certain limitations imposed by Canadian laws on the rights of non-Canadian residents to hold our Common Shares or exercise voting rights on our Common Shares, but should not be deemed to be comprehensive or complete in any part, and any such holder or potential holder of our Common Shares should undertake a more thorough review of such applicable laws, or consult the advice or services of a qualified expert or professional.

Competition Act: Limitations on the ability to acquire and hold our Common Shares may be imposed by the *Competition Act* (Canada). This legislation permits the Commissioner of Competition of Canada (“Commissioner”), to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in us. This legislation grants the Commissioner jurisdiction, for up to one year after the acquisition has been substantially completed, to seek a remedial order, including an order to prohibit the acquisition or require divestitures, from the Canadian Competition Tribunal, which order may be granted where the Competition Tribunal finds that the acquisition prevents or lessens, or is likely to prevent or lessen, competition substantially.

This legislation also requires any person or persons who intend to acquire more than 20% of our Common Shares or, if such person or persons already own more than 20% of our Common Shares prior to the acquisition, more than 50% of our Common Shares, to file a notification with the Canadian Competition Bureau if certain financial thresholds are exceeded. Where a notification is required, unless an exemption is available, the legislation prohibits completion of the acquisition until the expiration of the applicable statutory waiting period, unless the Commissioner either waives or terminates such waiting period.

Investment Canada Act: Under the *Investment Canada Act* an “acquisition of control” of a Canadian business by a “non-Canadian” (as determined pursuant to the *Investment Canada Act*) involving the “acquisition of control” are either (i) subject to review prior to completion (a “Reviewable Transaction”) or (ii) subject to a requirement to submit a notification in prescribed form with the responsible Canadian federal government department or departments not later than 30 days after closing (a “Notifiable Transaction”). An investment will be a Reviewable Transaction where the applicable financial threshold is met. Subject to certain exemptions, a Reviewable Transaction may not be implemented until an application for review has been filed and the responsible Minister or Ministers of the federal cabinet has determined that the investment is likely to be of “net benefit to Canada” taking into account certain factors set out in the *Investment Canada Act*.

The *Investment Canada Act* contains various rules to determine if there has been an “acquisition of control” by a non-Canadian. For example, for purposes of determining whether an investor has acquired control of a corporation by acquiring shares, the following general rules apply, subject to certain exceptions: the acquisition of a majority of the undivided ownership interests in the voting shares of the corporation is deemed to be acquisition of control of that corporation; the acquisition of less than a majority, but one third or more, of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is presumed to be acquisition of control of that corporation unless it can be established that, on the acquisition, the corporation is not controlled in fact by the acquirer through the ownership of voting shares; and the acquisition of less than one third of the voting shares of a corporation or of an equivalent undivided ownership interest in the voting shares of the corporation is deemed not to be acquisition of control of that corporation.

The *Investment Canada Act*, also includes a discretionary national security review regime which allows the federal government to review a much broader range of investments by a non-Canadian to “acquire, in whole or part, or to establish an entity carrying on all or any part of its operations in Canada” where the federal government believes that the investment by a non-Canadian could be “injurious to national security”. No financial threshold applies to a national security review. The federal government has broad discretion to determine whether an investor is a non-Canadian and therefore subject to national security review. A national security review may occur on a pre- or post-closing basis.

Certain Canadian Income Tax Considerations for U.S. Shareholders

The following summarizes, as of the date of filing, certain Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “Canadian Tax Act”) and the *Canada-United States Tax Convention (1980)*, as amended (the “Convention”) to the holding and disposition of our Common Shares.

This summary is restricted to beneficial owners of our Common Shares each of whom, at all relevant times and for purposes of the Canadian Tax Act and the Convention: (i) is neither resident nor deemed to be resident in Canada; (ii) is resident solely in the United States and is entitled to benefits of the Convention; (iii) does not use or hold, and is not deemed to use or hold, our Common Shares in, or in the course of, carrying on a business in Canada; (iv) deals at arm’s length with and is not affiliated with us; (v) holds our Common Shares as capital property; and (vi) is not an “authorized foreign bank” (as defined in the Canadian Tax Act) or an insurer that carries on business in Canada and elsewhere (each such holder, a “U.S. Resident Holder”). Generally, a U.S. Resident Holder’s Common Shares will be considered to be capital property of the holder provided that the holder is not a trader or dealer in securities, does not acquire, hold or dispose of (or is not deemed to have acquired, held or disposed of) our Common Shares in one or more transactions considered to be an adventure or concern in the nature of trade, and does not hold or use (or is not deemed to hold or use) our Common Shares in the course of carrying on a business.

This summary is based upon the current provisions of the Canadian Tax Act and the Convention in effect as of the date hereof, and our understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (“CRA”) published in writing prior to the date of filing. This summary does not anticipate or take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, except specific proposals to amend the Canadian Tax Act publicly and officially announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Tax Proposals”). This summary assumes that the Tax Proposals will be enacted in the form proposed. This summary does not take into account any other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those set out herein. No assurances can be given that the Tax Proposals will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended and should not be construed as legal or tax advice to any particular U.S. Resident Holder. Accordingly, prospective purchasers or holders of our Common Shares are urged to consult their own tax advisors with respect to their own particular circumstances.

Taxation of Dividends: Under the Canadian Tax Act, dividends paid or credited, or deemed to be paid or credited, to a U.S. Resident Holder on our Common Shares will be subject to Canadian withholding tax at a rate of 25% of the gross amount of such dividends, unless the rate is reduced under the Convention. Under the Convention, the rate of withholding tax on dividends applicable to U.S. Resident Holders who are entitled to benefits under the Convention and beneficially own the dividends is generally reduced to 15% (or to 5% if the U.S. Resident Holder is a company that owns at least 10% of the voting shares of Canopy) of the gross amount of such dividends.

Disposition of Common Shares: Generally, a U.S. Resident Holder will not be subject to tax under the Canadian Tax Act in respect of any capital gain realized by such U.S. Resident Holder on a disposition or deemed disposition of our Common Shares unless our Common Shares constitute “taxable Canadian property” of the U.S. Resident Holder and are not “treaty-protected property” (each as defined in the Canadian Tax Act). Our Common Shares will not be “taxable Canadian property” to a holder provided that, at the time of the disposition or deemed disposition, the Common Shares are listed on a “designated stock exchange” for purposes of the Canadian Tax Act (which currently includes the NYSE and the TSX), unless at any time during the 60-month period immediately preceding the disposition of the Common Shares the following two conditions are met concurrently: (a) (i) the U.S. Resident Holder, (ii) persons with whom the U.S. Resident Holder did not deal at arm’s length, (iii) partnerships in which the U.S. Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, or (iv) any combination of the persons and partnerships described in (i) through (iii), owned 25% or more of the issued shares of any class or series of the capital stock of Canopy; and (b) more than 50% of the fair market value of the Common Shares was derived directly or indirectly, from one or any combination of real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Canadian Tax Act), and options in respect of or interests in, or for civil law rights in, any such properties (whether or not such property exists). In certain circumstances set out in the Canadian Tax Act, the Common Shares may be deemed to be “taxable Canadian property”.

Even if the Common Shares are taxable Canadian property to a U.S. Resident Holder, any capital gain realized on the disposition or deemed disposition of such Common Shares will not be subject to tax under the Canadian Tax Act provided that the value of such Common Shares is not derived principally from real property situated in Canada (within the meaning of the Convention).

A U.S. Resident Holder contemplating a disposition of our Common Shares that may constitute taxable Canadian property should consult a tax advisor prior to such disposition.

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CANOPY GROWTH CORPORATION

INCORPORATED UNDER THE CANADA BUSINESS CORPORATIONS ACT

THIS CERTIFIES THAT

SPECIMEN CERTS

CUSIP 138035100

ISIN CA1380351009

IS THE REGISTERED HOLDER OF

SEE REVERSE FOR CERTAIN DEFINITIONS

FULLY PAID AND NON-ASSESSABLE COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL OF
CANOPY GROWTH CORPORATION

transferable on the books of the Corporation only upon surrender of this certificate properly endorsed.

This certificate is not valid unless countersigned by the Transfer Agent and Registrar of the Corporation.

IN WITNESS WHEREOF the Corporation has caused this certificate to be signed on its behalf by the facsimile signatures of its duly authorized officers.


 Chief Executive Officer and Chairman

COUNTERSIGNED AND REGISTERED
 COMPUTERSHARE TRUST COMPANY, NA
 (ANTON, MA, JERSEY CITY, NJ AND
 LOUISVILLE, KY)
 TRANSFER AGENT AND REGISTRAR

OR

Dated: May 23, 2018

COUNTERSIGNED AND REGISTERED
 COMPUTERSHARE TRUST COMPANY OF CANADA
 (TORONTO)
 TRANSFER AGENT AND REGISTRAR

By _____
 Authorized Officer

By _____
 Authorized Officer

The shares represented by this certificate are transferable at the office of Computershare Trust Company of Canada in Toronto, ON or at the offices of Computershare Trust Company, N.A. in Canton, MA, Jersey City, NJ and Louisville, KY.

SECURITY INSTRUCTIONS ON REVERSE

VOIR LES INSTRUCTIONS DE SECURITE AU VERSO



The following abbreviations shall be construed as though the words set forth below precede each abbreviation when written out in full where such abbreviation appears:

TEN COM	as tenants in common	(Name) GUST (Name) UNF	(Name) as Custodian for (Name) under the
TEN ENT	as tenants by the entirety	GFT MIN ACT (State)	(State) Uniform Gifts to Minors Act
JT TEN	as joint tenants with rights of survivorship and not as tenants in common		

Additional abbreviations may also be used though not in the above list.

For value received the undersigned hereby sells, assigns and transfers unto

insert name and address of transferee

_____ shares
representative of _____ I hereby constitute and appoint _____

_____ the attorney
of the undersigned to transfer the said shares on the books of the Corporation with full power of substitution in the premises.

DATED: _____

Signature of Shareholder

Signature of Guarantor

Signature Guarantee:

The signature on this assignment must correspond with the name as written upon the face of the certificate(s), in every particular, without alteration or enlargement, or any change whatsoever and must be guaranteed by a major Canadian Schedule I chartered bank or a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed".

In the USA, signature guarantees must be done by members of a "Medallion Signature Guarantee Program" only.

Signature guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of the Stamp Medallion Program.

SECURITY INSTRUCTIONS - INSTRUCTIONS DE SECURITE

THIS IS WATERMARKED PAPER, DO NOT ACCEPT WITHOUT NOTING WATERMARK. HOLD TO LIGHT TO VERIFY WATERMARK.
PAPIER FILIGRANE, NE PAS ACCEPTER SANS VÉRIFIER LA PRÉSENCE DU FILIGRANE. POUR CE FAIRE, PLACER À LA LUMIÈRE.



EN_CCRP_V2_01

**TRANCHE A
AMENDED AND RESTATED
COMMON SHARE PURCHASE WARRANT**

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO CANOPY GROWTH CORPORATION (THE “CORPORATION”), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER IF AVAILABLE OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

**WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION**

Warrant Certificate Number:

2019 – A-1

Number of Warrants:

88,472,861

Date:

June 27, 2019

Effective as of the date hereof, this Warrant Certificate amends, re-evidences, restates, replaces and supersedes 88,472,861 common share purchase warrants issued by the Company to the Holder (as each such term is defined below) pursuant to the tranche A common share purchase warrant dated November 1, 2018 (the “**Original Warrant Certificate**”).

THIS CERTIFIES THAT, for value received, CBG Holdings LLC (the “**Holder**”) is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. **Defined Terms**

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

“**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Capital Reorganization**” has the meaning ascribed to such term in Section 8(a)(iv).

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

“**Control**” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;

- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and
- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Current Market Price**” means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

“**Exercise Price**” means \$50.40.

“**Expiry Time**” means 5:00 p.m. (Toronto time) on November 1, 2023.

“**NYSE**” means the New York Stock Exchange.

“**Person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

“**Rights Offering**” has the meaning ascribed to such term in Section 8(a)(ii).

“**Rights Period**” has the meaning ascribed to such term in Section 8(a)(ii).

“**Special Distribution**” has the meaning ascribed to such term in Section 8(a)(iii).

“**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”.

“**Trading Day**” means a day on which the TSX is open for business.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**U.S. Person**” means “U.S. person” as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means United States Securities Act of 1933, as amended. “**Warrants**” means the tranche A Common Share purchase warrants represented by this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate are fully vested and are immediately exercisable by the Holder at any time and from time to time, commencing on the date hereof and prior to the Expiry Time.

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant. In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

6. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

7. Covenants and Representations of the Company

The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;
- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
- (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

8. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
 - (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,

(any of such events in subsections (A), (B), (C) and (D) above being called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

 - (A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and

- (B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a) (i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (A) the numerator of which shall be the aggregate of:
- (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

- (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 8(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 8(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:

- (A) shares of the Company of any class other than Common Shares;
- (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
- (C) evidences of indebtedness of the Company; or
- (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (1) the numerator of which shall be the difference between:
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and
- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 8(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iv) If at any time during the Adjustment Period there shall occur:
 - (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
 - (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
 - (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder

would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 8(a)(i) or 8(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 8(a) of this Warrant Certificate:
 - (i) subject to the following sections of this Section 8(b), any adjustment made pursuant to Section 8(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;
 - (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 8(b) (ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 8(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);
 - (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 8(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;

- (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;
- (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 8 of this Warrant Certificate if (subject to TSX and NYSE approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
- (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 8(a) hereof, the Company may defer, until the occurrence of such event:
 - (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
 - (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 8(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.

- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 8; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a “take-over bid”, “tender offer” or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification, redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

9. U.S. Registration

This Warrant and the Common Shares issuable upon exercise of this Warrant have not been and will not be registered under the U.S. Securities Act or under state securities laws of any state in the United States. Accordingly, this Warrant may not be transferred or exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and, if required by the Company, the holder of this Warrant has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect, as applicable.

10. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 8 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

11. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

12. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.
- (b) In case the Company, pursuant to Section 12(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

13. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

14. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

15. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

16. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term “Holder” shall mean and include any - 13 - successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule “B”. For greater certainty, the Warrants represented by this Warrant Certificate are not transferrable except as described in this Section 16 or with the prior written consent of the Company.

17. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

18. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 18):

(a) if to the Holder at:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

(b) if to the Company at:

1 Hershey Drive,
Smiths Falls, ON K7A 0A8

Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Jonathan Sherman

19. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

20. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN **WITNESS WHEREOF** the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: /s/ Phil Shaer

Name: Phil Shaer

Title: Chief Legal Officer

ACKNOWLEDGEMENT

IN **WITNESS WHEREOF**, the Holder hereby acknowledges, confirms and consents to the amendment and restatement of the Original Warrant Certificate as set out in this Amended and Restated Warrant Certificate.

CBG HOLDINGS LLC

By: /s/ Garth Hankinson

Name: Garth Hankinson

Title: President

SCHEDULE “A”
SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the “**Company**”).

The undersigned hereby exercises the right to acquire _____ Common Shares of the Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

(Please check the **ONE** box applicable):

- ☐ A. The undersigned holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (iv) did not execute or deliver this exercise form in the United States.
- ☐ B. The undersigned holder (i) purchased the Warrants for its own account or the account of another “accredited investor” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act (“**Accredited Investor**”); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; (iii) each of it and such other person, if any, was an Accredited Investor on the date the Warrants were acquired and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in connection with the acquisition of the Warrants remain true and correct on the date hereof.
- ☐ C. The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance reasonably satisfactory to the Company) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this day of _____, 20__.

Signature Guaranteed
(if required)

(Signature of Warrantholder)

Print full name

Print full address

Note:

The undersigned holder understands that unless Box A above is checked, the certificate representing the Common Shares issuable upon exercise of the Warrants will bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. Certificates representing such Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked. If Box C is checked, any opinion tendered must be in form and substance reasonably satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrant should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

If Box B or Box C is checked, any certificate representing the Common Shares issued upon exercise of this Warrant will bear an applicable United States restrictive legend.

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form.

If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

**SCHEDULE “B”
TRANSFER FORM**

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of Canopy Growth Corporation (the “**Company**”) registered in the name of the undersigned on the register of the **C o m p a n y m a i n t a i n e d t h e r e f o r , a n d h e r e b y i r r e v o c a b l y a p p o i n t s** _____ the attorney of the undersigned to transfer the said securities on the books maintained by the Company with full power of substitution.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a “U.S. person” (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”)) or a person within the United States unless the Warrants are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this day of _____, 20__.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words “Signature Guarantee”, or “Signature Medallion Guaranteed” or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

TRANCHE B
AMENDED AND RESTATED
COMMON SHARE PURCHASE WARRANT

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR U.S. STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO CANOPY GROWTH CORPORATION (THE "CORPORATION"), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER IF AVAILABLE OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION

Warrant Certificate Number:	Number of Warrants:
2019 – B-1	38,454,444
	Date:
	June 27, 2019

Effective as of the date hereof, this Warrant Certificate amends, re-evidences, restates, replaces and supersedes 38,454,444 common share purchase warrants issued by the Company to the Holder (as each such term is defined below) pursuant to the tranche B common share purchase warrant dated November 1, 2018 (the "Original Warrant Certificate").

THIS CERTIFIES THAT, for value received, CBG Holdings LLC (the "Holder") is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. Defined Terms

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

"Adjustment Period" means the period commencing on the date hereof and ending at the Expiry Time.

"Affiliate" means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

"Capital Reorganization" has the meaning ascribed to such term in Section 10(a)(iv).

"Common Share" means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

"Company" means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

"Consent Agreement" means the consent agreement between the Holder and the Company dated April 18, 2019.

"Control" means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in

circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and

- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words "Controlled by", "Controlling" and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

"Current Market Price" means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

"Exercise Price" means \$76.68, as may be adjusted in accordance with this Warrant Certificate.

"Expiry Time" means 5:00 p.m. (Toronto time) on November 1, 2026.

"NYSE" means the New York Stock Exchange.

"Person" means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

"Repurchase Period" means the period commencing on April 18, 2019 and ending on the date that is 24 months after the date that all of the Tranche A Warrants have been exercised by the Holder.

"Rights Offering" has the meaning ascribed to such term in Section 10(a)(ii).

"Rights Period" has the meaning ascribed to such term in Section 10(a)(ii).

"Special Distribution" has the meaning ascribed to such term in Section 10(a)(iii).

"Subscription Form" means the form of subscription annexed hereto as Schedule "A".

"Trading Day" means a day on which the TSX is open for business.

"Tranche A Warrants" means the 88,472,861 Common Share purchase warrants represented by the tranche A amended and restated warrant certificate issued by the Company to the Holder on the date hereof.

"Tranche C Warrants" means the 12,818,148 Common Share purchase warrants represented by the tranche C warrant certificate issued by the Company to the Holder on the date hereof.

"Tranche C Warrant Certificate" means the warrant certificate representing the Tranche C Warrants.

"TSX" means the Toronto Stock Exchange.

"United States" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"U.S. Person" means "U.S. person" as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

"U.S. Securities Act" means United States Securities Act of 1933, as amended.

"Warrants" means the tranche B Common Share purchase warrants represented by this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate shall vest and become immediately exercisable once all Tranche A Warrants have been exercised in accordance with their terms, and shall remain exercisable by the Holder, in whole or in part at any time, and from time to time, thereafter and prior to the Expiry Time.

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant (as such amount may be adjusted in accordance with Section 5). In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not

have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. Exercise Price Credit

If, for any reason, the Company has not within the Repurchase Period, purchased for cancellation Common Shares required to be purchased pursuant to section 2.3 of the Consent Agreement, the Company hereby agrees and acknowledges that the Holder will be credited an amount (the "Credit Amount") that will reduce the aggregate exercise price otherwise payable by the Holder upon each exercise of the Warrants represented by this Warrant Certificate equal to the difference between:

- (a) \$1,582,995,262; and
- (b) the actual purchase price paid by the Company in purchasing Common Shares pursuant to section 2.3 of the Consent Agreement.

6. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

7. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

8. Covenants and Representations of the Company

The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;
- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
- (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

9. Covenant of the Holder

- (a) The Holder covenants and agrees that in respect of each Common Share purchased by the Holder or any affiliate of the Holder, including Greenstar Canada Investment Limited Partnership and Constellation Brands, Inc. and its Subsidiaries (as defined in National Instrument 45-106 – *Prospectus Exemptions*), (i) on the TSX, the NYSE or any other stock exchange, marketplace or trading market on which the Common Shares are then listed; or (ii) through private agreement transactions with existing holders of Common

Shares, the number of Warrants represented by this Warrant Certificate shall be reduced by the number of Common Shares so acquired (up to an aggregate maximum reduction of 20,000,000 Common Shares less the number of Common Shares, if any, by which the Tranche C Warrants have been reduced pursuant to section 9(a) of the Tranche C Warrant Certificate).

- (b) At the time of exercise of the Warrants, the Holder shall confirm the number of Common Shares purchased as contemplated by Section 9(a).
- (c) For certainty, the aggregate reduction in the number of Warrants represented by this Warrant Certificate pursuant to Section 9(a) hereof and in the number of Tranche C Warrants represented by the Tranche C Warrant Certificate pursuant to section 9(a) thereof shall not exceed 20,000,000 Warrants.
- (d) The Holder shall have the right, but not the obligation, to surrender this Warrant Certificate at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and, if the Holder exercises such right, the Holder shall thereafter be entitled to receive a replacement Warrant Certificate, without charge, representing the reduced balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so surrendered and cancelled. If the Holder does not exercise such right, this Warrant Certificate shall continue to evidence in full the Warrants and the number of Warrants indicated on the cover page of this Warrant Certificate shall be deemed to be reduced by the number of Warrants contemplated by Section 9(a) hereof.

10. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
 - (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,

(any of such events in subsections (A), (B), (C) and (D) above being called a "Common Share Reorganization"), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- (A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
- (B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "Rights Period"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a "Rights Offering"), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (A) the numerator of which shall be the aggregate of:
 - (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing

- I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 10(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 10(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:
- (A) shares of the Company of any class other than Common Shares;
 - (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date

of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);

- (C) evidences of indebtedness of the Company; or
- (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a "Special Distribution"), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (1) the numerator of which shall be the difference between:
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and
- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 10(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iv) If at any time during the Adjustment Period there shall occur:
 - (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;

- (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
- (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity;

(any of such events being called a "Capital Reorganization"), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 10(a)(i) or 10(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 10(a) of this Warrant Certificate:
 - (i) subject to the following sections of this Section 10(b), any adjustment made pursuant to Section 10(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;
 - (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 10(b)(ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of

Section 10(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);

- (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 10(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;
- (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;
- (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 10 of this Warrant Certificate if (subject to TSX and NYSE approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
- (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 10(a) hereof, the Company may defer, until the occurrence of such event:
 - (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
 - (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 10(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.
- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 10; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a "take-over bid", "tender offer" or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification, redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

11. U.S. Registration

This Warrant and the Common Shares issuable upon exercise of this Warrant have not been and will not be registered under the U.S. Securities Act or under state securities laws of any state in the United States. Accordingly, this Warrant may not be transferred or exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and, if required by the Company, the holder of this Warrant has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect, as applicable.

12. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 10 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

13. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

14. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.
- (b) In case the Company, pursuant to Section 14(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

15. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

16. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the

Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

17. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

18. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term "Holder" shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule "B". For greater certainty, the Warrants represented by this Warrant Certificate are not transferrable except as described in this Section 18 or with the prior written consent of the Company.

19. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

20. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 20):

(a) if to the Holder at:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

(b) if to the Company at:

1 Hershey Drive,
Smiths Falls, ON K7A 0A8
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Jonathan Sherman

21. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

22. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: /s/ Phil Shaer
Name: Phil Shaer
Title: Chief Legal Officer

ACKNOWLEDGEMENT

IN WITNESS WHEREOF, the Holder hereby acknowledges, confirms and consents to the amendment and restatement of the Original Warrant Certificate as set out in this Amended and Restated Warrant Certificate.

CBG HOLDINGS LLC

By: /s/ Garth Hankinson
Name: Garth Hankinson
Title: President

SCHEDULE "A"
SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the "Company").

The undersigned hereby exercises the right to acquire _____ Common Shares of the Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

The undersigned hereby confirms that an aggregate of _____ Common Shares have been purchased as contemplated by Section 9(a) of the Warrant Certificate.

(Please check the ONE box applicable):

- ☐ A. The undersigned holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (iv) did not execute or deliver this exercise form in the United States.
- ☐ B. The undersigned holder (i) purchased the Warrants for its own account or the account of another "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("Accredited Investor"); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; (iii) each of it and such other person, if any, was an Accredited Investor on the date the Warrants were acquired and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in connection with the acquisition of the Warrants remain true and correct on the date hereof.
- ☐ C. The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance reasonably satisfactory to the Company) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, 20__.

Signature Guaranteed
(if required)

(Signature of Warrantholder)

Print full name

Print full address

Note:

The undersigned holder understands that unless Box A above is checked, the certificate representing the Common Shares issuable upon exercise of the Warrants will bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. Certificates representing such Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked. If Box C is checked, any opinion tendered must be in form and substance reasonably satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrant should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

If Box B or Box C is checked, any certificate representing the Common Shares issued upon exercise of this Warrant will bear an applicable United States restrictive legend.

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form.

If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

SCHEDULE "B"
TRANSFER FORM

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of Canopy Growth Corporation (the "Company") registered in the name of the undersigned on the register of the Company maintained therefor, and hereby irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books maintained by the Company with full power of substitution.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a "U.S. person" (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")) or a person within the United States unless the Warrants are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

**TRANCHE C
COMMON SHARE PURCHASE WARRANT**

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO CANOPY GROWTH CORPORATION (THE “CORPORATION”), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER IF AVAILABLE OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

**WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION**

Warrant Certificate Number:	Number of Warrants:
2019 – C-1	12,818,148
	Date:
	June 27, 2019

Effective as of the date hereof, this Warrant Certificate amends, re-evidences, restates, replaces and supersedes 12,818,148 common share purchase warrants issued by the Company to the Holder (as each such term is defined below) pursuant to the tranche B common share purchase warrant dated November 1, 2018 (the “**Original Warrant Certificate**”).

THIS CERTIFIES THAT, for value received, CBG Holdings LLC (the “**Holder**”) is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. Defined Terms

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

“**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Capital Reorganization**” has the meaning ascribed to such term in Section 10(a)(iv).

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

“**Consent Agreement**” means the consent agreement between the Holder and the Company dated April 18, 2019.

“**Control**” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the

ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and

- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Current Market Price**” means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

“**Exercise Price**” means, at the time of exercise, the Current Market Price, as may be adjusted in accordance with Section 5.

“**Expiry Time**” means 5:00 p.m. (Toronto time) on November 1, 2026.

“**NYSE**” means the New York Stock Exchange.

“**Person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

“**Repurchase Period**” means the period commencing on April 18, 2019 and ending on the date that is 24 months after the date that all of the Tranche A Warrants have been exercised by the Holder.

“**Rights Offering**” has the meaning ascribed to such term in Section 10(a)(ii).

“**Rights Period**” has the meaning ascribed to such term in Section 10(a)(ii).

“**Special Distribution**” has the meaning ascribed to such term in Section 10(a)(iii).

“**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”.

“**Trading Day**” means a day on which the TSX is open for business.

“**Tranche A Warrants**” means the 88,472,861 Common Share purchase warrants represented by the tranche A amended and restated warrant certificate issued by the Company to the Holder on the date hereof.

“**Tranche B Warrants**” means the 38,454,444 Common Share purchase warrants represented by the tranche B amended and restated warrant certificate issued by the Company to the Holder on the date hereof.

“Tranche B Warrant Certificate” means the warrant certificate representing the Tranche B Warrants.

“TSX” means the Toronto Stock Exchange.

“United States” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“U.S. Person” means “U.S. person” as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

“U.S. Securities Act” means United States Securities Act of 1933, as amended.

“Warrants” means the tranche C Common Share purchase warrants represented by this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate shall vest and become immediately exercisable once all Tranche A Warrants have been exercised in accordance with their terms, and shall remain exercisable by the Holder, in whole or in part at any time, and from time to time, thereafter and prior to the Expiry Time.

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant (as such amount may be adjusted in accordance with Section 5). In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. Exercise Price Credit

If, for any reason, the Company has not within the Repurchase Period, purchased for cancellation Common Shares required to be purchased pursuant to section 2.3 of the Consent Agreement, the Company hereby agrees and acknowledges that the Holder will be credited an amount (the “**Credit Amount**”) that will reduce the aggregate exercise price otherwise payable by the Holder upon each exercise of the Warrants represented by this Warrant Certificate equal to the difference between:

- (a) \$1,582,995,262; and
- (b) the actual purchase price paid by the Company in purchasing Common Shares pursuant to section 2.3 of the Consent Agreement.

6. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

7. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

8. Covenants and Representations of the Company

The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;
- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
- (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

9. Covenant of the Holder

- (a) The Holder covenants and agrees that in respect of each Common Share purchased by the Holder or any affiliate of the Holder, including Greenstar Canada Investment Limited Partnership and Constellation Brands, Inc. and its Subsidiaries (as defined in National Instrument 45-106 – Prospectus Exemptions), (i) on the TSX, the NYSE or any other stock exchange, marketplace or trading market on which the Common Shares are then listed; or (ii) through private agreement transactions with existing holders of Common Shares, the number of Warrants represented by this Warrant Certificate shall be reduced by the number of Common Shares so acquired (up to an aggregate maximum reduction of 12,818,148 Common Shares less the number of Common Shares, if any, by which the Tranche B Warrants have been reduced pursuant to section 9(a) of the Tranche B Warrant Certificate).
- (b) At the time of exercise of the Warrants, the Holder shall confirm the number of Common Shares purchased as contemplated by Section 9(a).
- (c) For certainty, the aggregate reduction in the number of Warrants represented by this Warrant Certificate pursuant to Section 9(a) hereof and in the number of Tranche B Warrants represented by the Tranche B Warrant Certificate pursuant to section 9(a) thereof shall not exceed 20,000,000 Warrants.
- (d) The Holder shall have the right, but not the obligation, to surrender this Warrant Certificate at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and, if the Holder exercises such right, the Holder shall thereafter be entitled to receive a replacement Warrant Certificate, without charge, representing the reduced balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so surrendered and cancelled. If the Holder does not exercise such right, this Warrant Certificate shall continue to evidence in full the Warrants and the number of Warrants indicated on the cover page of this Warrant Certificate shall be deemed to be reduced by the number of Warrants contemplated by Section 9(a) hereof.

10. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;

- (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
- (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,

(any of such events in subsections (A), (B), (C) and (D) above being called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- (A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
- (B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a) (i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (A) the numerator of which shall be the aggregate of:
 - (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 10(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 10(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:
 - (A) shares of the Company of any class other than Common Shares;

- (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
- (C) evidences of indebtedness of the Company; or
- (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (1) the numerator of which shall be the difference between:
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and
- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 10(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iv) If at any time during the Adjustment Period there shall occur:
- (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
 - (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
 - (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 10(a)(i) or 10(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 10(a) of this Warrant Certificate:
- (i) subject to the following sections of this Section 10(b), any adjustment made pursuant to Section 10(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;

- (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 10(b) (ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 10(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);
- (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 10(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;
- (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;
- (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 10 of this Warrant Certificate if (subject to TSX and NYSE approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
- (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 10(a) hereof, the Company may defer, until the occurrence of such event:
 - (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and

- (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 10(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.
- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 10; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a “take-over bid”, “tender offer” or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification, redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

11. U.S. Registration

This Warrant and the Common Shares issuable upon exercise of this Warrant have not been and will not be registered under the U.S. Securities Act or under state securities laws of any state in the United States. Accordingly, this Warrant may not be transferred or exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and, if required by the Company, the holder of this Warrant has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect, as applicable.

12. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 10 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

13. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

14. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.
- (b) In case the Company, pursuant to Section 14(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

15. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

16. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

17. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

18. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term “Holder” shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule “B”. For greater certainty, the Warrants represented by this Warrant Certificate are not transferrable except as described in this Section 18 or with the prior written consent of the Company.

19. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

20. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 20):

(a) if to the Holder at:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

(b) if to the Company at:

1 Hershey Drive,
Smiths Falls, ON K7A 0A8

Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Jonathan Sherman

21. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

22. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: /s/ Phil Shaer

Name: Phil Shaer

Title: Chief Legal Officer

ACKNOWLEDGEMENT

IN WITNESS WHEREOF, the Holder hereby acknowledges, confirms and consents to the amendment and restatement of the Original Warrant Certificate as set out in this Amended and Restated Warrant Certificate.

CBG HOLDINGS LLC

By: /s/ Garth Hankinson

Name: Garth Hankinson

Title: President

SCHEDULE "A"
SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the "**Company**").

The undersigned hereby exercises the right to acquire _____ Common Shares of the Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

The undersigned hereby confirms that an aggregate of _____ Common Shares have been purchased as contemplated by Section 9(a) of the Warrant Certificate.

(Please check the **ONE** box applicable):

- ☐ A. The undersigned holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (iv) did not execute or deliver this exercise form in the United States.
- ☐ B. The undersigned holder (i) purchased the Warrants for its own account or the account of another "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**"); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; (iii) each of it and such other person, if any, was an Accredited Investor on the date the Warrants were acquired and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in connection with the acquisition of the Warrants remain true and correct on the date hereof.
- ☐ C. The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance reasonably satisfactory to the Company) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, 20____.

Signature Guaranteed
(if required)

(Signature of Warrantholder)

Print full name

Print full address

Note:

The undersigned holder understands that unless Box A above is checked, the certificate representing the Common Shares issuable upon exercise of the Warrants will bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. Certificates representing such Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked. If Box C is checked, any opinion tendered must be in form and substance reasonably satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrant should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

If Box B or Box C is checked, any certificate representing the Common Shares issued upon exercise of this Warrant will bear an applicable United States restrictive legend.

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form. If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

**SCHEDULE “B”
TRANSFER FORM**

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of Canopy Growth Corporation (the “**Company**”) registered in the name of the undersigned on the register of the Company maintained therefor, and hereby irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books maintained by the Company with full power of substitution.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a “U.S. person” (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”)) or a person within the United States unless the Warrants are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words “Signature Guarantee”, or “Signature Medallion Guaranteed” or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

Director and Officer Indemnification Agreement

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made as of this ____ day of ____, between Canopy Growth Corporation (the "**Corporation**"), a corporation incorporated under the laws of Canada (the "**Act**") and _____ (the "**Indemnified Party**").

RECITALS:

A. The Indemnified Party has served as _____ of the Corporation since _____.

B. The Board of Directors of the Corporation (the "**Board**") has determined that the Corporation should act to assure the Indemnified Party of reasonable protection through indemnification against certain risks arising out of prior and continuing service to, and prior and continuing activities on behalf of, the Corporation to the extent permitted by law. This protection will continue for the Indemnified Party's if the Indemnified Party continues to work for the Corporation and their job title, as noted above, changes.

NOW THEREFORE the parties agree as follows:

1. **Indemnification.** The Corporation will, subject to the terms and conditions hereof, indemnify and save harmless the Indemnified Party and the heirs and legal representatives of the Indemnified Party to the fullest extent permitted by applicable law:

- (a) from and against all Expenses (as defined below) sustained or incurred by the Indemnified Party in respect of any civil, criminal, administrative, investigative or other Proceeding (as defined below) in which the Indemnified Party is involved in by reason of being or having been a director or officer of the Corporation; and
- (b) from and against all Expenses sustained or incurred by the Indemnified Party as a result of serving as a director or officer of the Corporation in respect of any act, matter, deed or thing whatsoever made, done, committed, permitted or acquiesced in by the Indemnified Party as a director or officer of the Corporation, whether before or after the effective date of this Agreement.

"Expenses" means all costs, charges, damages, awards, settlements, liabilities, fines, penalties, statutory obligations, professional fees and retainers and other expenses or losses of whatever nature or kind, actually and reasonably incurred by the Indemnified Party in respect of any Proceeding, provided that any such costs, charges, professional fees and other expenses in the case of Section 1(b) are incurred in accordance with the Corporation's expense policy, as applicable.

"Final Judgment" means a final judgment of an applicable court that has become non-appealable.

"Proceeding" includes a claim, demand, suit, proceeding, inquiry, hearing, discovery or investigation, of whatever nature or kind, whether threatened, anticipated, pending, commenced, continuing or completed, and any appeal, and whether or not brought by the Corporation.

2. Entitlement to Indemnification

2.1 The rights provided to an Indemnified Party hereunder will, subject to applicable law, apply without reduction to an Indemnified Party provided that: (a) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Corporation or Related Entity (as defined below); and (b) in the case of a criminal Proceeding, the Indemnified Party had reasonable grounds for believing that the Indemnified Party's conduct in respect of which the Proceeding was brought was lawful. Notwithstanding the foregoing, in the event that the Indemnified Party becomes subject to a Proceeding as a result of the Corporation or Related Entity operating in violation of US federal laws, the rights provided to the Indemnified Party hereunder will apply irrespective of the Indemnified Party's belief of the lawfulness of the Corporation's conduct.

2.2 This indemnity will not apply to (a) claims initiated by the Indemnified Party against the Corporation or any subsidiary except for claims relating to the enforcement of this Agreement; (b) claims initiated by the Indemnified Party against any other person or entity unless the Corporation or Related Entity (as defined below), as applicable, has joined with the Indemnified Party in or consented to the initiation of that Proceeding; (c) claims by the Corporation for the forfeiture and recovery by the Corporation of bonuses or other compensation received by the Indemnified Party from the Corporation due to the Indemnified Party's violation of applicable securities or other laws; (d) any amount in respect of which the Indemnified Party may not be relieved of liability under the Act or otherwise at law; (e) Expenses to the extent the Indemnified Party is indemnified or reimbursed for Expenses or Expense Advances, as applicable and is, in each case, actually paid, other than pursuant to this Agreement or pursuant to a Policy (as defined below) without any written obligation to reimburse any third party for such Expenses or Expense Advances, as applicable; (f) Expenses to the extent that payment is actually made to the Indemnified Party under a valid and enforceable Policy (notwithstanding the foregoing, this subsection cannot be relied upon by the Corporation with respect to denying any subrogation claim commenced against the Corporation by an insurer seeking recovery from the Corporation of any payment paid by such insurer, pursuant to a Policy, to the Indemnified Party); or (g) Expenses or claims arising out of the Indemnified Party's breach of any employment agreement with the Corporation or any of its subsidiaries.

2.3 The indemnities in this Agreement also apply to an Indemnified Party in respect of his or her service as an officer or director of a Related Entity.

"Related Entity" means (a) a corporation that is or was an "affiliate" (within the meaning of that term as used in the Act) of the Corporation at a time the Indemnified Party is or was a director or officer of such corporation; (b) a corporation of which the Indemnified Party is or was a director or officer at the request of the Corporation; or (c) a partnership, trust, joint venture or other unincorporated entity of which the Indemnified Party is or was, or holds or held a position equivalent to that of, a director or officer, at the request of the Corporation.

2.4 In respect of a Proceeding by or on behalf of the Corporation or a Related Entity against the Indemnified Party, the Corporation will not indemnify the Indemnified Party or make Expense Advances to the Indemnified Party unless court approval to furnish such indemnity is obtained in accordance with the applicable provisions of the Act. If prior court approval is required under applicable law in connection with any claim for Expense Advances (as defined below), unless (a) the indemnity provided pursuant to this Agreement does not apply as contemplated pursuant to Section 2.1; or (b) pursuant to Section 2.2, excluding Section 2.2(d), the Corporation is not obligated pursuant to the terms of this Agreement to indemnify for Expenses in relation to such Proceeding; or (c) at the time this Agreement is made, the Corporation is prohibited from giving an indemnity for such liabilities by the Corporation's notice of articles or articles, upon written request by the Indemnified Party, the Corporation will promptly seek at its sole expense and use all reasonable efforts to obtain that approval as soon as reasonably possible in the circumstances. The

Corporation will also pay the expenses of the Indemnified Party, to the extent permitted by applicable law, in connection with any such approval process. Subject to the exceptions set out in this Section 2.4 and applicable law, the obligations of the Corporation under this Section 2.4 will apply even if the position of the Corporation on the substantive right to indemnification is or may be that the Indemnified Party is not entitled to same.

2.5 If the Corporation proposes to deny all or part of any claim for indemnification hereunder by the Indemnified Party on the basis that (a) the conditions of Section 2 (other than Section 2.2) are not met, or (b) the amount for which indemnification is being sought was not reasonably incurred, and payment of such claim does not require prior court approval under applicable law, the Corporation will:

- (i) promptly pay the indemnified amount claimed or, if the dispute concerns the reasonableness of the incurrment, pay the amount the Corporation believes to be reasonable incurred in the circumstances, acting reasonably and assuming the Indemnified Party is entitled to indemnification hereunder, and
- (ii) bring the matter before a court of competent jurisdiction, at its own expense and use all reasonable efforts to obtain a Final Judgment determining the question of entitlement to indemnification as soon as reasonably possible in the circumstances.

The Corporation will continue to indemnify the Indemnified Party, including payment of all reasonable Expenses of the Indemnified Party in connection with the approval proceeding, until a Final Judgment on the Indemnified Party's entitlement to be indemnified has been obtained.

2.6 The Indemnified Party will repay to the Corporation any amount paid hereunder if it is determined by a court of competent jurisdiction in a Final Judgment that the Indemnified Party is not entitled to indemnification hereunder, or that the amount for which indemnification is being sought is not reasonable, or that the payment of such costs is prohibited by applicable law and the amount must be repaid.

3. Presumptions/Knowledge

3.1 For purposes of any determination hereunder the Indemnified Party will be deemed to have acted in good faith, in the best interests of the Corporation and with reasonable grounds for believing his or her conduct was lawful unless and until a court of competent jurisdiction has rendered a Final Judgment to the contrary. The Corporation will have the burden of establishing the absence of good faith, failure to act in its best interests or lack of reasonable grounds for lawful conduct belief.

3.2 The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Corporation or any other entity will not be imputed to the Indemnified Party for purposes of determining the right to indemnification under this Agreement.

3.3 The Corporation will have the burden of establishing that any Expense it wishes to challenge is not reasonable.

4. Notice by Indemnified Party. As soon as is practicable, upon the Indemnified Party becoming aware of any Proceeding which may give rise to indemnification under this Agreement other than a Proceeding commenced by the Corporation, the Indemnified Party will give written notice (the “**Notice of Proceeding**”) to the Corporation. Failure to give notice in a timely fashion will not disentitle the Indemnified Party to indemnification. Upon receipt of such notice, the Corporation will give prompt notice of the Proceeding to any applicable insurer from whom the Corporation has purchased insurance that may provide coverage to the Corporation or the Indemnified Party in respect of the Proceeding, but such failure by the Corporation to give prompt notice of the Proceeding shall not disqualify, impair or otherwise limit the Indemnified Party's right to indemnification hereunder.

5. Investigation by Corporation. The Corporation may conduct any investigation it considers appropriate of any Proceeding of which it receives notice under Section 4, and will pay all costs of that investigation. Upon receipt of reasonable notice from the Corporation, the Indemnified Party will, acting reasonably, co-operate fully with the investigation provided that the Indemnified Party will not be required to provide assistance that would prejudice: (a) his or her defence; (b) his or her ability to fulfill his or her business obligations; or (c) his or her business and/or personal affairs. The Indemnified Party will, for the period of time that s/he cooperates with the Corporation with respect to an investigation, be compensated by the Corporation at an amount per day (or partial day) as approved by the Board from time to time, plus out-of-pocket Expenses actually incurred by or on behalf of the Indemnified Party in connection therewith, provided that the Indemnified Party will not be entitled to the per diem if he/she is employed as an officer of the Corporation on such day.

6. Payment for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that the Indemnified Party is, by reason of the fact that the Indemnified Party is or was a director or officer of the Corporation or Related Entity, or acting in a capacity similar to an officer or director a Related Entity, a witness or participant other than as a named party in a Proceeding, the Corporation will pay to the Indemnified Party all out-of-pocket Expenses actually and reasonably incurred by or on behalf of the Indemnified Party in connection therewith. The Indemnified Party will also be compensated by the Corporation at an amount per day (or partial day) as approved by the Board from time to time, provided that the Indemnified Party will not be entitled to the per diem if he/she is a full-time employee of the Corporation on such day.

7. Expense Advances. Subject to the terms and conditions hereof, the Corporation will, upon request by the Indemnified Party, make advances ("**Expense Advances**") to the Indemnified Party of all Expenses for which the Indemnified Party may seek indemnification under this Agreement before the final disposition of the relevant Proceeding to the extent permitted by law. The Indemnified Party shall be entitled to obtain Expense Advances for anticipated Expenses. In connection with such requests, the Indemnified Party will provide the Corporation with a written affirmation of the Indemnified Party's good faith belief that the Indemnified Party is legally entitled to indemnification in accordance with this Agreement, along with sufficient particulars of the Expenses to be covered by the proposed Expense Advance to enable the Corporation to make an assessment of its reasonableness, and all such Expenses that are certified by statutory declaration of the Indemnified Party as being reasonable will be presumed to be reasonable. The Indemnified Party's entitlement to such Expense Advance will include those Expenses incurred in connection with any Proceeding by the Indemnified Party against the Corporation seeking or relating to the enforcement or interpretation of this Agreement. The Corporation will make payment to the Indemnified Party within 10 business days after the Corporation has received the Expense Advance request from the Indemnified Party. All Expense Advances for which indemnification is sought must relate to Expenses anticipated within a reasonable time of the request. The Indemnified Party will repay to the Corporation all surplus Expense Advances not actually used by the Indemnified Party for Expenses.

If requested by the Corporation, the Indemnified Party will provide a written undertaking to the Corporation confirming the Indemnified Party's obligations under Section 2.6 as a condition to receiving an Expense Advance.

8. Indemnification Payments. Subject to Section 2 and with the exception of Expense Advances which are governed by Section 7, the Corporation will pay to the Indemnified Party any amounts to which the Indemnified Party is entitled hereunder promptly upon the Indemnified Party providing the Corporation with reasonable details of the claim.

9. Right to Independent Legal Counsel. If the Indemnified Party is named as a party or a witness to any Proceeding, or the Indemnified Party is questioned or any of his or her actions, omissions or activities are in any way investigated, reviewed or examined in connection with or in anticipation of any actual or potential Proceeding, the Indemnified Party will be entitled to retain independent legal counsel at the Corporation's expense to act on the Indemnified Party's behalf to provide an initial assessment to the Indemnified Party of the appropriate course of action for the Indemnified Party. The Indemnified Party will be entitled to continued representation by independent counsel at the Corporation's expense beyond the initial assessment unless the parties agree that there is no conflict of interest at that time between the Corporation and the Indemnified Party that necessitates independent representation and a conflict of interest is unlikely to arise in the Proceeding at any later date.

10. Settlement. The parties will act reasonably in pursuing the settlement of any Proceeding. The Corporation may not negotiate or effect a settlement of claims against the Indemnified Party without the consent of the Indemnified Party, acting reasonably. The Indemnified Party may negotiate a proposed settlement without the consent of the Corporation. The Corporation will consider in good faith in the best interests of the Corporation whether or not to consent to any such proposed settlement and will advise the Indemnified Party of its determination on a timely basis. If the Corporation, acting reasonably, advises the Indemnified Party that it does not consent to the settlement provided the settlement is expressly stated to be made by the Indemnified Party on his or her own behalf without any admission of liability by the Corporation, the Indemnified Party may nonetheless effect the settlement, but the Corporation will not be liable for indemnification under this Agreement with respect to any such settlement.

11. Directors' & Officers' Insurance The Corporation will ensure that its liabilities under this Agreement, and the potential liabilities of the Indemnified Party that are subject to indemnification by the Corporation pursuant to this Agreement, are at all times supported by a directors' and officers' liability insurance policy (the "**Policy**") that (a) has been approved by the Board, and (b) treats current and former directors equally and current and former officers equally. As may be required by the Policy, the Corporation will immediately notify the Policy's insurers on receipt of a Notice of Proceeding and will promptly advise the Indemnified Party that the insurers have been notified of the potential claim. If the Corporation is sold or enters into any business combination or other transaction as a result of which the Policy is terminated and the Indemnified Party resigns or ceases to continue as an officer or director of the continuing entity, the Corporation will, prior to the closing of such transaction, cause run off "tail" insurance to be purchased for the benefit of the Indemnified Party with substantially the same coverage for the balance of the 6-year term set out in Section 22 without any gap in coverage. On request, the Corporation will provide to the Indemnified Party a copy of each policy of insurance providing the coverages contemplated by this Section promptly after coverage is obtained, and evidence of each annual renewal thereof, and will promptly notify the Indemnified Party if the insurer cancels, makes material changes to coverage or refuses to renew coverage (or any part of the coverage).

12. Attornment. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The Corporation and the Indemnified Party each hereby attorn to the jurisdiction of the courts of the Province of Ontario.

13. Non-Exclusivity. The rights of the Indemnified Party under this Agreement will be in addition to any other rights the Indemnified Party may have under the Corporation's constating documents, the Act, or any other contract or otherwise (the "**Other Indemnity Provisions**"), provided that (a) to the extent that the Indemnified Party otherwise would have any greater right to indemnification under any Other Indemnity Provision, the Indemnified Party will be deemed to have such greater right under this Agreement and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, the Indemnified Party will be deemed to have such greater right hereunder. The Corporation will not adopt any amendment to any of its constating documents that would have the effect of denying, diminishing or encumbering the Indemnified Party's right to indemnification under this Agreement or any Other Indemnity Provision.

14. Tax Adjustment. Should any payment made pursuant to this Agreement, including the payment of insurance premiums or any payment made by an insurer under an insurance policy, be deemed to constitute a taxable benefit or otherwise be or become subject to any tax or levy, then the Corporation will, upon written request of the Indemnified Party, pay such amounts necessary to ensure that the amount received by or on behalf of the Indemnified Party, after the payment of or withholding for tax, fully reimburses the Indemnified Party for the actual cost, expense or liability incurred by or on behalf of the Indemnified Party. However, the foregoing sentence will not apply to any compensation paid as a per diem to the Indemnified Party pursuant to Sections 5 or 6.

15. Legal Expenses. If any action is instituted by the Indemnified Party under this Agreement to enforce or interpret any of the terms hereof, the Indemnified Party shall be entitled to be paid all Expenses, including the reasonable fees of counsel, incurred by the Indemnified Party with respect to such action, unless as a part of such action, the court of competent jurisdiction determines that any of the material assertions made by the Indemnified Party as a basis for such action were not made in good faith or were frivolous and vexatious.

16. Governing Law. This Agreement will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

17. Priority and Term. This Agreement will supersede any previous agreement between the Corporation and the Indemnified Party dealing with this subject matter, and will be deemed to be effective as of the date that is the earlier of (a) the date on which the Indemnified Party first became a director or officer of the Corporation; or (b) the date on which the Indemnified Party first served, at the Corporation's request, as a director or officer, or an individual acting in a capacity similar to a director or officer, of another entity.

18. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, that provision will be severed from this Agreement and all other conditions and provisions of this Agreement will remain in full force and effect so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to the Indemnified Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the provisions of this Agreement are fulfilled to the fullest extent possible.

19. Binding Effect; Successors and Assigns. This Agreement shall bind and enure to the benefit of the successors, heirs, executors, personal and legal representatives and permitted assigns of the parties hereto, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Corporation. The Corporation shall require and cause any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation, by written agreement in form and substance reasonably satisfactory to the Indemnified Party, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no such succession had taken place. Subject to the requirements of this Section 19, this Agreement may be assigned by the Corporation to any successor (whether direct or indirect, and whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporation provided that no assignment will relieve the assignor of its obligations hereunder. This Agreement may not be assigned by the Indemnified Party.

20.**Covenant.** Subject to the express terms of this Agreement, the Corporation hereby covenants and agrees that it will not take any action, including, without limitation, the enacting, amending or repealing of any by-law, which would in any manner adversely affect or prevent the Corporation's ability to perform its obligations under this Agreement.

21.**Parties to Provide Information and Co-operate.** The Corporation and the Indemnified Party shall from time to time provide such information and co-operate with the other as the other may reasonably request in respect of all matters under the Agreement.

22.**Survival.** The obligations of the Corporation under this Agreement, other than Section 11 Directors' and Officers' Insurance obligation, will continue until the later of (a) 15 years after the Indemnified Party ceases to be a director or officer of the Corporation or any other entity in which he or she serves in a similar capacity at the request of the Corporation and (b) with respect to any Proceeding commenced prior to the expiration of such 15-year period with respect to which the Indemnified Party is entitled to claim indemnification hereunder, one year after the final termination of that Proceeding. The obligations of the Corporation under Section 11 of this Agreement will continue for 6 years after the Indemnified Party ceases to be a director or officer of the Corporation or any other entity in which he or she serves in a similar capacity at the request of the Corporation.

23.**Independent Legal Advice.** The Indemnified Party acknowledges that the Indemnified Party has been advised to obtain independent legal advice with respect to entering into this Agreement that the Indemnified Party has obtained such independent legal advice. The Indemnified Party is entering into this Agreement with full knowledge of the contents hereof, of the Indemnified Party's own free will and with full capacity and authority to do so.

24.**Execution and Delivery.** This Agreement may be executed by the parties in counterparts and may be executed and delivered by facsimile or electronic transmission and all such counterparts, facsimiles and electronic transmissions together will constitute one and the same agreement.

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IN WITNESS WHEREOF the parties hereto have executed this Agreement.

CANOPY GROWTH CORPORATION

by: /s/ Phil Shaer

Name: Phil Shaer

Title: Chief Legal Officer

Authorized Signing Officer

Witness Signature

Name:

Witness Name

CANOPY GROWTH CORPORATION

AMENDED AND RESTATED OMNIBUS INCENTIVE PLAN

Section 1. Purpose.

The purpose of the Amended and Restated Canopy Growth Corporation Omnibus Incentive Plan is to attract, retain and reward those employees, directors and other individuals who are expected to contribute significantly to the success of the Corporation and its Affiliates, to incentivize such individuals to perform at the highest level, to strengthen the mutuality of interests between such individuals and the Corporation's shareholders and, in general, to further the best interests of the Corporation and its shareholders. The Plan is intended to comply with Section 422 of the Code (as defined below), with respect to the U.S. employees participating in the Plan, if and when applicable.

Section 2. Definition.

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) **"Affiliate"** shall mean: (i) any entity that, directly or indirectly, controls (as well as is controlled by or under common or joint control with) the Corporation; or (ii) any entity in which the Corporation has a significant equity interest, in either case as determined by the Committee; provided that, unless otherwise determined by the Committee, the Shares subject to any Options or SAR that are granted to a service provider of an Affiliate constitutes "service recipient stock" for purposes of Section 409A of the Code or otherwise does not subject the Award to the excise tax under Section 409A of the Code, provided that in respect of any Option granted to a Canadian Grantee, an Affiliate shall only include a corporation that deals at non-arm's length, within the meaning of the ITA, with the Company, and further provided that, in respect of any Deferred Share Unit granted to a Canadian Grantee, an Affiliate shall only include a corporation that is related to the Corporation, within the meaning of the ITA.
- (b) **"Award"** shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Deferred Stock Unit, annual or long-term Performance Award or Other Stock-Based Award granted under the Plan, which may be denominated or settled in Shares, cash or in such other forms as provided for herein.
- (c) **"Award Agreement"** shall mean the agreement (whether in written or electronic form) or other instrument or document evidencing any Award granted under the Plan, which may, but need not, be executed or acknowledged by a Participant.
- (d) **"Beneficiary"** shall mean a person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. If no such person is named by a Participant, such individual's Beneficiary shall be the individual's estate.
- (e) **"Blackout Period"** means a period when the Participant is prohibited from trading in the Corporation's securities pursuant to securities regulatory requirements or the Corporation's insider trading policy or other applicable policy or requirement of the Corporation.
- (f) **"Board"** shall mean the board of directors of the Corporation.

- (g) **“Canadian Award”** shall mean an Award pursuant to which, as applicable: (i) the Exercise Price is stated and payable in Canadian dollars or the basis upon which it is to be settled (whether in cash or in Shares) is stated in Canadian dollars; (ii) in the case of freestanding SARs (as defined below), the base price is stated in Canadian dollars and any cash amount payable in settlement thereof shall be paid in Canadian dollars; (iii) in the case of Restricted Share Units, Deferred Share Units or Performance Awards, any cash amount payable in settlement thereof shall be paid in Canadian dollars; or (iv) in the case of Other Stock-Based Awards the price or value of such Shares is stated in Canadian dollars.
- (h) **“Canadian Grantee”** shall mean a Participant who is a resident of Canada for the purposes of the ITA, or who is granted an Award under the Plan in respect of services performed in Canada for the Company or any of its Affiliates.
- (i) **“Cashless Exercise”** shall have the meaning set out in Section 6(e) hereof.
- (j) **“Change in Control”** shall mean the occurrence of:
- any individual, entity or group of individuals or entities acting jointly or in concert (other than the Corporation, its Affiliates or an employee benefit plan or trust maintained by the Corporation or its Affiliates, or any company owned, directly or indirectly, by the shareholders of the Corporation in substantially the same proportions as their ownership of Shares of the Corporation) acquiring beneficial ownership, directly or indirectly, of more than 50% of the combined voting power of the Corporation's then outstanding securities (excluding any "person" who becomes such a beneficial owner (x) in connection with a transaction described in clause (A) of paragraph (ii) below;
 - the consummation of (A) a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or any parent thereof) more than 30% of the combined voting power or the total fair market value of the securities of the Corporation or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Corporation (or similar transaction) in which no person (other than those covered by the exceptions in paragraph (i) of this definition) acquires more than 50% of the combined voting power of the Corporation's then outstanding securities shall not constitute a Change in Control of the Corporation; or
 - a complete liquidation or dissolution of the Corporation or the consummation of any sale, lease, exchange or other transfer (in one transaction or a series of transactions) of all or substantially all of the assets of the Corporation; other than such liquidation, sale or disposition to a person or persons who beneficially own, directly or indirectly, more than 30% of the combined voting power of the outstanding voting securities of the Corporation at the time of the sale.
 - Notwithstanding the foregoing, with respect to any Award that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A of the

Code, an event shall not be considered to be a Change in Control under the Plan for purposes of payment of such Award unless such event is also a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Corporation within the meaning of Section 409A of the Code.

- (k) **“Code”** shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall also be a reference to any successor provision and any treasury regulation promulgated thereunder.
- (l) **“Committee”** shall mean the Corporation’s Compensation and Governance Committee appointed by the Board or such other committee as may be designated by the Board to administer the Plan; provided, however, with respect to any decision relating to a Reporting Person, including, without limitation, approval of the grant of an Award, the Committee shall consist solely of two or more Directors who are “Non-Employee Directors” within the meaning of Rule 16b-3. If the Board does not designate the Committee, references herein to the "Committee" shall refer to the Board.
- (m) **“Consultant”** means a consultant as defined in section 2.22 of National Instrument 45-106 Prospectus Exemptions engaged by the Corporation or its Affiliates and shall only include those persons who may participate in an “Employee Benefit Plan” as set forth in Rule 405 of the U.S. Securities Act.
- (n) **“Corporation”** shall mean Canopy Growth Corporation.
- (o) **“Covered Employee”** means an individual who is (i) a "covered employee" within the meaning of Section 162(m)(3) of the Code, or any successor provision thereto and (ii) any individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be a "covered employee" with respect to the taxable year of the Corporation in which any applicable Award will be paid.
- (p) **“Deferred Stock Unit”** shall mean a contractual right to receive Shares or other Awards or a combination thereof at the end of a specified deferral period, granted under Section 9.
- (q) **“Dividend Equivalent”** means a right, granted to a Participant under the plan, to receive cash, shares, other Awards or other property equal in value to dividends paid with respect to Shares.
- (r) **“Director”** means a member of the Board.
- (s) **“Effective Date”** shall mean June 13, 2018.
- (t) **“Exchange Act”** means the United States Securities Exchange Act of 1934, as amended.
- (u) **“Fair Market Value”** means, for purposes of the Plan, unless otherwise required by any applicable provision of the Code, any regulations issued thereunder or other applicable law or by any applicable accounting standard for the Corporation’s desired accounting for Awards or by the rules of the applicable Stock Exchange, a price that is determined by the Committee, provided that such price cannot be less than:
 - i. For Canadian Awards, as long as Shares are listed on the TSX, the greater of the volume weighted average trading price of the Shares on the TSX for the five

trading days immediately prior to the grant date or the closing price of the Shares on the TSX on the trading day immediately prior to the grant date.

- ii. For U.S. Awards, as long as the Shares are listed on a U.S. Exchange, the greater of the volume weighted average trading price of the Shares on the U.S. Exchange for the five trading days immediately prior to the grant date or the closing price of the Shares on the U.S. Exchange on the trading day immediately prior to the grant date.
 - iii. Unless prohibited by applicable law or rules of a Stock Exchange, Canadian Awards or U.S. Awards may be made to a Participant without regard to such Participant's domicile or residence for tax purposes. Thus, for example, U.S. taxpayers that are Participants may receive Canadian Awards. The Corporation may take such actions with respect to its filings, records and reporting, as it deems appropriate to reflect the conversion of Awards from Canadian dollars to U.S. dollars and vice versa.
 - iv. If the Shares are not traded, listed or otherwise reported or quoted, the Committee shall determine in good faith the Fair Market Value in whatever manner it considers appropriate taking into account the requirements of the ITA, Section 409A of the Code and any other applicable law.
 - v. For purposes of the grant of any Award, the applicable date shall be the date on which the Award is granted. For purposes of the exercise of any Award, the applicable date shall be the date a notice of exercise is received by the Committee or its designee, as applicable, or, if not a day on which the applicable market is open, the next day that it is open. In the event that the Committee determines that the date of grant of an Award shall be a future date because the Corporation is in a Blackout Period, the applicable date shall be deemed to occur on the seventh day following the termination of the Blackout Period and the Fair Market Value shall be the weighted average trading price of the Shares on the TSX or U.S. Exchange as applicable for a Canadian Award or U.S. Award, for the five most recent trading days preceding the applicable date (e.g. trading days two to six following the lifting of the Blackout Period). In the event an additional Blackout Period commences such that six consecutive trading days (excluding weekends and statutory holidays) do not elapse following the expiry of the initial Blackout Period, the applicable date and market price shall be determined by reference to the seventh consecutive trading day following the expiry of the subsequent Blackout Period.
- (v) **"Incentive Stock Option"** shall mean an option representing the right to purchase Shares from the Corporation, granted under and in accordance with the terms of Section 6, that is intended to be and is designated as an "Incentive Stock Option" within the meaning of Section 422 of the Code.
- (w) **"ITA"** shall mean the Income Tax Act (Canada) and any regulations thereunder as amended from time to time.
- (x) **"Non-Employee Director"** shall mean a Director who is not otherwise an Employee or a Consultant of the Company or of any Affiliate at the date an Award is granted.

- (y) **“Non-Qualified Stock Option”** shall mean an option representing the right to purchase Shares from the Corporation, granted under and in accordance with the terms of Section 6, that is not an Incentive Stock Option.
- (z) **“Option”** shall mean an Incentive Stock Option or a Non-Qualified Stock Option.
- (aa) **“Other Stock-Based Award”** means an Award granted pursuant to Section 11 of the Plan.
- (bb) **“Participant”** shall mean the recipient of an Award granted under the Plan.
- (cc) **“Performance Award”** means an Award granted pursuant to Section 10 of the Plan.
- (dd) **“Performance Goals”** means goals established by the Committee as contingencies for Awards to vest and/or become exercisable or distributable based on one or more performance goals. Performance Goals may be applied to either the Corporation as a whole or to a business unit or to a single or group of Affiliates, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group.
- (ee) **“Performance Period”** means the period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any Performance Goals specified by the Committee with respect to such Award are measured or must be satisfied.
- (ff) **“Plan”** shall mean this Amended and Restated Canopy Growth Corporation Omnibus Incentive Plan, as the same may be amended or supplemented from time to time.
- (gg) **“Prior Plan”** means the Corporation's stock option plan as it existed prior to August 4, 2017.
- (hh) **“Reporting Person”** means an officer, Director, or greater than ten percent stockholder of the Company within the meaning of Rule 16a-2 under the Exchange Act, who is required to file reports pursuant to Rule 16a-3 under the Exchange Act.
- (ii) **“Restricted Stock”** shall mean any Share granted under Section 8.
- (jj) **“Restricted Stock Unit”** shall mean a contractual right granted under Section 8 that is denominated in Shares. Each Restricted Stock Unit represents a right to receive one Share or the value of one Share upon the terms and conditions set forth in the Plan and the applicable Award Agreement.
- (kk) **“Rule 16b-3”** means Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.
- (ll) **“SAR” or “Stock Appreciation Right”** shall mean any right granted to a Participant pursuant to Section 7 to receive, upon exercise by the Participant, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Committee in its sole discretion, which, except in the case of Substitute Awards, shall not be less than the Fair Market Value of one Share on such date of grant of the right or the related Option, as the case may be.

- (mm) **“Service”** shall mean the active performance of services for the Corporation or an Affiliate by a person who is an employee or director of the Corporation or an Affiliate. Notwithstanding the foregoing, with respect to any Award that is characterized as "nonqualified deferred compensation" within the meaning of Section 409A of the Code, an event shall not be considered to be a termination of "Service" under the Plan for purposes of payment of such Award unless such event is also a "separation from service" within the meaning of Section 409A of the Code.
- (nn) **“Shares”** shall mean the common shares in the capital of the Corporation. (kk)**“Stock Exchanges”** shall mean the U.S. Exchange and the TSX.
- (oo) **“Subsidiary”** shall mean any corporation of which shares representing at least 50% of the ordinary voting power is owned, directly or indirectly, by the Corporation.
- (pp) **“Substitute Awards”** shall mean Awards granted in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Corporation or with which the Corporation combines.
- (qq) **“Transfer”** means: (a) when used as a noun, any direct or indirect transfer, sale, assignment, pledge, hypothecation, encumbrance or other disposition (including the issuance of equity in any entity), whether for value or no value and whether voluntary or involuntary (including by operation of law), and (b) when used as a verb, to directly or indirectly transfer, sell, assign, pledge, encumber, charge, hypothecate or otherwise dispose of (including the issuance of equity in any entity) whether for value or for no value and whether voluntarily or involuntarily (including by operation of law). "Transferred" and "Transferable" shall have a correlative meaning.
- (rr) **“TSX”** means the Toronto Stock Exchange and at any time the Shares are not listed and posted for trading on the TSX, shall be deemed to mean such other stock exchange or trading platform in Canada upon which the Shares trade and which has been designated by the Committee.
- (ss) **“U.S. Award”** shall mean an Award pursuant to which, as applicable: (i) in the case of Options (including tandem SARs (as defined below)), the Exercise Price is stated and payable in United States dollars (and in the case of tandem SARs, any cash amount payable in settlement thereof shall be paid in United States dollars), (ii) in the case of freestanding SARs (as defined below), the base price is stated in United States dollars and any cash amount payable in settlement thereof shall be paid in United States dollars; (iii) in the case of Restricted Share Units, Deferred Share Units or Performance Awards, any cash amount payable in settlement thereof shall be paid in United States dollars; or (iv) in the case of Other Stock-Based Awards the price or value of such Shares is stated in United States dollars.
- (tt) **“U.S. Exchange”** shall mean the New York Stock Exchange or such other national securities exchange or trading system on which the Corporation’s shares are listed in the United States.
- (uu) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended.

Section 3. Eligibility.

(a) Any employee, officer, director, Consultant or, subject to applicable securities laws, other advisor of, or any other individual who provides services to, the Corporation or any Affiliate, shall be eligible to be selected to receive an Award under the Plan. All Awards shall be granted by an Award Agreement. Notwithstanding the foregoing, only eligible employees of the Corporation, its subsidiaries and its parent (as determined in accordance with Section 422(b) of the Code in the case of US employees) are

eligible to be granted Incentive Stock Options under the Plan. Eligibility for the grant of Awards and actual participation in the Plan shall be determined by the Committee in its sole discretion.

(b) An individual who has agreed to accept employment by the Corporation or an Affiliate shall be deemed to be eligible for Awards hereunder as of the date of such acceptance; provided that vesting and exercise of Awards granted to such individual are conditioned upon such individual actually becoming an employee of the Corporation or an Affiliate.

(c) Holders of options and other types of incentive awards granted by a company acquired by the Corporation or with which the Corporation combines are eligible for grant of Substitute Awards hereunder.

Section 4. Administration.

(a) The Plan shall be administered by the Committee. Subject to Section 15, the Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan and perform all acts, including the delegation of its responsibilities (to the extent permitted by applicable law and applicable stock exchange rules), as it shall, from time to time, deem advisable; to construe and interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreements relating thereto); and to otherwise supervise the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any agreement relating thereto in the manner and to the extent it shall deem necessary to effectuate the purpose and intent of the Plan. The Committee may adopt special guidelines and provisions for persons who are residing in or employed in, or subject to, the taxes of, any domestic or foreign jurisdictions to comply with applicable tax and securities laws of such domestic or foreign jurisdictions. To the extent applicable, the Plan and Awards intended to be "performance-based," the applicable provisions of Section 162(m) of the Code, and the Plan shall be limited, construed and interpreted in a manner so as to comply therewith.

(b) Subject to the terms of the Plan and applicable law and the rules of the Stock Exchanges that the Shares are listed at the relevant time and in addition to those authorities provided in Section 4(a), the Committee (or its delegate) shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards, including whether an Award shall be a Canadian Award or a U.S. Award; (iv) authorize and approve the applicable form and determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the Shares relating thereto, based on such factors, if any, as the Committee shall determine, in its sole discretion); (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee, taking into consideration the requirements of Section 409A of the Code; (vii) determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of an Award for a period of time as determined by the Committee, in its sole discretion, following the date of the acquisition of such Award; (viii) to determine whether an Option is an Incentive Stock Option or Non-Qualified Option; (ix) interpret and administer the Plan and any instrument or agreement relating to, or Award made

under, the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) to permit accelerated vesting or lapse of restrictions of any Award at any time; and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) All decisions of the Committee shall be final, conclusive and binding upon all parties, including the Corporation, the shareholders and the Participants.

(d) Notwithstanding the foregoing, the Committee shall not have any discretion under this Section 4 or any other provision of the Plan that would modify the terms or conditions of any (i) Performance Goal or waive the satisfaction thereof with respect to any Award that is intended to qualify as "performance-based compensation" for purposes of Section 162(m) of the Code if the exercise of such discretion would cause the Award not to so qualify, (ii) any other Award that is intended to be exempt from the definition of "salary deferral arrangement" in the ITA if the exercise of such discretion would cause the Award to not be or cease to be exempt; or (iii) any Option granted to a Canadian Grantee if the exercise of such discretion would cause the Option to not be or cease to be governed by section 7 of the ITA. The Committee will also exercise its discretion in good faith in accordance with the Corporation's intention that the terms of Awards and the modifications or waivers permitted hereby are in compliance with applicable law and the rule of the Stock Exchanges.

(e) No member of the Committee or the Board generally shall be liable for any action or determination made in good faith pursuant to the Plan or any instrument of grant evidencing any Award granted under the Plan. To the fullest extent permitted by law, the Corporation shall indemnify and save harmless, and shall advance and reimburse the expenses of, each Person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such Person is or was a member of the Committee or is or was a member of the Board in respect of any claim, loss, damage or expense (including legal fees) arising therefrom.

Section 5. Shares Available for Awards; Per Person Limitations.

(a) Subject to adjustment as provided below, the maximum number of Shares available for issuance under the Plan shall not exceed 15% of the issued and outstanding Shares from time-to-time when taken together with all other Security Based Compensation Arrangements of the Corporation; provided that all Shares reserved and available under the Plan shall constitute the maximum number of Shares that can be issued for Incentive Stock Options. Every three years after the Effective Date of the Plan, all unallocated Awards under the Plan shall be submitted for approval to the Board and the shareholders of the Corporation. With respect to Stock Appreciation Rights settled in Shares, upon settlement, only the number of Shares delivered to a Participant (based on the difference between the Fair Market Value of the Shares subject to such Stock Appreciation Right on the date such Stock Appreciation Right is exercised and the exercise price of each Stock Appreciation Right on the date such Stock Appreciation Right was awarded) shall count against the aggregate and individual share limitations set forth under this Section 5. If any Option, Stock Appreciation Right or Other Stock-Based Awards granted under the Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of Shares underlying any unexercised Award shall again be available for the purpose of Awards under the Plan. If any shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in Shares awarded under the Plan to a Participant are forfeited for any reason, the number of forfeited shares of Restricted Stock, Performance Awards or Other Stock-Based Awards denominated in Shares shall again be available for purposes of Awards under the Plan. Any Award under the Plan settled in cash shall not be counted against the foregoing maximum share limitations. On exercise of any Option, Stock Appreciation Right or Other Stock-Based Awards granted under the Plan, the number of Shares underlying such Award shall again be available for the purpose of Awards under the Plan. Any Shares subject to any Award or award granted under a Prior

Plan that is outstanding on the date which this Plan was approved by shareholders of the Corporation (or any portion thereof) that has expired or is forfeited, surrendered, cancelled or otherwise terminated prior to, or that is otherwise settled so that there is no, issuance or transfer of such Shares shall not be counted against the foregoing maximum share limitations.

(b) Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or Shares acquired by the Corporation.

(c) To the extent required by Section 162(m) of the Code for Awards under the Plan to qualify as "performance-based compensation," the following individual Participant limitations shall apply:

(i) Subject to Section 21 below, the maximum number of Shares subject to any Award of Options, or Stock Appreciation Rights, shares of Restricted Stock, Restricted Stock Units or Other Stock-Based Awards for which the grant of such Award or the lapse of the relevant restriction period is subject to the attainment of Performance Goals in accordance with Section 10 which may be granted under the Plan during any fiscal year of the Corporation to any Participant shall be 1,000,000 Shares per type of Award (which shall be subject to any further increase or decrease pursuant to Section 5(d)) provided that the maximum number of Shares for all types of Awards granted to any Participant does not exceed 1,000,000 Shares (which shall be subject to any further increase or decrease pursuant to Section 5(d)) during any fiscal year of the Corporation. If a Stock Appreciation Right is granted in tandem with an Option, it shall apply against the Participant's individual share limitations for both Stock Appreciation Rights and Options.

(ii) Subject to Section 5(g), Section 5(h) and Section 21, there are no annual individual share limitations applicable to Participants on Options, Restricted Stock, Restricted Stock Units or Other Stock-Based Awards for which the grant, vesting or payment (as applicable) of any such Award is not subject to the attainment of Performance Goals.

(iii) The individual Participant limitations set forth in this Section 5(c) shall be cumulative; that is, to the extent that Shares for which Awards are permitted to be granted to a Participant during a fiscal year are not covered by an Award to such Participant in a fiscal year, the number of Shares available for Awards to such Participant shall automatically increase in the subsequent fiscal years during the term of the Plan until used.

(d) Changes

(i) The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or the shareholders of the Corporation to make or authorize (a) any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, (b) any arrangement, merger or consolidation of the Corporation or any Affiliate, (c) any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares (d) the dissolution or liquidation of the Corporation or any Affiliate, (e) any sale or transfer of all or part of the assets or business of the Corporation or any Affiliate or (f) any other corporate act or proceeding.

(ii) If there shall occur any such change in the capital structure of the Corporation by reason of any stock split, reverse stock split, stock dividend, extraordinary dividend, subdivision, combination or reclassification of shares that may be issued under the Plan, any recapitalization, any arrangement, any merger, any consolidation, any spin off, any reorganization or any partial or complete liquidation, or any other corporate transaction or event having an effect similar to any of the foregoing (a "Corporate Event"), then (i) the aggregate number and/or kind of shares that thereafter may be issued under the Plan, (ii) the number and/or kind of shares or other property (including cash) to be issued upon exercise of an outstanding Award granted under the Plan, and/or (iii) the purchase price thereof, shall be

appropriately adjusted. In addition, if there shall occur any change in the capital structure or the business of the Corporation that is not a Corporate Event (an "Other Extraordinary Event"), including by reason of any ordinary dividend (whether cash or stock), any conversion, any adjustment, any issuance of any class of securities convertible or exercisable into, or exercisable for, any class of stock, or any sale or transfer of all or substantially all of the Corporation's assets or business, then the Committee, in its sole discretion, may adjust any Award and make such other adjustments to the Plan. Any adjustment pursuant to this Section 5(d) shall be consistent with the applicable Corporate Event or the applicable Other Extraordinary Event, as the case may be, and in such manner as the Committee may, in its sole discretion, deem appropriate and equitable to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants under the Plan. Any such adjustment determined by the Committee shall be final, binding and conclusive on the Corporation and all Participants and their respective heirs, executors, administrators, successors and permitted assigns. Except as expressly provided in this Section 5(d) or in the applicable Award Agreement, a Participant shall have no rights by reason of any Corporate Event or any Other Extraordinary Event.

(iii) Fractional shares of Shares resulting from any adjustment in Awards pursuant to Section 5(d)(i) or Section 5(d)(ii) shall be aggregated until, and eliminated at, the time of exercise by rounding-down for fractions less than one-half and rounding-up for fractions equal to or greater than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding. Notice of any adjustment shall be given by the Committee to each Participant whose Award has been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

(e) Shares underlying Awards that can only be settled in cash shall not reduce the number of Shares remaining available for issuance under the Plan.

(f) Notwithstanding any provision of the Plan to the contrary, if authorized but previously unissued Shares are issued under the Plan, such shares shall not be issued for a consideration that is less than as permitted under applicable law and the rules of the TSX.

(g)(i) The equity value of Options granted to a Non-Employee Director, within a one-year period, pursuant to the Plan shall not exceed \$100,000; and (ii) the aggregate equity value of all awards, that are eligible to be settled in Shares granted to a Non-Employee Director, within a one-year period, pursuant to all Security Based Compensation Arrangements (including, for greater certainty, the Plan) shall not exceed \$150,000.

(h) In the event that a Participant holds 20% or more of the issued and outstanding Shares or the settlement of an Award in Shares would cause the Participant to hold 20% or more of the issued and outstanding Shares, such Participant shall only be granted Awards that can be settled in cash.

Section 6. Options.

The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

(a) The purchase price per Share under an Option shall be determined by the Committee; provided, however, that, except in the case of Substitute Awards, such purchase price shall not be less than 100% (or 110% in the case of an Incentive Stock Option granted to a person owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation, its subsidiaries or its parent, determined in accordance with Section 422(b)(6) of the Code) of the Fair Market Value of a Share on the date of grant of such Option. In the event that the Committee determines and has

authorized the Chief Executive Officer of the Corporation to grant such Options on a future date because the Corporation is in a Blackout Period, the date of grant shall be deemed to occur on the second trading day following the termination of the Blackout Period and the Fair Market Value shall be the closing price on the first business day following the date on which the relevant Blackout Period has expired, unless the relevant grant of Options occurs after the close of trading on the date of grant, in which case the Fair Market Value shall be equal to the closing price on the date of grant. In the event an additional Blackout Period commences such that two consecutive trading days (excluding weekends and statutory holidays) do not elapse following the expiry of the initial Blackout Period, the grant date and Fair Market Value shall be determined by reference to the second consecutive trading day following the expiry of the subsequent Blackout Period.

(b)The term of each Option shall be fixed by the Committee but shall not exceed 6 years from the date of grant thereof. Except as otherwise provided by the Committee in an Award Agreement, the term of each grant of Option shall be 6 years from the date of the grant thereof. Notwithstanding the foregoing, if the term of an Option (other than an Incentive Stock Option) held by any Participant not subject to Section 409A of the Code would otherwise expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such Option shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

(c)The Committee shall determine the time or times at which an Option may be exercised in whole or in part. Except as otherwise provided by the Committee in an Award Agreement, the Options will vest and become exercisable as follows:

(i)as to one-third on the first anniversary of the date of the grant thereof;

(ii)as to one-third on the second anniversary of the date of the grant thereof; and

(iii)as to the final one-third on the third anniversary of the date of the grant thereof.

(d)To the extent vested and exercisable, Options may be exercised in whole or in part at any time during the Option term, by giving written notice of exercise to the Corporation specifying the number of Shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price (the "Option Price") as follows: (i) by certified cheque, bank draft or money order payable to the order of the Corporation; (ii) solely to the extent permitted by applicable law, if the Shares are traded on a national securities exchange, and the Committee authorizes, through a procedure whereby the Participant delivers irrevocable instructions to a broker reasonably acceptable to the Committee to deliver promptly to the Corporation an amount equal to the purchase price; or (iii) on such other terms and conditions as may be acceptable to the Committee (including, without limitation, having the Corporation withhold Shares issuable upon exercise of the Option, or by payment in full or in part in the form of Shares owned by the Participant, based on the Fair Market Value of the Shares on the payment date as determined by the Committee). No Shares shall be issued until payment therefor, as provided herein, has been made or provided for.

(e) Notwithstanding Section 6(d), with the approval of the Committee, in its sole and unfettered discretion, a Participant may elect to exercise an Option, in whole or in part, without payment of the aggregate Option Price due on such exercise by electing to receive Shares equal in value to the difference between the Option Price and the Fair Market Value on the date of exercise (any such exercise a "Cashless Exercise") computed by using the following formula, with either a partial or full deduction of the number of underlying Shares from the Plan reserve:

$$X = \frac{Y(A-B)}{A}$$

Where X = the number of Shares to be issued to the Participant upon such Cashless Exercise;
Y = the number of Shares purchasable under the Option (at the date of such calculation);
A = Fair Market Value of one Share of the Corporation (at the date of such calculation, if greater than the Option Price); and
B = Option Price (as adjusted to the date of such calculation)

In the event that the Shares are not listed on the Exchange as at the date of an exercise of an Option, it shall be a condition precedent to the exercise of any Option that the Participant agree to be bound by the terms of any unanimous shareholders agreement or similar agreements generally applicable to all of the shareholders of the Corporation then in force, and further that the Participant agree to enter into voting trust generally applicable to employee shareholders of the Corporation then in force and provide a power of attorney in support of such voting trust

(f) The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. To the extent that the aggregate Fair Market Value (determined as of the time of grant) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant Employee during any calendar year under the Plan and/or any other stock option plan of the Corporation, any subsidiary or any parent exceeds \$100,000, such Options shall be treated as Non-Qualified Options. Should any provision of the Plan not be necessary in order for the Options to qualify as Incentive Stock Options, or should any additional provisions be required, the Committee may amend the Plan accordingly, without the necessity of obtaining the approval of the shareholders of the Corporation, subject to the rules of the TSX. To the extent that any such Option does not qualify as an Incentive Stock Option (whether because of its provisions or the time or manner of its exercise or otherwise), such Option or the portion thereof which does not so qualify shall constitute a separate Non- Qualified Stock Option.

Section 7. Stock Appreciation Rights.

(a) The Committee is hereby authorized to grant Stock Appreciation Rights ("SARs") to Participants with terms and conditions as the Committee shall determine not inconsistent with the provisions of the Plan.

(b) SARs may be granted hereunder to Participants either alone ("freestanding") or in addition to other Awards granted under the Plan ("tandem") and may, but need not, relate to a specific Options granted under Section 6.

(c) Any tandem SAR related to an Option may be granted at the same time such Option is granted to the Participant. In the case of any tandem SAR related to any Option, the SAR or applicable portion thereof shall not be exercisable until the related Option or applicable portion thereof is exercisable and shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a SAR granted with respect to less than the full number of Shares covered by a related Option

shall not be reduced until the exercise or termination of the related Option exceeds the number of Shares not covered by the SAR. Any Option related to any tandem SAR shall no longer be exercisable to the extent the related SAR has been exercised.

(d) A freestanding SAR shall not have a term of greater than 10 years or, unless it is a Substitute Award, an exercise price less than 100% of Fair Market Value of the Share on the date of grant. Notwithstanding the foregoing, if the term of a SAR held by any Participant not subject to Section 409A of the Code would otherwise expire during, or within ten business days of the expiration of a Blackout Period applicable to such Participant, then the term of such SAR shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period.

Section 8. Restricted Stock and Restricted Stock Units.

(a) The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants.

(b) Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to receive any dividend or dividend equivalent or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. To the extent required by law, Participants holding Restricted Stock granted hereunder shall have the right to exercise full voting rights with respect to those Restricted Stocks during the any period of restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

(c) Any share of Restricted Stock granted under the Plan may be evidenced in such manner as the Committee may deem appropriate including, without limitation, book-entry registration or issuance of a share certificate or certificates. In the event any share certificate is issued in respect of shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock. If share certificates are issued in respect of shares of Restricted Stock, the Committee may require that any share certificates evidencing such Shares be held in custody by the Corporation until the restrictions thereon shall have lapsed, and that, as a condition of any grant of Restricted Stock, the Participant shall have delivered a duly signed stock power or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Corporation, which would permit transfer to the Corporation of all or a portion of the shares subject to the Restricted Stock Award in the event that such Award is forfeited in whole or part.

(d) The Committee may in its discretion, when it finds that a waiver would be in the best interests of the Corporation, waive in whole or in part any or all restrictions with respect to Shares of Restricted Stock or Restricted Stock Units.

(e) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Restricted Stock Units. The entitlements on such Dividend Equivalents will not be available until the vesting of the Award of Restricted Stock Units.

(f) If the Committee intends that an Award under this Section 8 shall constitute or give rise to "qualified performance based compensation" under Section 162(m) of the Code, such Award may be structured in accordance with the requirements of Section 10, including without limitation, the Performance Goals and the Award limitation set forth therein, and any such Award shall be considered a Performance Award for purposes of the Plan.

(g) No Restricted Stock Unit shall vest later than three years after the date of grant.

Section 9. Deferred Stock Unit.

The Committee is authorized to grant Deferred Stock Units to Participants, subject to the following terms and conditions:

(a) Deferred Stock Units shall be settled upon expiration of the deferral period specified for an Award of Deferred Stock Unit by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, Deferred Stock Units shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. Deferred Stock Units may be satisfied by delivery of Shares, other Awards, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(b) The Committee, in its discretion, may award Dividend Equivalents with respect to Awards of Deferred Stock Units. The entitlements on such Dividend Equivalents will not be available until the expiration of the deferral period for the Award of Deferred Stock Units.

(c) Except as otherwise provided in the Award Agreement, each Participant shall be entitled to redeem his or her Deferred Stock Units during the period commencing on the business day immediately following the Director Termination Date and ending on the 90th day following the Director Termination Date by providing a written notice of redemption, on a prescribed form, to the Corporation (the “**Redemption Date**”). In the event of death of a Participant, the notice of redemption shall be filed by the administrator or liquidator of the estate of the Participant. For greater certainty, the administrator shall have a maximum of 180 days following the Director Termination Date to provide such written notice. In the case of a U.S. Participant and except as otherwise provided in an Award Agreement, however, the redemption will be deemed to be made on the earlier of (i) December 31 of the year following the year of a “separation from service” within the meaning of Section 409A of the Code, or (ii) within 90 days of the U.S. Participant’s death, or retirement from, or loss of office or employment with the Company, within the meaning of paragraph 6801(d) of the regulations under the ITA, including the Participant’s resignation, retirement, removal from the Board, death or otherwise.

Section 10. Performance Awards.

(a) The Committee may grant a Performance Award to a Participant payable upon the attainment of specific Performance Goals. The Committee may grant Performance Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, as well as Performance Awards that are not intended to qualify as “performance-based compensation” under Section 162(m) of the Code. If the Performance Award is payable in shares of Restricted Stock, such shares shall be transferable to the Participant only upon attainment of the relevant Performance Goal in accordance with Section 8. If the Performance Award is payable in cash, it may be paid upon the attainment of the relevant Performance Goals either in cash or in shares of Restricted Stock (based on the then current Fair Market Value of such shares), as determined by the Committee, in its sole and absolute discretion. Each Performance Award shall be evidenced by an Award Agreement in such form that is not inconsistent with the Plan and that the Committee may from time to time approve. With respect to Performance Awards that are intended to qualify as “performance-based compensation” under Section 162(m) of the Code, the Committee shall condition the right to payment of any Performance Award upon the attainment of objective Performance Goals established pursuant to Section 10(b)(iii).

(b)Terms and Conditions. Performance Awards awarded pursuant to this Section 10 shall be subject to the following terms and conditions:

(i)Earning of Performance Award. At the expiration of the applicable Performance Period, the Committee shall determine the extent to which the Performance Goals established pursuant to Section 10(b) are achieved and the percentage of each Performance Award that has been earned.

(ii)Non-Transferability. Subject to the applicable provisions of the Award Agreement and the Plan, Performance Awards may not be Transferred during the Performance Period.

(iii)Objective Performance Goals, Formulae or Standards. With respect to Performance Awards that are intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Committee shall establish the objective Performance Goals for the earning of Performance Awards based on a Performance Period applicable to each Participant or class of Participants in writing prior to the beginning of the applicable Performance Period or at such later date as permitted under Section 162(m) of the Code and while the outcome of the Performance Goals are substantially uncertain. Such Performance Goals may incorporate, if and only to the extent permitted under Section 162(m) of the Code, provisions for disregarding (or adjusting for) the impact of any of the following that the Committee determines to be appropriate: (i) corporate transactions (including, without limitation, dispositions and acquisitions) and other similar type events or circumstances, (ii) restructurings, discontinued operations, extraordinary items or events, and other unusual or non-recurring charges as described in the Corporation's Management Discussion & Analysis; (iii) an event either not directly related to the operations of the Corporation or any of its Affiliates or not within the reasonable control of the Corporation's management, (iv) a change in tax law or accounting standards required by generally accepted accounting principles, or (v) such other exclusions or adjustments as the Committee specifies at the time the Award is granted. To the extent that any such provision would create impermissible discretion under Section 162(m) of the Code or otherwise violate Section 162(m) of the Code, such provision shall be of no force or effect, with respect to Performance Awards that are intended to qualify as "performance-based compensation" under Section 162(m) of the Code.

(c)Dividends. Unless otherwise determined by the Committee in an Award Agreement, amounts equal to dividends declared during the Performance Period with respect to the number of Shares covered by a Performance Award will not be paid to the Participant. In all cases, such dividends would not become payable until the expiration of the applicable Performance Period.

(d)Payment. Following the Committee's determination in accordance with Section 10(b)(i) the Corporation shall settle Performance Awards, in such form (including, without limitation, in Shares or in cash) as determined by the Committee, in an amount equal to such Participant's earned Performance Awards. Notwithstanding the foregoing, the Committee may, in its sole discretion, award an amount less than the earned Performance Awards and/or subject the payment of all or part of any Performance Award to additional vesting, forfeiture and deferral conditions as it deems appropriate.

(e)Termination. Subject to the applicable provisions of the Award Agreement and the Plan, upon a Participant's termination of Service for any reason during the Performance Period for a given Performance Award, the Performance Award in question will vest or be forfeited in accordance with the terms and conditions established by the Committee at grant.

(f)Accelerated Vesting. Based on service, performance and/or such other factors or criteria, if any, as the Committee may determine, the Committee may, at or after grant, due to such service, performance and/or such other factors or criteria relating to the Participant's performance to date accelerate on a pro rata basis the vesting of all or any part of any Performance Award.

(g)When and if Performance Awards become payable, a Participant having received the grant of such units shall be entitled to receive payment from the Company in settlement of such units in cash, Shares of equivalent value (based on the Fair Market Value), in some combination thereof, or in any other form determined by the Committee at its sole discretion. With respect to any Canadian Participant, the Company shall deliver the payout in settlement of any Performance Award to such Canadian Participant by or before December 31 of the third year following the year of the grant.

Section 11. Other Stock-Based Awards.

The Committee is authorized, subject to limitations under applicable law, the approval of the TSX and shareholder approval, if required, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares or factors that may influence the value of Shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Shares, purchase rights for Shares, Awards with value and payment contingent upon performance of the Corporation or business units thereof, Shares awarded purely as a bonus and not subject to restrictions or conditions, or any other factors designated by the Committee. The Committee shall determine the terms and conditions of such Awards. Shares delivered pursuant to an Award in the nature of a purchase right granted under this Section 11 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Shares, other Awards, notes, or other property, as the Committee shall determine. Unless otherwise determined by the Committee in an Award Agreement, the recipient of an Award under this Section 11 shall not be entitled to receive, currently or on a deferred basis, dividends or Dividend Equivalents in respect of the number of Shares covered by the Award. In all cases, such dividends or Dividend Equivalents would not become payable until the expiration of any applicable performance period.

Section 12. Effect of Termination of Service on Awards.

(a)The Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, the circumstances in which Awards shall be exercised, vested, paid or forfeited in the event a Participant ceases to provide Service to the Corporation or any Affiliate prior to the end of a performance period or exercise or settlement of such Award.

(b)Except as otherwise provided by the Committee in an Award Agreement:

(i)if a Participant resigns their office or employment, or the employment of a Participant is terminated, or a Participant's contract as a Consultant terminates, only the portion of the Options that have vested and are exercisable at the date of any such resignation or termination may be exercised by the participant during the period ending 90 days after the date of resignation or termination, as applicable, after which period all Options expire; and

(ii)any Options, whether vested or unvested, will expire immediately upon the Participant being dismissed from their office or employment for cause or on a Participant's contract as a Consultant being terminated before its normal termination date for cause, including where a participant resigns their office or employment or terminates their contract as a Consultant after being requested to do so by the Corporation as an alternative to being dismissed or terminated by the Corporation for cause.

Section 13. Change in Control Provisions.

Except as otherwise provided by the Committee in an Award Agreement:

(a) the occurrence of a Change in Control will not result in the vesting of unvested Awards nor the lapse of any period of restriction pertaining to any Restricted Stock or Restricted Stock Unit (such Awards collectively referred to as “**Unvested Awards**”), provided that: (i) such Unvested Awards will continue to vest in accordance with the Plan and the Award Agreement; (ii) the level of achievement of performance goals prior to the date of the Change in Control shall be based on the actual performance achieved to the date of the Change in Control and the level of achievement of performance goals for the applicable period completed following the date of the Change in Control shall be based on the assumed achievement of 100% of the performance goals; and (iii) any successor entity agrees to assume the obligations of the Corporation in respect of such Unvested Awards.

(b) For the period of 24 months following a Change in Control, where a Participant’s employment or term of office or engagement is terminated for any reason, other than for Cause: (i) any Unvested Awards as at the date of such termination shall be deemed to have vested, and any period of restriction shall be deemed to have lapsed, as at the date of such termination and shall become payable as at the date of termination; and (ii) the level of achievement of performance goals for any Unvested Awards that are deemed to have vested pursuant to (i) above, shall be based on the actual performance achieved at the end of the applicable period immediately prior to the date of termination.

(c) With respect to Awards for a U.S. Participant to the extent applicable, the Committee shall have the discretion to unilaterally determine that all outstanding Awards shall be cancelled up on a Change in Control, and that the value of such Awards, as determined by the Committee in accordance with the terms of the Plan and the Award Agreements, shall be paid out in cash in an amount based on the Change in Control Price within a reasonable time subsequent to the Change in Control; provided, however, that no such payment shall be made on account of an ISO using a value higher than the Fair Market Value of the underlying Shares on the date of settlement. For purposes of this Section, “Change in Control Price” shall mean the highest price per Share paid in any transaction related to a Change in Control of the Corporation.

(d) Notwithstanding the above, no cancellation, acceleration of vesting, lapsing of restrictions, payment of an Award, cash settlement or other payment shall occur with respect to any Award if the Committee reasonably determines in good faith prior to the occurrence of a Change in Control that such Award shall be honoured or assumed, or new rights substituted therefor (with such honoured, assumed or substituted Award hereinafter referred to as an “**Alternative Award**”) by any successor to the Corporation or an Affiliate; provided, however, that any such Alternative Award must: (i) be based on stock which is traded on the TSX and/or an established U.S. securities market; (ii) provide such Participant with rights and entitlements substantially equivalent to or better than the rights, terms and conditions applicable under such Award, including, but not limited to, an identical or better exercise or vesting schedule and identical or better timing and methods of payment; (iii) recognize, for the purposes of vesting provisions, the time that the Award has been held prior to the Change in Control; (iv) have substantially equivalent economic value to such Award (determined prior to the time of the Change in Control); and (v) have terms and conditions which provide that in the event that the Participant’s employment with the Corporation, an Affiliate or any successor is involuntarily terminated or constructively terminated at any time within at least twelve months following a Change in Control, any conditions on a Participant’s rights under, or any restrictions on transfer or exercisability applicable to, each such Alternative Award shall be waived or shall lapse, as the case may be.

(e) In the event that any accelerated Award vesting or payment received or to be received by a Participant pursuant to the above (the “Benefit”) would (i) constitute a “parachute payment” within the meaning of and subject to Section 280G of the Code and (ii) but for this Section, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then such Benefit shall be reduced to the extent necessary so that no portion of the Benefit will be subject to the Excise Tax, as determined in good faith by the Committee; provided, however, that if, in the absence of any such reduction (or after such reduction), the Participant believes that the Benefit or any portion thereof (as reduced, if applicable) would be subject to the Excise Tax, the Benefit shall be reduced (or further reduced) to the extent determined by the Participant in his or her discretion so that the Excise Tax would not apply. To the extent that such Benefit or any portion thereof is subject to Section 409A of the Code, then such Benefit or portion thereof shall be reduced by first reducing or eliminating any payment or Benefit payable in cash and then any payment or Benefit not payable in cash, in each case in reverse order beginning with payments or Benefits which are to be paid the further in time from the date of a Change in Control. If, notwithstanding any such reduction (or in the absence of such reduction), the Internal Revenue Service (“IRS”) determines that the Participant is liable for Excise Tax as a result of the Benefit, then the Participant shall be obliged to return to the Corporation, within thirty days of such determination by the IRS, a portion of the Benefit sufficient such that none of the Benefit retained by the Participant constitutes a “parachute payment” within the meaning of Section 280G of the Code that is subject to the Excise Tax. In no event shall the Corporation have any obligation to pay any Excise Tax imposed on a Participant or to indemnify a Participant therefor.

(f) Notwithstanding any other provision of this Plan, this Section shall not apply with respect to any Deferred Stock Units held by a Canadian Participant where such Deferred Stock Units are governed under regulation 6801(d) of the ITA or any successor to such provision.

Section 14. General Provisions Applicable to Awards.

(a) Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(b) Awards may, in the discretion of the Committee, be granted either alone or in addition to or in tandem with any other Award or any award granted under any other plan of the Corporation. Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Corporation, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(c) Subject to the terms of the Plan, payments or transfers to be made by the Corporation upon the grant, exercise or payment of an Award may be made in the form of cash, Shares, other securities or other Awards, or any combination thereof, as determined by the Committee in its discretion at the time of grant, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee and in compliance with Section 409A of the Code. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest (or no interest) on installment or deferred payments or the grant or crediting of dividend equivalents in respect of installment or deferred payments.

(d) Except as may be permitted by the Committee or as specifically provided in an Award Agreement, (i) no Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner other than by will or the law of descent, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person, and (ii) each Award, and each right under any Award, shall be exercisable during the

Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. The provisions of this paragraph shall not apply to any Award which has been fully exercised, earned or paid, as the case may be, and shall not preclude forfeiture of an Award in accordance with the terms thereof.

(e) A Participant may designate a Beneficiary or change a previous beneficiary designation at such times prescribed by the Committee by using forms and following procedures approved or accepted by the Committee for that purpose. If no Beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the Beneficiary shall be the Participant's estate.

(f) All certificates for Shares and/or Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Ontario Securities Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(g) It is a condition of each grant of an Award that if: (a) the Participant fails to comply with any obligation to the Corporation or an Affiliate (A) to maintain the confidentiality of information relating to the Corporation or the Affiliate and/or its business, (B) not engage in employment or business activities that compete with the business of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in an Award Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement or otherwise; (C) not solicit employees or other service providers, customers and/or suppliers of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in an Award Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement, or otherwise (collectively, a “**Restrictive Covenant**”); (b) the Participant is terminated for cause, or the Board reasonably determines after employment termination that the Participant's employment could have been terminated for cause; (c) the Board reasonably determines that the Participant engaged in conduct that causes material financial or reputational harm to the Corporation or its Affiliates, or engaged in gross negligence, willful misconduct or fraud in respect of the performance of the Participant's duties for the Company or an Affiliate; or (d) the Corporation's financial statements (the “**Original Statements**”) are required to be restated (other than as a result of a change in accounting policy by the Corporation or under International Financial Reporting Standards applicable to the Corporation) and such restated financial statements (the “**Restated Statements**” disclose, in the opinion of the Board, acting reasonably, materially worse financial results than those contained in the Original Statements, then the Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that such action is in the best interest of the Corporation, and for a U.S. Participant, in a manner in accordance with Section 409A of the Code to the extent applicable, and in addition to any other rights that the Corporation or an Affiliate may have at law or under any agreement, take any or all of the following actions, as applicable): (i) require the Participant to reimburse the Corporation for any amount paid to the Participant in respect of an Award in cash in excess of the amount that should otherwise have been paid in respect of such Award had the determination of such compensation been based upon the Restated Statements in the event clause (d) above is applicable, or that was paid in the twelve (12) months prior to (x) the date on which the Participant fails to comply with a Restrictive Covenant, (y) the date on which the Participant's employment is terminated for cause, or the Board makes a determination under paragraph (b) or (c) above, less, in any event, the amount of tax withheld pursuant to the ITA or other relevant taxing authority in respect of the amount paid in cash in the year of payment; (ii) reduce the number or value of, or cancel and terminate, any one or more unvested grants of Options, Restricted Stock Units,

Deferred Stock Units, Performance Awards or SARs on or prior to the applicable maturity or vesting dates, or cancel or terminate any outstanding Awards which have vested in the twelve (12) months prior to (x) the date on which the Participant fails to comply with a Restrictive Covenant, (y) the date on which the Participant's employment is terminated for cause or the Board makes a determination under paragraph (b) or (c) above, or (z) the date on which the Board determines that the Corporation's Original Statements are required to be restated, in the event paragraph (d) above applies (each such date provided for in clause (x), (y) and (z) of this paragraph (ii) being a "**Relevant Equity Recoupment Date**"); and/or (iii) require payment to the Corporation of the value of any Shares of the Corporation acquired by the Participant pursuant to an Award granted in the twelve (12) months prior to a Relevant Equity Recoupment Date (less any amount paid by the Participant) to acquire such Shares and less the amount of tax withheld pursuant to the ITA or other relevant taxing authority in respect of such Shares).

(h) All Awards issued pursuant to the Plan which may be denominated or settled in Shares, and all such Shares issued pursuant to the Plan, will be issued pursuant to the registration requirements of the U.S. Securities Act or an exemption from such registration requirements.

Section 15. Amendments and Termination.

(a) The Board may amend, alter, suspend, discontinue or terminate the Plan and any outstanding Awards granted hereunder, in whole or in part, at any time without notice to or approval by the shareholders of the Corporation, for any purpose whatsoever, provided that all material amendments to the Plan shall require the prior approval of the shareholders of the Corporation and must comply with the rules of the TSX. Examples of the types of amendments that are not material that the Board is entitled to make without shareholder approval include, without limitation, the following:

(i) ensuring continuing compliance with applicable law, the rules of the TSX or other applicable stock exchange rules and regulations or accounting or tax rules and regulations;

(ii) amendments of a "housekeeping" nature, which include amendments to correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award Agreement in the manner and to the extent it shall deem desirable to carry the Plan into effect;

(iii) changing the vesting provision of the Plan or any Award (subject to the limitations for Awards subject to Section 10(b));

(iv) waiving any conditions or rights under any Award (subject to the limitations for Awards subject to Section 10(b));

(v) changing the termination provisions of any Award that does not entail an extension beyond the original expiration date thereof;

(vi) adding or amending a cashless exercise provision;

(vii) adding or amending a financial assistance provision;

(viii) changing the process by which a Participant who wishes to exercise his or her Award can do so, including the required form of payment for the Shares being purchased, the form of written notice of exercise provided to the Corporation and the place where such payments and notices must be delivered; and

(ix) delegating any or all of the powers of the Committee, other than powers with respect to Reporting Persons, to administer the Plan to officers of the Corporation.

(b) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the shareholders of the Corporation under any applicable securities laws or requirements shall become effective until such approval is obtained. In addition to the foregoing, the approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of shareholders shall be required for:

(i) an increase in the maximum number of Shares that may be made the subject of Awards under the Plan;

(ii) any adjustment (other than in connection with a stock dividend, recapitalization or other transaction where an adjustment is permitted or required under Section 5(d)(i) or Section 5(d)(ii)) or amendment that reduces or would have the effect of reducing the exercise price of an Option or Stock Appreciation Right previously granted under the Plan, whether through amendment, cancellation or replacement grants, or other means (provided that, in such a case, insiders of the Corporation who benefit from such amendment are not eligible to vote their Shares in respect of the approval);

(iii) an increase in the limits on Awards that may be granted to any Participant under Section 5(c) and Section 5(g) or to Insiders under Section 21;

(iv) an extension of the term of an outstanding Option or Stock Appreciation Right beyond the expiry date thereof;

(v) permitting Options granted under the Plan to be Transferrable other than for normal estate settlement purposes; and

(vi) any amendment to the plan amendment provisions set forth in this Section 15 which is not an amendment within the nature of Section 15(a)(i) or Section 15(a)(ii), unless the change results from application of Section 5(d)(i) or Section 5(d)(ii).

Furthermore, except as otherwise permitted under the Plan, no change to an outstanding Award that will adversely impair the rights of a Participant may be made without the consent of the Participant except to the extent that such change is required to comply with applicable law, stock exchange rules and regulations or accounting or tax rules and regulations.

Section 16. Miscellaneous.

(a) The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payment as to which a Participant has a fixed and vested interest, but which are not yet made to a Participant by the Corporation, nothing contained herein shall give any such Participant any right that is greater than those of a general unsecured creditor of the Corporation.

(b) No employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of employees, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient. Any Award granted under the Plan shall be a one-time Award which does not constitute a promise of future grants. The Corporation, in its sole discretion, maintains the right to make available future grants hereunder.

(c)The Corporation shall have the right to deduct from any payment to be made pursuant to the Plan, or to otherwise require, prior to the issuance or delivery of Shares or the payment of any cash hereunder, payment by the Participant of, any federal, provincial, state or local taxes required by law to be withheld. Upon the vesting of Restricted Stock (or other Award that is taxable upon vesting), or upon making an election under Section 83(b) of the Code, a Participant shall pay all required withholding to the Corporation. Any statutorily required withholding obligation with regard to any Participant may be satisfied, subject to the consent of the Committee, by reducing the number of Shares otherwise deliverable or by delivering Shares already owned. Any fraction of a Share required to satisfy such tax obligations shall be disregarded and the amount due shall be paid instead in cash by the Participant.

(d)Nothing contained in the Plan shall prevent the Corporation from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(e)The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or to continue to provide services to, the Corporation or any Affiliate. Further, the Corporation or the applicable Affiliate may at any time dismiss a Participant, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement or in any other agreement binding the parties. The receipt of any Award under the Plan is not intended to confer any rights on the receiving Participant except as set forth in such Award.

(f)If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g)Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Corporation pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Corporation.

(h)No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i)No Award or other benefit payable under the Plan shall, except as otherwise specifically provided by law or permitted by the Committee, be Transferable in any manner, and any attempt to Transfer any such benefit shall be void, and any such benefit shall not in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of any person who shall be entitled to such benefit, nor shall it be subject to attachment or legal process for or against such person.

(j)Unless otherwise determined by the Committee, as long as the Shares are listed on a national securities exchange including the TSX or system sponsored by a national securities association, the issuance of Shares pursuant to an Award shall be conditioned upon such shares being listed on such exchange or system. The Corporation shall have no obligation to issue such Shares unless and until such Shares are so listed, and the right to exercise any Option or other Award with respect to such Shares shall

be suspended until such listing has been effected. If at any time counsel to the Corporation shall be of the opinion that any sale or delivery of Shares pursuant to an Option or other Award is or may in the circumstances be unlawful or result in the imposition of excise taxes on the Corporation under the statutes, rules or regulations of any applicable jurisdiction, the Corporation shall have no obligation to make such sale or delivery, or to make any application or to effect or to maintain any qualification or registration with respect to Shares or Awards, and the right to exercise any Option or other Award shall be suspended until, in the opinion of said counsel, such sale or delivery shall be lawful or will not result in the imposition of excise taxes on the Corporation. A Participant shall be required to supply the Corporation with certificates, representations and information that the Corporation requests and otherwise cooperate with the Corporation in obtaining any listing, registration, qualification, exemption, consent or approval the Corporation deems necessary or appropriate.

(k) No Award granted or paid out under the Plan shall be deemed compensation for purposes of computing benefits under any retirement plan of the Corporation or its Affiliates nor affect any benefit under any other benefit plan now or subsequently in effect under which the availability or amount of benefits is related to the level of compensation. The provisions of Awards need not be the same with respect to each Participant, and such Awards to individual Participants need not be the same in subsequent years.

(l) The Plan shall be binding on all successors and permitted assigns of a Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipt thereof shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Committee, the Board, the Corporation, its Affiliates and their employees, agents and representatives with respect thereto.

Section 17. Effective Date of the Plan.

The Plan shall be effective as of the Effective Date, which is the date of adoption by the Board, subject to the approval of the Plan by the shareholders of the Corporation in accordance with the requirements of the laws of the Province of Ontario.

Section 18. Term of the Plan.

No Award shall be granted under the Plan after ten years from the Effective Date. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

Section 19. Section 409A of the Code.

(a) The Plan is intended to comply with the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent. To the extent that any Award is subject to Section 409A of the Code, it shall be paid in a manner that will comply with Section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Notwithstanding anything herein to the contrary, any provision in the Plan that is inconsistent with Section 409A of the Code shall be deemed to be amended to comply with Section 409A of the Code and to the extent such provision cannot be amended to comply therewith, such provision shall be null and void. The Corporation shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant

with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Committee or the Corporation and, in the event that any amount or benefit under the Plan becomes subject to penalties under Section 409A of the Code, responsibility for payment of such penalties shall rest solely with the affected Participants and not with the Corporation. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of "nonqualified deferred compensation" (within the meaning of Section 409A of the Code) that are otherwise required to be made under the Plan to a "specified employee" (as defined under Section 409A of the Code) as a result of such employee's separation from service (other than a payment that is not subject to Section 409A of the Code) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) upon expiration of such delay period.

(b) Notwithstanding the foregoing, the Corporation does not make any representation to any Participant or Beneficiary as to the tax consequences of any Awards made pursuant to this Plan, and the Corporation shall have no liability or other obligation to indemnify or hold harmless the Participant or any Beneficiary for any tax, additional tax, interest or penalties that the Participant or any Beneficiary may incur as a result of the grant, vesting, exercise or settlement of an Award under this Plan.

Section 20. Governing Law.

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

Section 21. TSX Requirements.

The number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements of the Corporation, may not exceed 10% of the Corporation's issued and outstanding Shares; and the number of Shares issued to Insiders within any one-year period, under all Security Based Compensation Arrangements of the Corporation, may not exceed 10% of the Corporation's issued and outstanding Shares. For the purpose of this Section 21, "Insider" shall mean any "reporting insiders" as defined in *National Instrument 55-104 – Insider Reporting Requirements*, and "Security Based Compensation Arrangement" shall mean any (i) any stock option plans for the benefit of employees, insiders, service providers or any one of such groups; (ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the Corporation's security holders; (iii) treasury based share purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances of securities from treasury; any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the Corporation by any means whatsoever.

###COMPANY_LOGO###

###GRANT_DATE###

###PARTICIPANT_NAME###

PERSONAL AND CONFIDENTIAL

BY EMAIL

Dear ###PARTICIPANT_NAME###;

I am pleased to confirm that you have been granted options (the "Options") to purchase Common Shares of Canopy Growth Corporation ("Canopy Growth") under Canopy Growth's Omnibus Incentive Plan (the "Plan"). This letter sets forth the terms and conditions of the Options, which are as follows:

Number of Common Shares subject to the Options: ###TOTAL_AWARDS### (the "Optioned Shares")

Date of Grant: ###GRANT_DATE### (the "Grant Date")

Vesting Start Date: ###VESTSTART_DATE### (the "Vesting Start Date")

Exercise Price (per share): ###GRANT_PRICE###

The Options will vest and be exercisable in 1/3 of the total grant on the following dates:

###VEST_SCHEDULE_TABLE###

Vesting:

On the last date, all Options will be fully vested and become exercisable.

The term of the Options shall not exceed 6 years from the Date of Grant, after which your right to purchase the Options lapses. The Options will not vest during any period of notice or pay in lieu of notice in connection with the termination of your employment without cause.

The termination date for the purpose of your entitlement in respect of the Options will be the date that either you or Canopy Growth provide the other with notice of resignation or termination of employment.

Exercise: The Options shall only be exercisable with respect to vested Optioned Shares.

Expiry Date: ###EXPIRY_DATE###

Confidentiality

The terms of this Options grant are confidential and we expect that you will maintain the confidentiality of the grant and not disclose details to other members of the Canopy Growth team or anyone outside Canopy Growth.

Section 13 of the Plan (Change in Control Provisions) shall not apply to any Awards (including the Options) granted hereunder unless otherwise determined by the Committee or the Board (as such terms are defined in the Plan); provided, however, that the direct or indirect acquisition by the CBG Group of more than 50% of the combined voting power of Canopy Growth's then outstanding securities as a result of the CBG Group's beneficial ownership of common shares of Canopy Growth held as of the close of the private placement transaction with CBG Holdings LLC ("CBG") to be completed on or around October 31, 2018 (the "CBG Closing"), combined with common shares of Canopy Growth acquired by the CBG Group pursuant to the exercise of any or all of its warrants to purchase common shares of Canopy Growth that were held as of the CBG Closing shall not, in any event or circumstance, constitute a "Change in Control" within the meaning of the Plan. For purposes of this paragraph, "CBG Group" means Greenstar Canada Investment Limited, CBG, and Constellations Brands, Inc. and its respective direct and indirect subsidiaries.

Other than as set out in the preceding paragraph, the Options shall be subject in all respects to the terms and conditions of the Plan, a copy of which you have received, as the same may be amended from time to time. We encourage you to review the Plan in detail.

As a condition to the grant of your Options, you are required to indicate your agreement to comply with the terms and conditions of the Plan by signing the acknowledgement at the foot of this letter. Canopy Growth may require, as a condition to the issuance of shares pursuant to the exercise of the Options, that in addition to the exercise price you also pay to Canopy Growth any federal, provincial/state or local withholding taxes required by law to be withheld in respect of the exercise of the Options.

The Options are intended to provide you with an opportunity to share in the potential future growth of Canopy Growth. It recognizes your value and the significant impact that your ideas, enthusiasm and hard work will have in making Canopy Growth a success.

It is through working together as a team that we can make Canopy Growth a leader in our field.

Yours very truly,

CANOPY GROWTH CORPORATION

By: ###SIGNATURE###

Name: David Klein

Title: CEO

I understand and agree that my Options are subject in all respects to the terms and conditions of the Plan, as the same may be amended from time to time. I have read, understood and agree to comply with the Plan.

###PARTICIPANT NAME###

###HOME ADDRESS###

###ACCEPTANCE DATE###

Signature

Address

Accepted



RESTRICTED STOCK UNIT GRANT AGREEMENT

(FOR SETTLEMENT IN SHARES ONLY)

To: Firstname Lastname

Date: April XX, 2020

I am pleased to confirm that you have been granted Restricted Stock Units (the “**RSUs**”) of Canopy Growth Corporation (“**Canopy Growth**”) under Canopy Growth’s Amended and Restated Omnibus Incentive Plan (the “**Plan**”). This letter shall constitute an Award Agreement under the Plan and sets forth the terms and conditions of the RSUs, which are as follows:

Number of RSUs awarded (each allowing you to receive one Share or the value of one Share without any payment)	Vesting Date*
XXXXX	November 1, 2020
XXXXX	February 1, 2021
XXXXX	May 1, 2021
XXXXX	August 1, 2021

The terms of this RSU grant are confidential and we expect that you will maintain the confidentiality of the grant and not disclose details to other members of the Canopy Growth team or anyone outside Canopy Growth.

This Award Agreement and your acceptance thereof is pursuant to the Plan. You acknowledge having received a copy of the Plan. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan. Other than as set out in the paragraph below, in the event of any inconsistency between the terms of this Award Agreement and the Plan, it is hereby acknowledged that the terms of the Plan shall govern.

Section 13 of the Plan (Change in Control Provisions) shall not apply to any Awards (including the RSUs) granted hereunder unless otherwise determined by the Committee or the Board; provided, however, that the direct or indirect acquisition by the CBG Group (as defined below) of more than 50% of the combined voting power of Canopy Growth’s then outstanding securities as a result of the CBG Group’s beneficial ownership of common shares of Canopy Growth held as of the close of the private placement transaction

* Notwithstanding the vesting dates outlined in the table above, these vesting dates may be automatically adjusted if they would otherwise: (i) be a date that is not a business day; (ii) be a date that is within a Blackout Period or (iii) be a date that is prior to Canopy Growth being in receipt of your executed copy of this letter, which confirms your agreement to comply with the terms and conditions of the Plan. In case of any of the foregoing, the vesting date of the applicable RSUs is deemed to be adjusted to the business day immediately following the date of the event set out in (i), (ii) or (iii), described above, as the case may be.

with CBG Holdings LLC (“**CBG**”) completed on November 1, 2018 (the **CBG Closing**”), combined with common shares of Canopy Growth acquired by the CBG Group pursuant to the exercise of any or all of its warrants to purchase common shares of Canopy Growth that were held as of the CBG Closing shall not, in any event or circumstance, constitute a “Change in Control” within the meaning of the Plan. For purposes of this paragraph, “CBG Group” means Greenstar Canada Investment Limited, CBG, and Constellations Brands, Inc. and its respective direct and indirect subsidiaries.

As a condition to the grant of your RSUs, you are required to indicate your agreement to comply with the terms and conditions of the Plan and this Award Agreement by signing the acknowledgement at the foot of this letter.

Dated this _____ day of _____, 2020.

CANOPY GROWTH CORPORATION

Phil Shaer
Chief Legal Officer

I understand and agree that my RSUs are subject in all respects to the terms and conditions of the Plan, as the same may be amended from time to time and this Award Agreement. I have read, understood and agree to comply with the terms of this Notice and the Plan.

Signature

Address

CANOPY GROWTH CORPORATION
EMPLOYEE STOCK PURCHASE PLAN

1. Plan Description

The Canopy Growth Corporation (the “**Company**”) Employee Stock Purchase Plan is intended to promote the interests of the Company and its subsidiaries by providing eligible employees an opportunity to acquire a proprietary interest in the Company through a stock purchase plan. The Plan includes two components: a 423 Component and a Non-423 Component. The Company intends (but makes no undertaking or representation to maintain) for the 423 Component to qualify as an “employee stock purchase plan” under Section 423 of the Code. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. In addition, this Plan authorizes grants of purchase rights under the Non-423 Component that do not meet the requirements of Section 423 of the Code. Except as otherwise provided in the Plan or determined by the Committee, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. Definitions

“**423 Component**” means the part of the Plan, which excludes the Non-423 Component, pursuant to which purchase rights that satisfy the requirements for an employee stock purchase plan under Section 423 of the Code may be granted to Eligible Persons, and such purchase rights are intended to be exempt from the application of Section 409A of the Code under U.S. Treasury Regulation Section 1.409A-1(b)(5)(ii).

“**Affiliate**” has the meaning assigned by the *Securities Act* (Ontario), as amended from time to time.

“**Associate**” has the meaning assigned by the *Securities Act* (Ontario), as amended from time to time.

“**Annual Compensation**” means, for each Participant, the annualized gross salary of that Participant, i.e., regular compensation earned during each payroll period, before any deductions or withholding, but excluding commissions, overtime pay, bonuses, amounts paid as reimbursements of expenses and other additional compensation, under rules uniformly applied by the Committee (for Employees who have a compensation plan with a base and incentive portion comprising a target, Annual Compensation shall mean the base for that individual).

“**Blackout Period**” means a period when the Eligible Person is prohibited by law, by the policies of the Exchange or by the policies of the Company from trading in Common Shares.

“**Board of Directors**” means the board of directors of the Company.

“**Business Day**” means any day which is a trading day on the Exchange.

“Change in Control” shall mean:

- (i) when any person, together with any Affiliate or Associate of such person (other than the Company or its subsidiaries, or an employee benefit plan of the Company or its subsidiaries, including any trustee of such plan acting as trustee) hereafter acquires, the direct or indirect **“beneficial ownership”**, as defined by the *Canada Business Corporations Act* (the **“CBCA”**), of securities of the Company representing fifty (50%) percent or more of the combined voting power of the Company’s then outstanding securities; or
- (ii) the occurrence of a transaction requiring approval of the Company’s shareholders involving the acquisition of the Company or all or substantially all of its business by an entity through purchase of assets by amalgamation, arrangement or otherwise;

“Code” means the U.S. Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

“Committee” means the compensation committee appointed by the Board of Directors to administer the Plan. All references in the Plan to the Committee means the Board of Directors if no Committee has been appointed.

“Designated Company” means any Subsidiary or Affiliate that has been designated by the Committee in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided that a Subsidiary that is a Designated Company under the 423 Component may not simultaneously be a Designated Company under the Non-423 Component.

“Common Shares” means common shares in the capital of the Company.

“Eligible Person” means an Employee who is eligible to participate in the Plan pursuant to Section 3.

“Employee” means a full time or part time (provided such employee works a minimum of 28 hours per week on a non-seasonal basis, or, for purposes of the 423 Component, 20 hours per week and more than five (5) months per calendar year) permanent (or in the case of part-time, permanent or a contract) employee of the Company or any of its Subsidiaries.

“Exchange” means the Toronto Stock Exchange or such other exchange upon with the Company may be listed, should it no longer be listed on the Toronto Stock Exchange.

“Fair Market Value” per Common Share at any date shall be closing price of the Common Shares on the Exchange on the applicable date.

“Insider” means:

- (i) an insider of the Company as defined by the *Securities Act* (Ontario) as amended from time to time; and
- (ii) an Associate or Affiliate of any person who is an Insider by virtue of clause (i) of this definition.

“Leave of Absence” has the meaning ascribed thereto in Section 7 hereof.

“Non-423 Component” means the part of the Plan, which excludes the 423 Component, pursuant to which purchase rights that are not intended to satisfy the requirements for an employee stock purchase plan under Section 423 of the Code may be granted to Eligible Persons. The Non-423 Component is intended to be exempt from the application of Section 409A of the Code, to the extent applicable, as rights granted thereunder are intended to constitute “short term deferrals” and any ambiguities herein will be interpreted such that those rights shall so be exempt from Section 409A of the Code.

“Offering” means the grant to Eligible Persons of rights to purchase Common Shares pursuant to the Plan, with the exercise of those purchase rights automatically occurring at the end of each Offering Period.

“Offering Period” means, unless otherwise provided by the Committee, one of the six month periods commencing in each year either on the third Business Day after the first public announcement of the Company’s first quarter financial results or on the third Business Day after the first public announcement of the Company’s third quarter financial results; provided, however, that if an Offering Period is scheduled to commence during a Blackout Period, the Offering Period will instead begin on the first Business Day following the expiration of the Blackout Period. Notwithstanding the foregoing, the Committee may establish an Offering Period with a duration that is shorter or longer than six (6) months (provided that for the 423 Component, an Offering Period may not be longer than twenty-seven (27) months) and/or has a different commencement date.

“Parent” means a “parent corporation”, whether now or hereafter existing, as defined in Section 424(e) of the Code.

“Participant” means an Eligible Person who is participating in the Plan pursuant to Section 3.

“Payroll Deduction” has the meaning ascribed thereto in Sub-section 5(b) hereof.

“Plan” means this Canopy Growth Corporation Employee Stock Purchase Plan.

“Plan Account” means, for each Participant, an account maintained by the Company or its designated record keeper to which such Participant’s payroll deductions are credited and against which funds used to purchase Common Shares are charged and to which Common Shares purchased are credited.

“Purchase Date” means the first Business Day which is six months (unless the Committee specifies a different duration, which shall not exceed twenty-seven (27) months with respect to the 423 Component) following the first Business Day of each Offering Period in respect of any Offering Period.

“Purchase Price” means the lesser of (i) 90% of the Fair Market Value of the Common Shares on the first day of the Offering Period in which the Purchase Date falls, and (ii) 90% of the Fair Market Value of the Common Shares on the Purchase Date for that Offering Period.

“Subsidiary” means a “subsidiary corporation”, whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Shares Subject to the Plan

Subject to Section 13, the aggregate number of Common Shares which may be sold under the Plan is 400,000. The maximum number of Common Shares which may be issued under the Plan in any one fiscal year shall not exceed 200,000. No fractional shares may be purchased or issued hereunder. The following restrictions shall also apply to this Plan as well as all other plans or stock option agreements to which the Company may be a party:

- (i) the aggregate number of Common Shares issuable to Insiders, at any time, under all of the Company's security-based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares of the Company; and
- (ii) Insiders shall not be issued, under this Plan and all of the Company's other security-based compensation arrangements, within any one year period, a number of Common Shares which exceeds 10% of the issued and outstanding Common Shares of the Company.

4. Eligible Persons

Each Employee (an "**Eligible Person**") who has provided services to the Company or any of its subsidiaries for at least three months and who is continuing to provide such services may participate in the Plan. The Committee may exclude all, but not less than all, of the Employees of any subsidiary of the Company located outside of Canada where participation by such Employees would be impractical.

5. Offering Periods and Participation in the Plan

- a. Common Shares shall be offered for purchase under the Plan through a series of successive Offering Periods until such time as: (i) the maximum number of Common Shares available for purchase under the Plan shall have been purchased; or (ii) the Plan shall have been terminated in accordance with the terms hereof. With respect to the 423 Component, an Offering will comply with the requirement of Section 423(b)(5) of the Code that all Eligible Persons granted purchase rights will have the same rights and privileges.
- b. An Eligible Person who is an Employee may participate in the Plan by electronically enrolling using the Company's equity management software prior to the tenth day of an Offering Period (or such other date as the Committee may determine) a subscription agreement and an electronic election form which authorizes payroll deductions (the "**Payroll Deductions**") from such Employee's pay for the purposes of acquiring Common Shares. Such Payroll Deductions shall commence on the first regularly scheduled payroll day of the applicable Offering Period following the receipt by the Company of the electronic election form. Such Payroll Deductions shall continue until such Employee terminates participation in the Plan or the Plan is terminated prior to such time. Unless otherwise specified in an electronic election form or a new electronic election form is filed pursuant to Section 7 of the Plan or participation in the Plan is terminated pursuant to Section 7 of the Plan, Employees who have filed a completed subscription agreement and electronic election form shall be deemed to participate in the Plan in subsequent Offering Periods.

- c. Notwithstanding the foregoing, an Eligible Person shall not be entitled to purchase Common Shares under this Plan on any Purchase Date if the purchase would not comply with the restrictions respecting the issuance/sale of Common Shares set forth in Section 3.
- d. If the aggregate number of Common Shares subscribed for pursuant to the Plan exceeds the total number of Common Shares permitted to be issued under the Plan or the maximum number of Common Shares permitted to be issued under the Plan in respect of a fiscal year, the Common Shares available will be allocated by the Company on a pro rata basis in proportion to each Participant's balance in his or her Plan Account, and a cash payment for the balance remaining will be refunded to the Participant on the Purchase Date, such calculation and allotment by the Company to be final and binding on all Participants.
- e. Any provisions of the Plan to the contrary notwithstanding, with respect to any Offering under the 423 Component, no Eligible Person will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Person (or any other person whose stock would be attributed to such Eligible Person pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options or rights to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate that exceeds twenty-five thousand dollars (\$25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code.

6. Limits on Payroll Deductions

Payroll Deductions shall be made from the amounts paid to each Participant for each payroll period in such amounts as such Participant shall authorize in such Participant's electronic election form. The maximum Payroll Deduction for each Participant shall be 5% of the Participant's Annual Compensation, and the minimum Payroll Deduction for each Participant shall be 1% of the Participant's Annual Compensation. If a Participant's Annual Compensation is insufficient in any pay period to allow the entire Payroll Deduction elected under the Plan, no deduction shall be made for such pay period. Payroll Deductions will resume with the next regularly scheduled payroll period in which the Participant has pay sufficient to permit the Payroll Deduction. Payroll Deductions under the Plan shall be made in any period only after all other withholdings, deductions, garnishments and the like have been made.

7. Changes in Payroll Deductions

Subject to the minimum and maximum deductions set forth above in Section 6, a Participant may change the amount of such Participant's Payroll Deductions by filing a new electronic election form with the Company during such period as the Committee may determine with respect to an Offering Period, which change shall be effective for such Offering Period.

8. Termination of Participation in Plan

A Participant's participation in the Plan shall be terminated upon the termination of such Employee's employment with the Company or a Designated Company for any reason and such Participant shall cease to be an Eligible Person at such time. Unless determined otherwise by the Committee, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Company shall not be treated as terminated under the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's purchase right will be qualified under the 423 Component only to the extent such exercise complies with Section 423 of the Code and does not cause any option thereunder to fail to comply with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the purchase right will remain non-qualified under the Non-423 Component. In the event that a Participant's participation in the Plan is voluntarily or involuntarily terminated, Payroll Deductions under the Plan shall cease and any payments credited to such Participant's Plan Account prior to such time shall be returned to the Participant. For purposes of this Section 8, the date of termination of an Employee's employment shall be the date designated in writing by the Company (or by its subsidiary, as the case may be) as the effective date of termination, notwithstanding any period of notice or reasonable notice that the Company (or subsidiary, as the case may be) may be required by contract or at law to provide to the Participant in connection with such termination. For greater clarity, a temporary leave of absence (whether with or without pay) of a Participant from his or her employment with the Company (a "**Leave of Absence**") shall not be treated as terminating such Participant's participation in any Offering Period, provided, however, that (a) in the event of any Leave of Absence of a Participant without pay, such Participant's Payroll Deductions under the Plan, if any, shall be suspended for the duration of such Leave of Absence, (b) any such suspension of Payroll Deductions shall not be deemed to be a change made pursuant to Sections 7 or 8 hereof for the determination of the amount of the Purchase Price related to any Common Shares to be purchased in an Offering Period, and (c) with respect to the 423 Component, where the Leave of Absence exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave.

9. Purchase of Shares

- a. On each Purchase Date, the Company shall apply the funds credited to each Participant's Plan Account to the purchase (without commissions or fees) of that number of whole Common Shares determined by dividing the Purchase Price into the balance in the Participant's Plan Account on the Purchase Date. Any amount remaining shall be carried forward to the next Purchase Date unless the Plan Account is closed.
- b. As soon as practicable after each Purchase Date, an electronic statement shall be delivered to each Participant through the Company's equity management software which shall include the number of Common Shares purchased on the Purchase Date on behalf of such Participant under the Plan.

- c. When requested, a stock certificate for whole Common Shares in a Participant's Plan Account purchased pursuant to the Plan shall be issued in such Participant's name or in the name of such Participant and another person as joint tenants with rights of survivorship or as tenants in common. When a Participant ceases to be an Eligible Person pursuant to the provisions of Section 7 hereof, a share certificate for whole Common Shares in such Participant's Plan Account shall be issued in the name of such Participant or in the name of such Participant and the name of another person as joint tenants with right of survivorship or as tenants in common on the Purchase Date. A cash payment shall be made for any fraction of a Common Share in such account, if necessary to close the account.

10. Rights as a Shareholder

As of the Purchase Date, a Participant shall be treated as record owner of his/her Common Shares purchased pursuant to the Plan.

11. Rights Not Transferable

Rights under the Plan are not transferrable by a Participant other than by will or the laws of succession, and are exercisable during the Participant's lifetime only by the Participant or by the Participant's guardian or legal representative. No rights or Payroll Deductions of a Participant shall be subject to execution, attachment, levy, garnishment or similar process.

12. Application of Funds

All funds of Participant's received or held by the Company under the Plan before purchase of the Common Shares shall be held by the Company without liability for interest or other increment.

13. Adjustments in Case of Changes Affecting Common Shares

In the event of a subdivision or consolidation of outstanding Common Shares of the Company, or the payment of a stock dividend, the number of Common Shares approved for the Plan shall be increased or decreased proportionately, and such other adjustment shall be made as may be deemed equitable by the Committee (including, without limitation, the class and number of securities subject to, and the purchase price applicable to outstanding Offerings and purchase rights). In the event of any other change affecting the Common Shares, such adjustment shall be made as shall be deemed equitable by the Committee to give proper effect to such event. If the Committee determines that such change will constitute a change requiring shareholder approval, it may refrain from making such adjustments. The Committee or the Board of Directors shall determine the adjustments to be made under this Section 13, and its determination shall be conclusive.

14. Administration of the Plan

The Plan shall be administered by the Committee. The Committee shall have the authority to construe and interpret the provisions of the Plan and make rules and regulations for the administration of the Plan, and its interpretations and decisions with regard to the Plan and such rules and regulations shall be final and conclusive on all persons affected thereby unless otherwise determined by the Board of Directors. The day-to-day administration of the Plan may be delegated to such officers and employees of the Company or its subsidiaries as the Committee shall determine. In addition, the provisions of the 423 Component will be interpreted and construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code.

15. Amendments to the Plan

- a. Subject to the rules and policies of any stock exchange on which the Common Shares are listed and applicable law, the Board of Directors may, without notice or shareholder approval, at any time or from time to time, amend the Plan for the purposes of:
 - i. making any amendments to the provisions set out in Section 8 of the Plan;
 - ii. making any amendments to add covenants of the Company for the protection of Participants, provided that the Board of Directors shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants;
 - iii. making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions, which in the good faith opinion of the Board of Directors, having in mind the best interests of the Participants, it may be expedient to make, provided that the Board of Directors shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants; or
 - iv. making any such changes or corrections which, on the advice of counsel to the Company, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Board of Directors shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.
- b. Notwithstanding any other provision of this Plan, none of the following amendments shall be made to this Plan without approval of the Exchange (to the extent the Company has any securities listed on such exchange) and the approval of shareholders:
 - i. amendments to the Plan which would increase the number of Common Shares issuable under the Plan, otherwise than in accordance with Section 13 of this Plan;
 - ii. amendments to the Plan which would increase the number of Common Shares issuable to Insiders under the Plan, otherwise than in accordance with Section 13 of this Plan;
 - iii. amendments to the Plan which would increase the number of Common Shares issuable to Directors under the Plan, otherwise than in accordance with Section 13 of this Plan;
 - iv. amendments that would reduce the Purchase Price payable by Insiders;
 - v. amendments that would increase the percentage discounts set forth in the definition of Purchase Price;

- vi. increase the maximum percentage of the Annual Compensation that any Participant may direct be contributed, pursuant to the Plan, towards the purchase of Common Shares on his or her behalf through Payroll Deductions;
 - vii. the addition of any form of financial assistance to a Participant; and
 - viii. the adoption of an employer matching contribution.
- c. Subject to Sections 18 and 24, the Board of Directors shall not alter or impair any rights or increase any obligation with respect to previously agreed upon terms under the Plan without the consent of the Participant.

16. Termination of the Plan

The Plan shall terminate upon the earlier of (a) the termination of the Plan by the Board of Directors of the Company as specified below, or (b) the date no more Common Shares remain to be purchased under the Plan. The Board of Directors of the Company may terminate the Plan as of any date, and the date of termination shall be deemed a Purchase Date. If on such Purchase Date Participants in the aggregate have options to purchase more Common Shares than are available for purchase under the Plan, each Participant shall be eligible to purchase a reduced number of Common Shares on a pro rata basis, and any excess Payroll Deductions shall be returned to Participants, all as provided by rules and regulations adopted by the Committee.

17. Costs

All costs and expenses incurred in administering the Plan shall be paid by the Company.

18. Governmental Regulations

The Company's obligation to sell and deliver its Common Shares pursuant to the Plan is subject to:

- a. the satisfaction of all requirements under applicable securities law in respect thereof and obtaining all regulatory approvals as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof, including shareholder approval, if required;
- b. the admission of such Common Shares to listing on any stock exchange on which Common Shares may then be listed; and
- c. the receipt from the Participant of such representations, agreements and undertakings as to future dealings in such Common Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities law of any jurisdiction.

In this connection, the Company shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares in compliance with applicable securities law and for the listing of such Common Shares on any stock exchange on which such Common Shares are then listed.

19. Applicable Law

The Plan is established under the laws of the Province of Ontario and the rights of all parties and the construction and effect of each provision of the Plan shall be according to the laws of the Province of Ontario and the laws of Canada applicable therein.

20. Effect on Employment

The provisions of this Plan shall not affect the right of the Company or any subsidiary or any Participant to terminate the Participant's employment with the Company or any subsidiary.

21. Withholding

The Company reserves the right to withhold from stock or cash distributed to a Participant any amounts which it is required by law to withhold.

22. Change in Control

In the event of a proposed or actual Change in Control, the Company shall require that each outstanding right hereunder be assumed or an equivalent right be substituted by the successor or purchaser corporation unless the Plan is terminated; provided, however, that if any successor or purchaser corporation (or its parent company) does not assume or continue purchase rights granted pursuant to the 423 Component or does not substitute similar rights for such purchase rights, then the accumulated contributions in the Plan Accounts of the Participants in the 423 Component will be used to purchase Common Shares within ten business days prior to the Change in Control, and the purchase rights under the 423 Component will terminate immediately after such purchase.

23. Approvals

The Plan shall be subject to acceptance by the Exchange in compliance with all conditions imposed by the Exchange. Any rights to purchase Common Shares granted prior to such acceptance shall be conditional upon such acceptance being given and any conditions complied with and no such right may be exercised unless such acceptance is given and such conditions are complied with.

24. Corporate Action

Nothing contained in the Plan shall be construed so as to prevent the Company or any subsidiary of the Company from taking corporate action which is deemed by the Company or any subsidiary of the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan.

25. Limitation on Sale of Common Shares Purchased Under the Plan

The Plan is intended to provide Common Shares for investment and not for resale. The Company does not, however, intend to restrict or influence any Participant with respect to any dealings with Common Shares save and except as provided in Sub-section 18(c). A Participant may, therefore, sell Common Shares purchased under the Plan provided he/she complies with all applicable securities laws. Participants assume the risk of any market fluctuations in the price of the Common Shares.

26. Administration

Administration of the Plan shall be managed solely through the Company's equity management software. All enrollments, Payroll Deductions (elections) and requests to withdraw from the Plan shall be effective solely through the Participant's use of the Company's equity management software. Participant questions may be directed to stockadmin@canopygrowth.com

27. Shareholder Approval

The Plan shall become effective on the date it is adopted by the Board of Directors of the Company, provided that the shareholders of the Company approve it within 12 months after such date and then reapprove every five (5) years.

CANOPY GROWTH CORPORATION

/s/ Phil Shaer

Phil Shaer

CLO

VERSION 1.2

Last Shareholder Approval: September 15, 2017

Next Shareholder Approval: September 2022

CANOPY GROWTH CORPORATION
NON-EMPLOYEE DIRECTOR COMPENSATION TABLE

As of March 31, 2020

The directors¹ of Canopy Growth Corporation shall receive the following applicable fees as previously recommended by the Corporate Governance, Compensation and Nominating Committee (“**CGCN Committee**”) and approved by the Board, including RSUs (the “**Director RSUs**”):

FY2021 Fees	Annual Amount (\$)
Board of Directors Chair Retainer	225,000
Annual Equity Grants to Board of Directors Chair- RSUs	225,000
Board Retainer	150,000
Annual Equity Grants to Non-Chair Board Members- RSUs	150,000
Audit Committee Chair Retainer	30,000
Audit Committee Member Retainer	15,000
CGCN Committee Chair Retainer	20,000
CGCN Committee Member Retainer	15,000

¹Note that David Klein, Robert Hanson and William Newlands do not receive board fees.

Certain identified confidential information contained in this document, marked by brackets, has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

EXECUTION VERSION

SUBSCRIPTION AGREEMENT

dated October 27, 2017

between

GREENSTAR CANADA INVESTMENT LIMITED PARTNERSHIP

and

CANOPY GROWTH CORPORATION

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SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT, dated October 27, 2017 (this “**Agreement**”), is made by and between Greenstar Canada Investment Limited Partnership, a limited partnership existing under the Laws of the Province of British Columbia (the “**Purchaser**”) and Canopy Growth Corporation, a corporation existing under the federal Laws of Canada (the “**Company**”).

RECITALS

- (A) The Purchaser wishes to purchase from the Company and the Company wishes to issue and sell to the Purchaser on a private placement basis: (i) 18,876,901 Common Shares; and (ii) 18,876,901 Warrants, for an aggregate purchase price of C\$244,990,084.25 (the “**Investment**”).
- (B) The Purchaser and the Company now wish to enter into this Agreement to record their agreement in respect of the Investment.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

Whenever used in this Agreement, the following terms shall have the meanings set forth below:

“**ACMPR**” means the *Access to Cannabis for Medical Purposes Regulations* (Canada) issued under the CDSA.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Agreement**” has the meaning ascribed to such term in the Preamble.

“**Agripharm Leases**” means, collectively, (i) that ground sublease dated June 10, 2014 between Peter Miller Enterprises Inc. and Agripharm Corp. related to lands municipally known as Agripharm Compound, 2741 County Road 42, Clearview, Ontario, L0M 1G0; and (ii) that ground lease dated December 1, 2016 between Miller Agriculture Ltd. and Agripharm Corp relating to a deemed area of 19 acres being part of 2741 County Road 42, Clearview, Ontario, L0M 1G0.

“**Ancillary Agreements**” means all agreements, certificates and other instruments delivered pursuant to this Agreement.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of

law and/or (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, the “**Law**”) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Assets and Properties**” means, with respect to any Person, all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned or leased by or in the possession of such Person and, for greater certainty, with respect to the Company, includes the Smiths Falls Premises, the Niagara Premises, and the Bedrocan Premises.

“**Authorizations**” has the meaning ascribed to such term in paragraph (k) of Schedule B to this Agreement.

“**Bedrocan**” means Bedrocan Cannabis Corp., a predecessor corporation to Bedrocan Canada, which amalgamated with Bedrocan Canada Inc. to form Bedrocan Canada by articles of amalgamation effective July 1, 2016.

“**Bedrocan Canada**” means Bedrocan Canada Inc., a wholly-owned subsidiary of the Company.

“**Bedrocan Facility**” means the loan facility Bedrocan Canada has with Goldman Holdings Ltd. under the Bedrocan Leases in respect of 16 Upton Road, Toronto, in the original principal amount of \$2,000,000 with respect to the development of the property located at 16 Upton Road, Toronto.

“**Bedrocan Initial Site Licence**” means the licence issued by Health Canada to Bedrocan on December 3, 2016 pursuant to section 35 of the ACMPR, and as supplemented, renewed and amended by Health Canada from time to time, granting Bedrocan the authority to sell, possess, ship, transport, deliver and destroy dried marijuana, and to possess, ship, transport and deliver marijuana plants and marijuana seeds.

“**Bedrocan Leases**” means (i) the lease dated August 5, 2014, between Bedrocan Canada and Goldman (16 Upton) Ltd.; and (ii) the lease dated October 15, 2013 between Bedrocan Canada and Goldman (Upton) Ltd. pertaining to the Bedrocan Premises.

“**Bedrocan Premises**” means, collectively, the two licenced premises for growing, processing and storing marijuana by Bedrocan Canada, located at 16 Upton Road, Toronto, Ontario M1L 2C1 and 43 Upton Road, Toronto, Ontario M1L 2C1, respectively.

“**Bedrocan Second Site Licence**” means the licence issued to Bedrocan on February 18, 2017 pursuant to section 35 of the ACMPR and as supplemented, renewed and amended by Health Canada from time to time, granting Bedrocan the authority to produce, sell, possess, ship, transport, deliver, and destroy dried marijuana, cannabis oil, marijuana plants and marijuana seeds.

“**Beverage Market**” means the market anywhere in the world for any and all beverages, namely liquids drinkable by humans (including those produced by combining a powder, tablet, syrup or other substance with water or any other liquid where such powder, tablet, syrup, concentrate or

other substance was produced and marketed or advertised for the purpose of being combined with water or any other liquid to produce a beverage), intended, marketed or advertised for any purpose whatsoever, other than (a) beverages produced or sold for medical purposes as contemplated by, and in accordance with, the ACMPR and the substantively equivalent Laws of other foreign jurisdictions or (b) beverages otherwise sold under a restricted regulatory regime for medical purposes.

“**Beverage Products**” means any and all Cannabis products manufactured for sale to the Beverage Market in the form of (a) a liquid drinkable by humans that is produced and marketed or advertised as a beverage, or (b) a powder, tablet, syrup, concentrate or other substance, which when combined with water or any other liquid, produces a beverage and such powder, tablet, syrup, concentrate or other substance is produced and marketed or advertised for the purpose of being combined with water or any other liquid to produce a beverage.

“**Board**” means the board of directors of the Company from time to time.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Canadian Securities Regulators**” means, collectively, the securities commissions or other securities regulatory authorities in each of the Qualifying Provinces.

“**Cannabis**” and “**cannabis**” has the meaning ascribed to it pursuant to any Applicable Law, including the CDSA, the ACMPR, and, if, as and when the Cannabis Act comes into force, the Cannabis Act.

“**Cannabis Act**” means Bill C-45 “*An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*” (Canada), as amended from time to time and as the same may come into force.

“**CBD**” means cannabidiol.

“**CDSA**” means the *Controlled Drugs and Substances Act* (Canada).

“**Claim**” means any cause of action, action, claim, demand, lawsuit, audit, proceeding or arbitration, including, for greater certainty, any proceeding or investigation by a Governmental Authority.

“**Closing**” means the closing of the purchase and sale of the Securities on the Closing Date.

“**Closing Date**” means the date which is the later of: (a) three Business Days after the satisfaction or waiver (to the extent permitted by Applicable Law) of all of the conditions set forth in Article 4 (excluding conditions that, by their terms, are to be satisfied at the Closing); and (b) November 2, 2017, or such earlier date or such later date as may be agreed to by the Parties.

“Commercial Licences” means the Bedrocan Initial Site Licence, the Bedrocan Second Site Licence, the Groupe Hemp Licence, the Mettrum Bennett Road South Licence, the Mettrum Creemore Licence, the Mettrum Hempworks Licence, the Tweed Commercial Licence and the Tweed Farms Commercial Licence.

“Commercialization Agreement” means the Commercialization Agreement between the Purchaser and the Company to be dated as of the Closing Date.

“Common Share” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“Company” has the meaning ascribed to such term in the Preamble.

“Company Intellectual Property” means Intellectual Property owned by, licenced to or used by the Company.

“Contract” means any agreement, indenture, contract, lease, deed of trust, licence, option, instruments, arrangement, understanding or other commitment, whether written or oral.

“Control” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and
- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words **“Controlled by”**, **“Controlling”** and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“Controlled Substances Act” means the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq.

“DEA” has the meaning ascribed to such term in Exhibit D to this Agreement.

“DEA License” has the meaning ascribed to such term in Exhibit D to this Agreement.

“Disclosure Letter” means the letter delivered by the Company to the Purchaser as of the date hereof containing certain disclosures and exceptions relating to this Agreement.

“Disclosure Record” means all documents publicly filed by the Company on SEDAR under applicable Securities Laws.

“Employee Plans” has the meaning ascribed to such term in paragraph (kk) of Schedule B to this Agreement.

“Encumbrance” means, with respect to any property or asset, any mortgage, lien (statutory or otherwise), pledge, charge, security interest, hypothec, prior Claim, occupancy right, right of first refusal or offer, adverse Claim, lease, easement, licence, option, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature, which secures payment or performance of an obligation or other encumbrance in respect of such property or asset.

“Environmental Laws” means all Applicable Laws currently in existence in Canada (whether federal, provincial or municipal) relating in whole or in part to the protection and preservation of the environment, occupational health and safety, product safety, product liability or hazardous substances, including the *Environmental Protection Act* (Ontario) and the *Canadian Environmental Protection Act* (Canada).

“Environmental Permits” includes all Orders, permits, certificates, approvals, consents, registrations and licences issued by any authority of competent jurisdiction under any Environmental Law.

“Financial Statements” means, collectively, the consolidated financial statements of the Company (i) as at and for the year ended March 31, 2017, including the notes thereto together with any report thereon prepared by the Company’s auditors as at and for the periods included therein, and (ii) as at and for the period ended June 30, 2017.

“Governmental Authority” means:

- (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);
- (b) any domestic or foreign agency, authority, ministry, department, regulatory authority, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government, including: (i) Health Canada and other applicable regulatory authorities with oversight of the Cannabis industry and any business or operations within the Cannabis industry generally; (ii) the United States Alcohol and Tobacco Tax and Trade Bureau; and (iii) the United States Department of Justice;
- (c) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and/or
- (d) the TSX and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.

“**Governmental Licences**” has the meaning ascribed to such term in paragraph (j) of Schedule B to this Agreement.

“**Groupe Hemp Licence**” means the licence issued to Groupe H.E.M.P.CA Inc. (previously Green Medical Hemp Inc.) by Health Canada on January 1, 2017 under the CDSA authorizing the possession, sale and distribution and processing of industrial hemp grain and the production of industrial hemp oil.

“**Hazardous Materials**” has the meaning ascribed to such term in paragraph (vv) of Schedule B to this Agreement.

“**IFRS**” means International Financial Reporting Standards applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles in Canada.

“**Indebtedness**” means, with respect to any Person, without duplication, (i) all indebtedness for borrowed money; (ii) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with IFRS; (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (iv) any obligation owed for all or any part of the deferred purchase price of property or services, which purchase price is (a) due more than six months from the date of incurrence of the obligation in respect thereof or (b) evidenced by a note or similar written instrument; (v) all indebtedness secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person; (vi) the face amount of any letter of credit or banker’s acceptance issued or accepted, as the case may be, for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or otherwise; (vii) the direct or indirect guarantee, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another; (viii) any obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof; (ix) all obligations of such Person in respect of which interest charges are customarily paid; and (x) all net obligations, determined on a marked-to-market-basis, of such Person in respect of any exchange traded or over the counter derivative transaction, whether entered into for hedging or speculative purposes or otherwise.

“**Indemnifying Party**” has the meaning ascribed to such term in Section 7.1.

“**Information**” means: (a) know-how (including trade secrets and other unpatented or unpatentable proprietary or confidential information, systems or procedures); (b) computer software, inventions, designs and other industrial or intellectual property of any nature whatsoever; (c) any information of a scientific, technical, or business nature; (d) pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data and stability data; (e) process, horticultural and development information, results and data; (f) research, developmental, and demonstration work; (g) data and data files; and (h) all other information, methods, processes, formulations and formulae. Information: (x) may be embodied in or on any media, including hardware, software and/or documentation; (y) includes inventions, insofar as such inventions do not fall within the definition of Intellectual Property

Rights; and (z) may include elements of public or non-proprietary information, provided that the compilation of such public or non-proprietary information with or without other proprietary information results in such compilation being considered as proprietary to the Person compiling such information.

“Intellectual Property” means all Intellectual Property Rights and Information.

“Intellectual Property Rights” means all intellectual property rights as recognized under the Applicable Laws of Canada, the United States of America and other countries or jurisdictions, including rights in and to Patents, Trademarks, copyrights, industrial designs and other intellectual property, and shall include all applications or registrations, including any renewals and extensions thereof and amendments thereto, and rights to apply in any or all countries of the world for such registrations and applications, rights to bring a Claim, at law or in equity or otherwise, for any past, present and/or future infringement, violation or misappropriation, rights and privileges arising under Applicable Laws and other industrial or intellectual property rights of the same or similar effect or nature in any jurisdiction relating to the foregoing throughout the world and all goodwill associated therewith.

“Investment” has the meaning ascribed to such term in the Recitals.

“Investor Rights Agreement” means the Investor Rights Agreement between the Purchaser and the Company to be dated as of the Closing Date providing the Purchaser with certain rights with respect to its ownership of Common Shares following completion of the Investment, in the form attached as Exhibit A to this Agreement.

“Issued Warrants” has the meaning ascribed to such term in Section 2.2.

“knowledge” means to the best of the knowledge, information and belief of the relevant Party after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant directors, officers and employees of such Party and, in the case of the knowledge of the Company, the relevant senior managers of the Company.

“Licences” means the Commercial Licences, the Tweed Dealers Licence and the Tweed Grasslands Cultivation Licence.

“marijuana” has the meaning given to the term “marihuana” in the ACMPR.

“Material Adverse Effect” means any change (including a decision to implement such a change made by the Board or by senior management who believe that confirmation of the decision of the Board is probable), event, violation, inaccuracy, circumstance, development or effect that is, individually or in the aggregate, or would reasonably be expected to be, individually or in the aggregate, materially adverse to the business, assets (including intangible assets), capitalization, liabilities (contingent or otherwise), condition (financial or otherwise), prospects or results of operations of the Company and the Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business.

“Material Contract” means each Contract material to the business, affairs or operations of the Company and its Subsidiaries, taken as a whole.

“**Material Subsidiaries**” means each of Tweed Inc., Tweed Farms Inc., Bedrocan, Spectrum Cannabis Canada Ltd., Agripharm Corp. and Tweed Grasslands and “**Material Subsidiary**” means any one of them.

“**Mettrum Bennett Road South Licence**” means the licence issued to Spectrum Cannabis Canada Ltd. (previously Mettrum Ltd.) on November 2, 2016 pursuant to the ACMPR and as supplemented, renewed and amended by Health Canada from time to time, granting the holder the authority to produce, sell, possess, ship, transport, deliver, and destroy dried marijuana, bottled cannabis oil, cannabis in its natural form: cannabis resin, fresh marijuana, marijuana plants and marijuana seeds.

“**Mettrum Creemore Licence**” means the licence issued to Agripharm Corp. by Health Canada on December 13, 2016 (with an effective date of March 27, 2017) pursuant to section 35 of the ACMPR, and as supplemented, renewed and amended by Health Canada from time to time, granting Agripharm Corp. the authority to produce, sell, possess, ship, transport, deliver and destroy dried marijuana, cannabis oil, cannabis in its natural form: cannabis resin, fresh marijuana, marijuana plants and marijuana seeds.

“**Mettrum Hempworks Licence**” means the licences issued to Mettrum Hempworks Inc. by Health Canada on January 1, 2017 under the CDSA authorizing the cultivation of industrial hemp, the possession and processing of industrial hemp grain and the production of hemp oil.

“**Mettrum Loan Agreement**” means the amended and restated loan agreement by and among the Company, Spectrum Cannabis Canada Ltd. (previously Mettrum Ltd.), Agripharm Corp., Mettrum Hempworks Inc. and Farm Credit Canada dated May 26, 2017 in respect of a credit facility in an original principal amount of \$7,000,000.

“**Mettrum Mortgage**” means the mortgage obtained by Spectrum Cannabis Canada Ltd. (previously Mettrum Ltd.), Agripharm Corp. and Mettrum Hempworks Inc. finalized on June 20, 2017, pertaining to the Mettrum Premises, which secures the Mettrum Loan Agreement.

“**Mettrum Premises**” means, collectively, the two licenced premises for growing, processing and storing marijuana by Spectrum Cannabis Canada Ltd. (previously Mettrum Ltd.) located at 314 Bennett Road, Bowmanville, Ontario L1C 3K5 and by Agripharm Corp. located at 2741 County Road 42, Lot 10 Concession 2, Clearview, Ontario L0M 1G0.

“**NASDAQ**” means, individually or collectively, The NASDAQ Stock Market, The NASDAQ Global Market, The NASDAQ Global Select Market and The NASDAQ Capital Market (or any successor entities thereto) and any other exchange now or later existing under the Control of The NASDAQ OMX Group, Inc.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*.

“**Niagara Loan Agreement**” means the loan agreement between the Company and Farm Credit Canada dated November 3, 2014 in respect of a credit facility in an original principal amount of \$1,875,000 and the loan agreement dated July 27, 2016 with Tweed Farms and the Company in connection with a credit facility provided to Tweed Farms by Farm Credit Canada in the principal amount of \$5,500,000.

“Niagara Mortgage” means the mortgage obtained by the Company and Tweed Farms Inc. and finalized on November 7, 2014, pertaining to the Niagara Premises, which secures the Niagara Loan Agreement.

“Niagara Premises” means the licenced premises for growing, processing and storing marijuana by Tweed Farms Inc. located at 453 Concession 5 Road, Niagara-On-The-Lake, Ontario, L0S 1J0.

“Non-US Authorizations” has the meaning ascribed to such term in paragraph (k) of Schedule B to this Agreement.

“Order” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“Outside Date” means November 30, 2017.

“Parties” means the Purchaser and the Company, and a **“Party”** means any one of them.

“Patents” means: (a) patent applications and issued patents therefor and equivalent rights under the Patent Act (Canada) and the Patent Act (United States), including (i) utility models, originals, provisionals, divisionals, reissues, renewals, re-examinations, continuations, continuations-in-part, continuing prosecution applications, requests for continuing examinations and extensions and applications for the foregoing; and (ii) patent applications and issued patents for plant patents; (b) applications and issued registrations for plant varieties, including applications and registrations under the Plant Variety Protection Act (United States) and the Plant Breeders’ Rights Act (Canada); (c) national and multinational counterparts of such patent and plant varietal applications and issued patents or registrations applied for or registered in any and all countries of the world; (d) all rights to apply in any or all countries of the world for such applications and issued patents or registrations including all rights provided by multinational treaties or conventions for any of the foregoing; and (e) inventions and plant varieties described in any such applications and issued patents or registrations, including those that are included in any claim, capable of being reduced to a claim or could have been included as a claim in any such pending patent applications and issued patents.

“Permitted Activities” has the meaning ascribed to such term in Exhibit D to this Agreement.

“Permitted Encumbrances” means those Encumbrances set forth in Section 1.1 of the Disclosure Letter.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Premises” has the meaning ascribed to such term in paragraph (uu) of Schedule B to this Agreement.

“Purchased Shares” has the meaning ascribed to such term in Section 2.1(a).

“Purchaser” has the meaning ascribed to such term in the Preamble.

“Purchaser GP” means Greenstar Canada Investment Corporation.

“**Purchaser Group**” means the Purchaser and/or any of its Affiliates, and which, for greater certainty, includes Constellation Brands, Inc.

“**Purchaser Indemnified Parties**” has the meaning ascribed to such term in Section 7.1.

“**Qualifying Provinces**” means, collectively, all of the provinces of Canada except Québec.

“**Regulatory Approval**” means: (i) the approval of the TSX of the transactions contemplated under this Agreement, as required, including, without limitation, the issuance of the Securities, the issuance of the Underlying Shares (including the exercise price for the Warrants to be issued pursuant to this Agreement), and the listing on the TSX of all Shares referred to under this subsection (i); and (ii) any other approval which may be required for such transactions pursuant to Applicable Law or by or from any Governmental Authority.

“**Securities**” has the meaning ascribed to such term in Section 2.2.

“**Securities Laws**” means, collectively, the applicable securities laws of each of the provinces and territories of Canada and the respective regulations, instruments and rules made under those securities laws, together with all applicable published policy statements, notices, blanket orders and rulings of the securities commissions or securities regulatory authorities of Canada and of each of the provinces and territories of Canada.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Share Purchase Price**” has the meaning ascribed to such term in Section 2.1(a).

“**Shares**” means the Common Shares and other shares the Company is authorized to issue, including any additional shares of the Company that may be created.

“**Smiths Falls Premises**” means the licenced premises for growing, processing and storing medical marijuana located at 1 Hershey Drive, Smiths Falls, Ontario K6A 4S9.

“**Subsidiary**” has the meaning ascribed to such term in NI 45-106.

“**Survival Date**” has the meaning ascribed to such term in Section 7.4.

“**Tax Returns**” includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required by a Governmental Authority to be made, prepared or filed by Law in respect of Taxes.

“**Taxes**” includes any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and

import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada and other pension plan premiums or contributions imposed by any Governmental Authority, and any transferee liability in respect of any of the foregoing.

“**THC**” means delta-9-tetrahydrocannabinol.

“**Trademarks**” means trade or brand names, business names, trademarks, service marks, certification marks, logos, slogans, corporate names, uniform resource locators, domain names, trading styles, commercial symbols and other source and business identifiers, trade dress, distinguishing guises, tag lines, designs and general intangibles of like nature, whether or not registered or the subject of an application for registration and whether or not registrable and all goodwill associated therewith.

“**Transaction Agreements**” means this Agreement, the Investor Rights Agreement and the Commercialization Agreement.

“**TSX**” means the Toronto Stock Exchange.

“**Tweed Commercial Licence**” means the licence issued by Health Canada to Tweed Inc. on January 20, 2017 pursuant to the ACMPR as supplemented, renewed and amended by Health Canada from time to time, granting Tweed Inc. the authority to produce, sell, possess, ship, transport, deliver and destroy dried marijuana, bottled cannabis oil, encapsulated cannabis oil, cannabis in its natural form: cannabis resin, marijuana seeds, marijuana plants and fresh marijuana.

“**Tweed Dealers Licence**” means the licence issued by Health Canada to Tweed Inc. on December 9, 2016 pursuant to the CDSA, as supplemented, renewed and amended by Health Canada from time to time, granting Tweed Inc. the authority to conduct research, possess, produce, package, sell, transport and deliver cannabis, CBD, cannabinol, cannabis resin, and THC to facilities in possession of a controlled substances licence, a licence issued under the ACMPR, or to a person in possession of a valid exemption under subsection 56(1) of the CDSA for scientific purposes.

“**Tweed Farms Commercial Licence**” means the licence issued by Health Canada to Tweed Farms Inc. on January 14, 2017 (with an effective date of February 17, 2017) pursuant to the ACMPR, as supplemented, renewed and amended by Health Canada from time to time, granting Tweed Farms Inc. the authority to produce, sell, possess, ship, transport, deliver and destroy marijuana plants, marijuana seeds and dried marijuana.

“**Tweed Grasslands**” means Tweed Grasslands Cannabis Inc. (formerly rTrees Producers Limited), a wholly owned subsidiary of the Company.

“**Tweed Grasslands Cultivation Licence**” means the licence issued to Tweed Grasslands on June 16, 2017 pursuant to section 35 of the ACMPR, and as supplemented, renewed and amended by Health Canada from time to time, granting Tweed Grasslands the authority to produce, sell, possess, ship, transport, deliver and destroy dried marijuana, marijuana plants and marijuana seeds to other licenced producers.

“**Tweed Grasslands Lease**” means the lease dated December 1, 2016 between 101068682 Saskatchewan Ltd. and rTrees Producers Limited (now Tweed Grasslands).

“**Tweed Grasslands Premises**” means the licenced premises for growing, processing and storing marijuana by Tweed Grasslands located at 41 York Road West, Yorkton, SK, S3N 2X1.

“**Underlying Shares**” means Common Shares for which the Warrants are exercisable.

“**US Authorizations**” has the meaning ascribed to such term in paragraph (k) of Schedule B to this Agreement.

“**Vert Medical Inc. Lease**” means the lease dated September 30, 2016 between 9904921 Canada Inc. (the predecessor Company of Vert Medical Inc.) and Dany Lefebvre.

“**Warrant**” means a Common Share purchase warrant issued by the Company to the Purchaser, with each Warrant entitling the Purchaser to acquire one Common Share for the exercise price set forth therein, in the form attached as Exhibit B to this Agreement.

1.2 Schedules and Exhibits

The following schedules and exhibits form an integral part of this Agreement:

Schedule A	– Purchaser Representations and Warranties
Schedule B	– Company’s Representations and Warranties
Exhibit A	– Investor Rights Agreement
Exhibit B	– Form of Warrant Certificate
Exhibit C	– Form of Compliance Certificate
Exhibit D	– Permitted Activities

ARTICLE 2 PURCHASE AND SALE OF SECURITIES

2.1 Purchase and Sale of Common Shares

- (a) Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties set forth in Schedule B to this Agreement, the Purchaser hereby agrees to purchase from the Company and the Company, hereby agrees to sell to the Purchaser, on the Closing Date, 18,876,901 Common Shares (the “**Purchased Shares**”) at a price of \$12.9783 per Purchased Share for an aggregate purchase price of \$244,990,084.25 (the “**Share Purchase Price**”).
- (b) The Purchaser shall purchase the Purchased Shares and pay the Share Purchase Price on the Closing Date, by wire transfer of immediately available funds to an account designated in writing by the Company. The Purchased Shares shall be issued to the Purchaser on Closing by way of: (i) (A) a book entry only position or other electronic deposit on the records of the Company’s transfer agent containing notations of the legends contemplated by this Agreement, together with delivery of an ownership statement to the Purchaser; and (B) the deposit of a certificate evidencing the Purchased Shares to The Canadian Depository for Securities Limited as depository, bearing a restricted CUSIP designation referencing the legends contemplated by this Agreement, for credit to the participant and brokerage account of the Purchaser, as directed by the Purchaser; or (ii) physical delivery of a certificate representing the Purchased Shares registered in the name of the Purchaser or in such other name as the Purchaser shall notify the Corporation in writing not less than one Business Day prior to the Closing.

2.2 Issuance of Warrants

On the Closing Date, and in consideration of the purchase by the Purchaser of the Purchased Shares, the Company hereby agrees to issue 18,876,901 Warrants (the “**Issued Warrants**” and, together with the Purchased Shares, the “**Securities**”) to the Purchaser, and the Company shall deliver to the Purchaser certificates representing the Issued Warrants.

2.3 Use of Proceeds

The Company acknowledges and agrees that the net proceeds from the Investment will be used by the Company for the exclusive purposes of funding plant expansion, equipment, acquisitions, development activities and other matters in anticipation of market demand, all as approved by the Board, or in accordance with the budget of the Company as may be adopted by the Board from time to time.

ARTICLE 3 REPRESENTATION AND WARRANTIES

3.1 Representations and Warranties of the Company

The Company represents and warrants to the Purchaser each of the matters contained in Schedule B to this Agreement as of the date hereof and as of the Closing Date, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and the transactions contemplated herein.

3.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Company each of the matters contained in Schedule A to this Agreement as of the date hereof and as of the Closing Date, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and the transactions contemplated herein.

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Company’s Conditions Precedent for the Closing

The Company’s obligation to sell the Securities on the Closing Date shall be subject to the following conditions:

- (a) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct in all respects as of the Closing Date and with the same effect as if made at and as of the Closing Date and the Company shall have received a certificate from a senior officer of the Purchaser (on the Purchaser’s behalf and without personal liability), in form and substance satisfactory to the Company, confirming same;

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- (b) the issue and sale and delivery of the Securities being exempt from the requirement to file a prospectus, registration statement or similar document and the requirement to deliver an offering memorandum or similar document under applicable Securities Laws relating to the sale of the Securities;
 - (c) approval of the TSX of the transactions contemplated under this Agreement, as required, including, without limitation, the issuance of the Securities, the issuance of the Underlying Shares (including the exercise price for the Warrants to be issued pursuant to this Agreement), and the listing on the TSX of the Purchased Shares and the Underlying Shares (subject only to customary and routine post-closing conditions) shall have been obtained;
 - (d) there shall be no issued or pending Order, injunction, proceeding, judgment or ruling filed or imposed by any Governmental Authority for the purpose of enjoining, delaying, restricting or preventing the consummation of the transactions contemplated in this Agreement or claiming that such transactions are improper; and
 - (e) the Purchaser shall have executed and delivered each of the Transaction Agreements.

If any of the foregoing conditions in this Section 4.1 have not been fulfilled by the Closing Date, the Company may elect not to complete the purchase of the Securities by notice in writing to the Purchaser. The Company may waive compliance with any condition in whole or in part if they see fit to do so, without prejudice to their rights in the event of non-fulfilment of any other condition, in whole or in part, or to their rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

4.2 Purchaser's Conditions Precedent for Closing

The Purchaser's obligation to purchase the Securities on the Closing Date shall be subject to the satisfaction of the following conditions:

- (a) all of the representations and warranties of the Company made in or pursuant to this Agreement shall be true and correct in all respects as of the Closing Date and with the same effect as if made at and as of the Closing Date and the Purchaser shall have received a certificate from a senior officer of the Company (on the Company's behalf and without personal liability), in form and substance satisfactory to the Purchaser, acting reasonably, confirming same;
- (b) the Company shall have performed or complied with, in all respects, all of its obligations, covenants and agreements under this Agreement required to be performed or complied with prior to the Closing and the Purchaser shall have received a certificate from a senior officer of the Company (on the Company's behalf and without personal liability), in form and substance satisfactory to the Purchaser, acting reasonably, confirming same;

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- (c) approval of the TSX of the transactions contemplated under this Agreement, as required, including, without limitation, the issuance of the Securities, the issuance of the Underlying Shares (including the exercise price for the Warrants to be issued pursuant to this Agreement), and the listing on the TSX of the Purchased Shares and the Underlying Shares (subject only to customary and routine post-closing conditions) shall have been obtained;
 - (d) there shall be no issued or pending Order, injunction, proceeding, judgment or ruling filed or imposed by any Governmental Authority for the purpose of enjoining, delaying, restricting or preventing the consummation of the transactions contemplated in this Agreement or claiming that such transactions are improper;
 - (e) the Company shall have delivered to the Purchaser a compliance certificate for the Company dated as of the Closing Date and executed by a senior officer of the Company, in the form attached to this Agreement as Exhibit C;
 - (f) the Company shall have delivered to the Purchaser (i) a certificate of compliance for the Company issued by Corporations Canada dated no earlier than one Business day prior to the Closing Date; (ii) a certificate of an officer of the Company certifying the articles and bylaws or other constating documents of the Company, the Board resolutions approving the transactions contemplated by this Agreement and the names, titles and specimen signatures of any officers of the Company who have or will be signing the Transaction Agreements; (iii) a copy of the letter from the TSX providing Regulatory Approval (subject only to customary and routine post-closing conditions); (iv) a certificate from the transfer agent of the Company as to the issued and outstanding Common Shares as at the close of business on the Business Day immediately prior to the Closing Date; and (v) copies of any necessary third party consents, in all cases in forms satisfactory to the Purchaser, acting reasonably, and the Purchaser shall have received copies of all such documentation or other evidence as it may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement and the taking of all corporate actions in connection with such transactions in compliance with these conditions, in form (as to certification and otherwise) and substance satisfactory to the Purchaser, acting reasonably;
 - (g) the Purchaser shall have received a customary opinion from counsel to the Company dated as of the Closing Date as to certain corporate Law and Securities Law matters as well as certain other matters relating to Applicable Laws regarding, in particular, the regulation and control of Cannabis;
 - (h) the Purchaser shall have received an opinion from counsel to each of the Material Subsidiaries dated as of the Closing Date as to (i) each of the Material Subsidiaries being a corporation existing under the Laws of its jurisdiction of organization, and having the requisite corporate power and capacity to carry on its business, affairs and operations as now conducted and to own, lease and operate its property and assets; and (ii) the authorized and issued share capital of each Material Subsidiary, in form and substance acceptable to the Purchaser;
 - (i) no Material Adverse Effect shall have occurred;

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- (j) the Common Shares shall continue to be listed for trading on the TSX as at the Closing Date and the Company, as at the Closing Date, shall not have listed any of its securities on the NASDAQ, the New York Stock Exchange or any other securities exchange, marketplace or trading market in the United States; provided that, for greater certainty, the posting or trading of Common Shares by third parties on over the counter markets or other similar marketplaces shall not be considered a listing for purposes of the foregoing so long as such posting or trading is completely outside the control of, and without any active involvement of, the Company or any Person acting for or on its behalf; and
 - (k) the Company shall have executed and delivered each of the Transaction Agreements.

If any of the foregoing conditions in this Section 4.2 have not been fulfilled by the Closing Date, the Purchaser may elect not to complete the purchase of the Securities by notice in writing to the Company. The Purchaser may waive compliance with any condition in whole or in part if they see fit to do so, without prejudice to their rights in the event of non-fulfilment of any other condition, in whole or in part, or to their rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

ARTICLE 5 COVENANTS

5.1 Actions to Satisfy Closing Conditions

Each of the Parties shall take commercially reasonable efforts to ensure satisfaction of each of the conditions set forth in Article 4.

5.2 Consents, Approvals and Authorizations

- (a) The Company covenants that it shall prepare, file and diligently pursue until received all necessary consents, approvals and authorizations of any Person and make such necessary filings, as are required to be obtained under Applicable Law with respect to this Agreement and the transactions contemplated hereby (excluding, for greater certainty, the preparation or filing of a prospectus, offering memorandum, registration statement or similar document in any jurisdiction but including, for greater certainty, the Regulatory Approval).
- (b) The Company shall keep the Purchaser fully informed regarding the status of such consents, approvals and authorizations, and the Purchaser, its representatives and counsel shall have the right to participate in any substantive discussions with the TSX and any other applicable regulatory authority in connection with the transactions contemplated by this Agreement and provide input into any applications for approval and related correspondence, which will be incorporated by the Company, acting reasonably. The Company will provide notice to the Purchaser (and its counsel) of any proposed substantive discussions with the TSX in connection with the transactions contemplated by this Agreement. On the date all such consents, approvals and authorizations have been obtained by the Company and all such filings have been made by the Company, the Company shall notify the Purchaser of same.

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- (c) Without limiting the generality of the foregoing, the Company shall promptly make all filings required by the TSX to obtain Regulatory Approval. If the approval of the TSX is “conditional approval” subject to the making of customary deliveries to the TSX after an applicable Closing Date, the Company shall ensure that such filings are made as promptly as practicable after such closing date and in any event within the time frame contemplated in the conditional approval letter from the TSX.
 - (d) The Company shall, as promptly as practicable after the date hereof, seek, and continue to use commercially reasonable efforts to seek until obtained, the consent of each Person which is required in connection with the transactions contemplated hereby, but excluding, for greater certainty, the preparation or filing of a prospectus, offering memorandum, registration statement or similar document in any jurisdiction.
 - (e) The Company shall take all necessary action after the date hereof to cause the removal of the legends contemplated by paragraph (j) of Schedule A of this Agreement on the date that is four months and one day following the Closing Date.

5.3 Interim Period Covenants

During the period from the date hereof to the Closing, the Company hereby covenants and agrees as follows:

- (a) the Company shall comply with:
 - (i) all Applicable Laws (other than Applicable Laws of the United States) in all material respects, including, to the extent applicable, the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws (other than Laws applicable to the United States) relating to Cannabis which are applicable to the Company’s business, affairs and operations, and, including for greater certainty, the rules of the TSX and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities; and
 - (ii) all Applicable Laws of the United States in all respects, including, to the extent applicable, the Controlled Substances Act and all other Laws relating to Cannabis which are applicable to the Company’s business, affairs and operations in the United States, and, including for greater certainty, the rules of the TSX and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities;
- (b) [Confidential covenant redacted];

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- (c) subject to Section 5.3(b), the Company shall only carry on any business, affairs or operations or maintain any activities in Canada and other markets to the extent such business, affairs and operations are lawful in such markets or become lawful in such markets after the date hereof;
 - (d) the Company shall deliver to the Purchaser, as promptly as practicable, but in any event no later than 15 days after the end of each month, a compliance certificate executed by a senior officer of the Company, in the form attached to this Agreement as Exhibit C;
 - (e) the Company shall comply in all respects with its internal compliance programs designed to detect and prevent violations of any Applicable Laws related to the Cannabis industry and shall periodically review and update its internal compliance programs to account for any changes in Laws applicable to the Company's business, affairs or operations;
 - (f) the Company shall promptly provide the Purchaser with written notice of, and deliver to the Purchaser immediately following the delivery thereof to the applicable Governmental Authority, a copy of any mandatory reporting required to be made by the Company to a Governmental Authority (other than any filing made by the Company with any securities regulatory authority in satisfaction of the Company's continuous disclosure obligations pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*);
 - (g) the Company shall promptly notify and consult the Purchaser in connection with: (i) any and all matters relating to any potential, actual or alleged violation of, or non-compliance with, Laws applicable to the United States; (ii) any and all material matters relating to any violations of, or non-compliance with, any Laws other than Laws applicable to the United States; and (iii) any and all matters relating to any violations of, or non-compliance with, any Laws other than Laws applicable to the United States which could reasonably be expected to result in fines or penalties against the Company or otherwise result in a Material Adverse Effect, and, for greater certainty, consultation for these purposes shall include the right of the Purchaser to participate in all decisions to be made by the Company relating to whether purported or alleged violations or instances of non-compliance will be challenged and how such violations or instances of non-compliance will be remediated, provided that, for greater certainty, the Company shall make all such decisions in its discretion, acting reasonably, after having received any input provided by the Purchaser in a timely fashion;
 - (h) the Company shall provide and continue to provide sufficient training to employees responsible for the Company's internal compliance programs, including informing them of all Applicable Laws, including, to the extent applicable, the Controlled Substances Act, the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws relating to the Cannabis industry which are applicable to the Company's business, affairs and operations, and any changes thereto; and
 - (i) [Confidential covenant redacted].

ARTICLE 6
TERMINATION

6.1 Termination

This Agreement shall terminate upon:

- (a) the date on which this Agreement is terminated by the mutual consent of the Parties;
- (b) the date on which this Agreement is terminated by written notice of the Company pursuant to Section 4.1;
- (c) the date on which this Agreement is terminated by written notice of the Purchaser pursuant to Section 4.2;
- (d) the date on which this Agreement is terminated by written notice of the Purchaser on the dissolution or bankruptcy of the Company or any of the Material Subsidiaries or the making by the Company or any of the Material Subsidiaries of an assignment under the provisions of the *Bankruptcy and Insolvency Act* (Canada) or the taking of any proceeding by or involving the Company or any of the Material Subsidiaries under the *Companies Creditors' Arrangement Act* (Canada) or any similar legislation of any jurisdiction;
- (e) written notice by either Party to the other in the event the Closing has not occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this Section 6.1(e) shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations, warranties or covenants under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur by such date; or
- (f) written notice by either Party to the other, if after the execution and delivery of this Agreement and prior to the Closing, (i) all of the conditions to the Closing set forth in Section 4.1 and Section 4.2 have been satisfied or waived (excluding conditions that, by their terms, are to be satisfied at the Closing), (ii) the Closing has not occurred on or prior to the Outside Date, and (iii) the commercial bank or financial institution in respect of which the Party exercising this termination right is a client will not accept from the Purchaser or deliver to the Company funds constituting the Share Purchase Price, or otherwise facilitate the settlement, payment or clearance of funds constituting the Share Purchase Price, in either case restricting or preventing the consummation of the transactions contemplated by this Agreement.

ARTICLE 7
INDEMNIFICATION

7.1 General Indemnification

The Company (referred to as the “**Indemnifying Party**”) shall indemnify and save harmless the Purchaser and its Affiliates and each of their respective directors, officers, employees, shareholders, partners and agents (collectively referred to as the “**Purchaser Indemnified**”

Parties”) from and against any loss, liability, Claim, damage and expense whatsoever (including reasonable legal fees and expenses), including any amounts paid in settlement of any investigation, Order, litigation, proceeding or Claim, which may be made or brought against the Purchaser Indemnified Parties, or which they may suffer or incur, directly or indirectly, as a result of or in connection with or relating to:

- (a) any non-fulfilment or breach of any covenant or agreement on the part of the Company contained in this Agreement or in any certificate or other document furnished by or on behalf of the Company pursuant to this Agreement; or
- (b) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Company contained in this Agreement, or in any certificate or other document furnished by or on behalf of the Company pursuant to this Agreement.

7.2 Indemnification Procedure

- (a) Promptly after receipt by a Purchaser Indemnified Party under Section 7.1 of notice of the commencement of any action, such Purchaser Indemnified Party shall, if a Claim in respect thereof is to be made against any Indemnifying Party under Section 7.1, notify the Indemnifying Party of the commencement thereof; provided, however, that failure to so notify the Indemnifying Party shall not affect the Indemnifying Party’s obligations hereunder, except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party shall be entitled to appoint counsel of the Indemnifying Party’s choice at the Indemnifying Party’s expense to represent the Purchaser Indemnified Party in any action for which indemnification is sought (in which case the Indemnifying Party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Purchaser Indemnified Parties except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the Purchaser Indemnified Party. Notwithstanding the Indemnifying Party’s election to appoint counsel to represent the Purchaser Indemnified Party in an action, the Purchaser Indemnified Party shall have the right to employ separate counsel (including local counsel), and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel if: (i) the use of counsel chosen by the Indemnifying Party to represent the Purchaser Indemnified Party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the Purchaser Indemnified Party and the Indemnifying Party and the Purchaser Indemnified Party shall have reasonably concluded that there may be legal defences available to it and/or other Purchaser Indemnified Parties which are different from or additional to those available to the Indemnifying Party; (iii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Purchaser Indemnified Party to represent the Purchaser Indemnified Party within 14 days after notice of the institution of such action; or (iv) the Indemnifying Party shall authorize the Purchaser Indemnified Party to employ separate counsel at the expense of the Indemnifying Party.
- (b) No Purchaser Indemnified Party shall, without the prior express written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed), consent to any judgment or effect any settlement of any pending or threatened action, suit or proceeding.

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- (c) The Indemnifying Party shall not, without the prior express written consent of the Purchaser Indemnified Party, consent to any judgment or effect any settlement of any pending or threatened action, suit or proceeding in respect of which any Purchaser Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Purchaser Indemnified Party, unless such settlement includes an unconditional release of such Purchaser Indemnified Party from all liability on Claims that are the subject matter of such action, suit or proceeding.
 - (d) Notwithstanding anything to the contrary in this Article 7, the indemnity obligations in this Article 7 shall cease to apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall have determined that any loss, liability, Claim, damage and expense whatsoever (including reasonable legal fees and expenses) to which a Purchaser Indemnified Party may be subject were caused solely by the negligence, fraud or wilful misconduct of the Purchaser Indemnified Party.
 - (e) No Purchaser Indemnified Party shall be entitled to claim indemnity in respect of any special, consequential or punitive damages (including damages for loss of profits) except to the extent (i) such special, consequential or punitive damages are awarded in favour of a third party in connection with a third party Claim; or (ii) a Claim is made for any incorrectness in or breach of any representation or warranty of the Company set forth in paragraphs (a), (b), (c), (p) or (t) of Schedule B to this Agreement.
 - (f) Subject to Section 8.8 and except for any Claims arising from negligence, fraud or wilful misconduct of the Indemnifying Party, the rights to indemnification set forth in this Article 7 shall be the sole and exclusive remedy of the Purchaser Indemnified Parties (including pursuant to any statutory provision, tort or common law) in respect of: (i) any non-fulfilment or breach of any covenant or agreement on the part of the Company contained in this Agreement or in any certificate furnished by or on behalf of the Company pursuant to this Agreement; or (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Company contained in this Agreement or in any certificate furnished by or on behalf of the Company pursuant to this Agreement, but, for greater certainty, shall not be the sole and exclusive remedy under the Investor Rights Agreement or the Commercialization Agreement.
 - (g) A Purchaser Indemnified Party shall not be entitled to double recovery for any loss even though such loss may have resulted from the breach of one or more representations, warranties or covenants in this Agreement.

7.3 Contribution

If the indemnification provided for in this Article 7 is held by a court of competent jurisdiction to be unavailable to a Purchaser Indemnified Party with respect to any losses, Claims, damages, costs, expenses or liabilities referred to herein, the Indemnifying Party, in lieu of indemnifying such Purchaser Indemnified Party hereunder, shall contribute to the amount paid or payable by such Purchaser Indemnified Party as a result of such loss, Claim, damage, cost, expense, liability or action in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Purchaser Indemnified Party on the other in connection with matters that resulted in such loss, Claim, damage, cost, expense, liability or action, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Purchaser Indemnified Party shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or fault.

7.4 Survival

Each Party hereto acknowledges that the representations, warranties and agreements made by it herein are made with the intention that they may be relied upon by the other Party. The Parties further agree that the representations, warranties, covenants and agreements shall survive the purchase and sale of the Securities and shall continue in full force and effect for a period ending on the date that is two years following the Closing Date, notwithstanding any subsequent disposition by the Purchaser of the Securities or Underlying Shares or any termination of this Agreement; provided, however, that the representations and warranties set forth in paragraphs (a), (b), (c), (p) and (t) of Schedule B to this Agreement shall survive indefinitely (the survival date of each representation, warranty, covenant and agreement herein as set forth above is referred to as the "**Survival Date**"). This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto, their respective successors, assigns and legal representatives. Notwithstanding the foregoing, the provisions contained in this Agreement related to indemnification or contribution obligations shall survive and continue in full force and effect, indefinitely, provided that, no Claim for indemnity pursuant to this Article 7 may be made after the Survival Date for the applicable representation, warranty, covenant or agreement unless notice of the Claim was provided to the Indemnifying Party on or prior to the Survival Date.

7.5 Purchaser is Trustee

The Company hereby acknowledges and agrees that, with respect to this Article 7, the Purchaser is contracting on its own behalf and as agent for the other Purchaser Indemnified Parties referred to in this Article 7. In this regard, the Purchaser shall act as trustee for such Purchaser Indemnified Parties of the covenants of the Company under this Article 7 with respect to such Purchaser Indemnified Parties and accepts these trusts and shall hold and enforce those covenants on behalf of such Purchaser Indemnified Parties.

ARTICLE 8 GENERAL PROVISIONS

8.1 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein irrespective of the choice of Laws principles.

8.2 Notices

All notices, requests, Claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8.2):

if to the Company:

1 Hershey Drive,
Smiths Falls, Ontario K7A 0A8
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

LaBarge Weinstein LLP
515 Legget Drive, Suite 800
Ottawa, Ontario K2K 3G4
Attention: Deborah Weinstein

if to the Purchaser:

c/o Osler, Hoskin & Harcourt LLP
1700 – 1055 West Hastings Street
Vancouver, British Columbia V6E 2E9
Attention: Emmanuel Pressman

with a copy to:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564
Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8
Attention: Emmanuel Pressman

8.3 Expenses

Except as otherwise specifically provided in this Agreement, each Party shall bear any costs and expenses incurred in connection with exercising its rights and performing its obligations under this Agreement.

8.4 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Applicable Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

8.5 Entire Agreement

This Agreement (including the Schedules and Exhibits hereto), the Investor Rights Agreement, the Commercialization Agreement, the Ancillary Agreements and the Mutual Non-Disclosure Agreement between the Company and Constellation Brands, Inc. dated May 4, 2017 constitute the entire agreement of the Parties with respect to the subject matter of this Agreement and supersede all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matter of this Agreement, including the confidential term sheet dated September 1, 2017 between Constellation Brands, Inc. and the Company.

8.6 Assignment; No Third-Party Beneficiaries

- (a) The Purchaser may assign this Agreement to any other member of the Purchaser Group. Except as aforesaid, this Agreement shall not be assigned by any Party hereto without the prior written consent of the other Party.
- (b) Except as provided in Article 7 with respect to indemnification, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

8.7 Amendment; Waiver

No provision of this Agreement may be amended or modified except by a written instrument signed by both Parties. No waiver by any Party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by either Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

8.8 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

8.9 Rules of Construction

Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified; (c) the word “including” and words of similar import shall mean “including, without limitation,”; (d) provisions shall apply, when appropriate, to successive events and transactions; (e) the headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (f) a reference to a statute includes all regulations and rules made pursuant to the statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule; and (g) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

8.10 Currency

All references in this Agreement to “dollars” or “\$” are expressed in Canadian currency, unless otherwise specifically indicated.

8.11 Further Assurances

Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties may reasonably require from time to time for the purpose of giving effect to the Transaction Agreements and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of the Transaction Agreements.

8.12 Public Notices/Press Releases

The Purchaser and the Company shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by the Purchaser and the Company, and the content, text and timing of each Party’s announcement shall be approved by the other Party in advance, acting reasonably. The Purchaser and the Company agree to co-operate in the preparation of presentations, if any, to the Purchaser’s shareholders or the Company’s shareholders regarding the transactions contemplated by this Agreement. No Party shall (a) issue any press release or otherwise make public announcements with respect to this Agreement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); or (b) make any regulatory filing with any Governmental Authority with respect thereto without prior

consultation with the other Party; provided, however, that, the foregoing clause (b) shall be subject to each Party's overriding obligation to make any disclosure or regulatory filing required under applicable Laws and the Party making such requisite disclosure or regulatory filing shall use all commercially reasonable efforts to give prior oral and written notice to the other Party and reasonable opportunity to review and comment on the requisite disclosure or regulatory filing before it is made; provided, further, that, except as required by Applicable Law, in no circumstance shall any such disclosure by, or regulatory filing of, the Company or any of its Affiliates include the name of any member of the Purchaser Group without the Purchaser's prior written consent, in its sole discretion.

8.13 Public Disclosure

During the period from the date hereof to the Closing, the Company shall provide prior notice to the Purchaser of any public disclosure that it proposes to make which includes the name of any member of the Purchaser Group, together with a draft copy of such disclosure; provided that, except as contemplated by Section 8.12 or as required by Applicable Law, in no circumstance shall any public disclosure of the Company or any of its Affiliates include the name of any member of the Purchaser Group without the Purchaser's prior written consent, in its sole discretion. The foregoing requirements shall not apply in respect of any public disclosure naming a member of the Purchaser Group using language previously approved by the Purchaser in writing within the same fiscal year.

8.14 Counterparts

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above.

**GREENSTAR CANADA INVESTMENT
LIMITED PARTNERSHIP, by its general partner
GREENSTAR CANADA
INVESTMENT CORPORATION**

By: /s/ Garth Hankinson
Name: Garth Hankinson
Title: Vice President

CANOPY GROWTH CORPORATION

By: /s/ Bruce Linton
Name: Bruce Linton
Title: Chief Executive Officer

Subscription Agreement

SCHEDULE A
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to and in favour of the Company and acknowledges that the Company is relying on such representations and warranties in connection with this Agreement and the transactions contemplated therein:

- (a) this Agreement has been duly authorized, executed and delivered by the Purchaser GP, for and on behalf of the Purchaser, and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights generally, and will not violate or conflict with the constating documents of the Purchaser or the terms of any restriction, agreement or undertaking to which the Purchaser is subject;
- (b) the Purchaser is a valid and subsisting limited partnership existing under the Laws of the Province of British Columbia, has the necessary power and authority to execute and deliver the Transaction Agreements to which it is a party and to observe and perform its covenants and obligations hereunder and thereunder and has taken all necessary action in respect thereof;
- (c) the Purchaser GP has been duly incorporated and is validly existing as a corporation under the Laws of the Province of British Columbia, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Purchaser GP, and the Purchaser GP has the necessary corporate power and authority to execute and deliver the Transaction Agreements to which it is a party, for and on behalf of the Purchaser, as general partner of the Purchaser;
- (d) the Purchaser is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Securities Laws, for its own account and not as agent for the benefit of another Person;
- (e) the Purchaser was not created or used solely to purchase or hold securities in reliance on the exemption from the prospectus requirement in section 2.10 of NI 45-106;
- (f) the Purchaser is acquiring the Securities without a view to immediate resale or distribution of any part thereof and will not resell or otherwise transfer or dispose of the Securities or any part thereof except in accordance with the provisions of applicable Securities Laws;
- (g) the Purchaser authorizes the indirect collection of information pertaining to such Purchaser, through the Company's filing of Form 45-106F1 under NI 45-106, if applicable, by the Ontario Securities Commission (the "**OSC**") and the British Columbia Securities Commission (the "**BCSC**") and acknowledges and agrees that the Purchaser has been notified by the Company (i) of the delivery to the OSC and the BCSC of such information including, without limitation, the full name,

Schedule A-1

residential address and telephone number of the Purchaser, the number and type of securities purchased and the total purchase price paid, (ii) that this information is being collected indirectly by the OSC and the BCSC under the authority granted to them in securities legislation, (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario and British Columbia, and (iv) that the title, business address and business telephone number of the public official in Ontario who can answer questions about the OSC's indirect collection of the information is the Administrative Assistant to the Director of Corporate Finance, the Ontario Securities Commission, Suite 1903, Box 5520, Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8086, Facsimile: (416) 593-8252;

- (h) the Purchaser acknowledges and agrees that the sale and delivery of the Securities to the Purchaser is conditional upon such sale being exempt from the requirements under applicable Securities Laws requiring registration and the filing of a prospectus or similar document or delivery of an offering memorandum or similar document in connection with the distribution of the Securities;
- (i) the Purchaser has not been provided with, has not requested, and does not need to receive an offering memorandum as defined in applicable Securities Laws; and
- (j) the Purchaser has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment in the Securities and is able to bear the economic risk of loss of such investment.

The Purchaser acknowledges that the certificates representing the Securities and any Underlying Shares issued during the period from the Closing Date until the date that is four months and one day after the Closing Date will bear a legend substantially in the following form (and with the necessary information inserted) as well as any such other legends as may be required by Applicable Law:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE WHICH IS FOUR MONTHS AND A DAY AFTER THE DATE OF ISSUANCE WILL BE INSERTED].

and in the case of the Common Shares forming part of the Purchased Shares and any such Underlying Shares issued during the period from the Closing Date until the date that is four months and one day after the Closing Date will also bear a legend substantially in the following form:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE (THE “TSX”); HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF THE TSX SINCE THEY ARE NOT FREELY TRANSFERABLE, AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON THE TSX.”

SCHEDULE B
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to and in favour of the Purchaser and acknowledges that the Purchaser is relying on such representations and warranties in connection with this Agreement and the transactions contemplated therein:

- (a) this Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights generally, and will not violate or conflict with the constating documents of the Company or the terms of any restriction, agreement or undertaking to which the Company is subject;
- (b) the Company and each of the Subsidiaries has been duly incorporated or otherwise organized and is validly existing as a corporation under the Laws of the jurisdiction in which it was incorporated, or otherwise organized, as the case may be, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Company or any of the Subsidiaries, and the Company has the necessary corporate power and authority to execute and deliver the Transaction Agreements and to observe and perform its covenants and obligations hereunder and thereunder and has taken all necessary action in respect thereof;
- (c) the Company and each of the Subsidiaries is duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification (except for such jurisdictions where the failure to be so qualified would not result in a Material Adverse Effect) and has all requisite corporate power and authority to conduct its business and to own, lease and operate its properties and assets and to execute, deliver and perform its obligations under the Transaction Agreements;
- (d) except as disclosed in the Disclosure Letter, neither the Company nor any of the Subsidiaries is: (i) in violation of its articles or by-laws; or (ii) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any Contract, indenture, trust deed, joint venture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or its Assets and Properties may be bound, except in the case of clause (ii), for any such violations or defaults that would not result in a Material Adverse Effect, and except as disclosed in the Disclosure Letter, all such Contracts are in good standing according to their terms and under the Applicable Laws governing such Contracts, constitute valid and binding obligations of the Company and the Subsidiaries, and, to the knowledge of the Company and the Subsidiaries, as applicable, of each of the other parties thereto, are in full force and effect and are enforceable in accordance with their terms against the Company and the Subsidiaries, as applicable, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights

Schedule B-1

generally, and no event has occurred which with notice or lapse of time or both would constitute such a default by the Company or the Subsidiaries, as applicable, or to the knowledge of the Company, any other party, except for any such defaults that would not result in a Material Adverse Effect. The Company has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any Material Contract and except as disclosed in the Disclosure Letter, neither the Company nor any of the Subsidiaries has received notice of any intention to terminate any Material Contract or repudiate or disclaim any such transaction. Except as disclosed in the Disclosure Letter, the Company and the Subsidiaries do not have any agreements of any nature whatsoever to acquire, merge or enter into any business combination or joint venture agreement with any entity, or to acquire any other business or operations;

- (e) except as disclosed in the Disclosure Letter, the Company has no direct or indirect subsidiaries other than the Subsidiaries, nor any investment in any Person which (i) accounted for more than ten percent (10%) of the assets or revenues of the Company as at or for the three month period ended June 30, 2017, as applicable, or (ii) would otherwise be material to the business, affairs or operations of the Company. Except as disclosed in the Disclosure Letter, the Company owns all of the voting securities of the Subsidiaries, except in the case of [confidential names of entities and share holdings redacted];
- (f) (i) each of the Company and the Subsidiaries owns or has the right to use all Assets and Properties currently owned or used in their respective business, affairs and operations free and clear of all Encumbrances other than Permitted Encumbrances, including: (A) all Material Contracts, and (B) all Assets and Properties necessary to enable the Company to carry on its business, affairs and operations as now conducted and as presently proposed to be conducted, including the Smiths Falls Premises, the Niagara Premises, the Mettrum Premises, the Tweed Grasslands Premises and the Bedrocan Premises;
- (g) other than the Permitted Encumbrances, no third party has any ownership right, title, interest in, claim in, Encumbrance against or any other right to the Assets and Properties purported to be owned by the Company;
- (h) except as disclosed in the Disclosure Letter, all Material Contracts are in good standing in all material respects and in full force and effect, including the Bedrocan Leases, the Bedrocan Facility, the Niagara Mortgage, the Agripharm Leases, the Mettrum Loan Agreement, the Mettrum Mortgage and the Tweed Grasslands Lease;
- (i) except as disclosed in the Disclosure Letter, none of the Company, any of the Subsidiaries nor, to the knowledge of the Company, any other party thereto is in material default or breach of any Contract and there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a material default or breach under any Contract which would give rise to a right of termination on the part of any other party to a Contract;

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- (j) except as disclosed in the Disclosure Letter, (i) each of the Company and the Subsidiaries is duly qualified and possesses all such permits, certificates, licences (including the Licences), approvals, consents and other authorizations (collectively, the “**Governmental Licences**”) issued by the appropriate Governmental Authority necessary to conduct the business, affairs and operations as now operated by the Company and the Subsidiaries and proposed to be conducted by the Company and the Subsidiaries; (ii) each of the Company and the Subsidiaries is in compliance with the terms and conditions of all such Governmental Licences and have made all necessary notifications, certifications and filings with all Governmental Authorities in connection with the Governmental Licences; (iii) all of the Governmental Licences are valid and in full force and effect; and (iv) the Company has not received any notice relating to the suspension, revocation or modification of any such Governmental Licences or any notice that any Governmental Licence will not be renewed;
- (k) except as disclosed in the Disclosure Letter, the Company and each of the Subsidiaries and all current and former directors, officers and employees of each in the course of their respective duties: (i) is and at all times has been (A) in full compliance with all Applicable Laws (other than Applicable Laws of the United States), in all material respects, including the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws (other than Laws applicable to the United States) relating to Cannabis which are applicable to the Company’s and the Subsidiaries’ business, affairs and operations, and, in the case of the Company, with the by-laws, rules and regulations of the TSX, and (B) in full compliance with all Applicable Laws of the United States in all respects, including the Controlled Substances Act and all other Laws relating to Cannabis which are applicable to the Company’s and the Subsidiaries’ business, affairs and operations in the United States; (ii) has not received any correspondence or notice from Health Canada or any other Governmental Authority alleging or asserting (A) any material noncompliance with Applicable Laws (other than Applicable Laws of the United States), including the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws (other than Laws applicable to the United States) relating to Cannabis which are applicable to the Company’s and the Subsidiaries’ business, affairs and operations, or any licences (including the Licences), certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws (collectively, the “**Non-US Authorizations**”), or (B) any noncompliance with Applicable Laws of the United States, including the Controlled Substances Act and all other Laws relating to Cannabis which are applicable to the Company’s and the Subsidiaries’ business, affairs and operations in the United States, or any licences (including the Licences), certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws (collectively, the “**US Authorizations**” and together with the Non-US Authorizations, the “**Authorizations**”); (iii) possesses all Authorizations required for the conduct of the business, affairs and operations of the Company and its Subsidiaries, and such Authorizations are valid and in full force and effect and the

Company, the Subsidiaries and all directors, officers and employees of each are not in violation of any term of any such Authorization; (iv) has not received notice of any pending or threatened Claim, suit, proceeding, charge, hearing, enforcement, audit, investigation, arbitration or other action from any Governmental Authority or third party alleging that any operation or activity of the Company, the Subsidiaries or any of their directors, officers and/or employees is in violation of any Applicable Laws or Authorizations and has no knowledge or reason to believe that any such Governmental Authority or third party is considering or would have reasonable grounds to consider any such Claim, suit, proceeding, charge, hearing, enforcement, audit, investigation, arbitration or other action; (v) has not received notice that any Governmental Authority has taken, is taking, or intends to take action to limit, suspend, modify or revoke or to not renew any Authorizations, including the Licences, and has no knowledge or reason to believe that any such Governmental Authority is considering taking or would have reasonable grounds to take such action; and (vi) has, or has had on its behalf, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and to keep the Licences in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission);

- (l) except as disclosed in the Disclosure Letter, all marijuana and Cannabis products sold by the Company or its Subsidiaries or in inventory at the Company or its Subsidiaries: (i) meets the applicable specifications for the product; (ii) is fit for the purpose for which it is intended by the Company or its Subsidiaries, and of merchantable quality; (iii) has been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance with the Licences and all Applicable Laws; (iv) is not adulterated, tainted or contaminated and does not contain any substance not permitted by Applicable Laws; and (v) has been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the applicable Licence in accordance with the terms of such Licence, except in the case of (i), (ii), (iii) and (v) where a failure would not result in a Material Adverse Effect. All of the marketing and promotion activities of the Company or its Subsidiaries relating to its marijuana and Cannabis products complies with all Applicable Laws in all material respects;
- (m) to the knowledge of the Company, no entity in which the Company has a direct or indirect ownership interest (excluding any Subsidiaries) has created, developed or acquired any Beverage Products;
- (n) (i) the Company and the Subsidiaries have only carried on business, affairs or operations or maintained any activities in Canada or other jurisdictions, including the United States, to the extent such business, affairs or operations or activities are legal in such jurisdictions; and (ii) other than the Permitted Activities set forth in Exhibit D, none of the Company or any of the Subsidiaries has carried on any business, affairs or operations or maintained any activities in the United States, and, other than the Permitted Activities set forth in Exhibit D, none of the Company or any of the Subsidiaries has any current plans to enter into, conduct or carry on any business, affairs or operations or maintain any activities in the United States;

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- (o) the Company and each of the Subsidiaries has implemented, maintains, regularly audits and complies in all material respects with internal compliance programs designed to detect and prevent violations of any Applicable Laws related to the Cannabis industry, periodically reviews and updates such internal compliance programs to account for any changes in Laws applicable to the Company's and the Subsidiaries' business, affairs and operations, as needed, employs or engages internal personnel and third party consultants to perform routine audits to test the effectiveness of the Company's internal compliance programs and processes and controls related thereto. All directors, officers, internal personnel and third party consultants of the Company or any Subsidiary have, where reasonably applicable to the position and services rendered by such Persons, sufficient knowledge of Laws relating to Cannabis which are applicable to the Company's and the Subsidiaries' business, affairs and operations (including to the extent applicable, the Controlled Substances Act, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws applicable to the Company's and the Subsidiaries' business, affairs and operations and the Cannabis industry) and all such Persons have all qualifications, including security clearances, training, experience and technical knowledge required by Applicable Laws. The Company has provided to the Purchaser the full names and specific qualifications of each internal personnel and third party consultant responsible for the Company's internal compliance programs and processes and controls related thereto. The Company has provided sufficient training to employees responsible for the Company's or the Subsidiaries' internal compliance programs, including ensuring that, where reasonably applicable to the position and services rendered by such Persons, they are adequately informed (i) to the extent applicable, of the CDSA, the Controlled Substances Act, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws applicable to the Company's and the Subsidiaries business, operations and affairs and the Cannabis industry, and any changes thereto; and (ii) of the Company's and the Subsidiaries' internal compliance programs and controls related thereto. Each of the current and former employees and third party consultants of the Company and the Subsidiaries has agreed, in writing, to abide by each of the internal compliance policies applicable to such current or former employees or third party consultants;
- (p) (i) the authorized share capital of the Company consists of an unlimited number of Common Shares, of which, before giving effect to the transactions contemplated by this Agreement, the only securities of the Company that are issued and outstanding are 171,798,863 Common Shares, and all such Common Shares have been duly authorized and validly issued as fully-paid and non-assessable Common Shares and no Common Shares have been issued in violation of any pre-emptive rights or similar rights to subscribe for or purchase securities of the Company; (ii) there are currently options to purchase 14,760,277 Common Shares granted by the

Company to directors, officers, employees and consultants of the Company pursuant to the Company's omnibus incentive plan; and (iii) there are currently warrants exercisable into 71,883 Common Shares issued by the Company to certain warrant holders and, other than as set forth above in this paragraph (p), as contemplated by this Agreement or as disclosed in the Disclosure Letter, no Person, firm or corporation has any agreement or option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement (including convertible or exchangeable securities and warrants) for the purchase or acquisition from the Company or the Subsidiaries of any interest in any Common Shares or other securities of the Company or the Subsidiaries whether issued or unissued. All outstanding securities of the Company have been issued in compliance with all Applicable Laws, including Securities Laws and the applicable rules and requirements of the TSX;

- (q) the Company is a reporting issuer in each of the Qualifying Provinces, is not in default under the applicable Securities Laws of those Qualifying Provinces, is not on the list of defaulting issuers maintained by the applicable Canadian Securities Regulators, and has not taken any action to cease to be a reporting issuer in any of those Qualifying Provinces or received notification from any Canadian Securities Regulator seeking to revoke the reporting issuer status of the Company. The Company is not in default of any requirement of Securities Laws or the applicable rules and requirements of the TSX, and is not included on a list of defaulting reporting issuers maintained by the applicable Canadian Securities Regulators;
- (r) except as disclosed in the Disclosure Letter, the Company is in compliance with its timely and continuous disclosure obligations under Securities Laws in the Qualifying Provinces and the policies, rules and regulations of the TSX, and, without limiting the generality of the foregoing, there is no material fact, and there has not occurred any material change (actual, anticipated, contemplated, threatened, financial or otherwise), relating to the assets, liabilities (contingent or otherwise), business, affairs, operations, prospects, capital or control of the Company and the Subsidiaries, taken as a whole, which has not been publicly disclosed on a non-confidential basis in accordance with the requirements of Securities Laws of the Qualifying Provinces and the policies, rules and regulations of the TSX, and, except as may have been corrected by subsequent disclosure, all the statements set forth in all documents publicly filed by or on behalf of the Company were true, correct, and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Company has not filed any confidential material change reports which remain confidential;
- (s) no document publicly filed as part of the Disclosure Record contains an untrue statement of a material fact as of the date of filing of such document nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made, each document filed as part of the Disclosure Record complied in all material respects with applicable Securities Laws at the time they were filed and the Company has filed on a timely basis with the applicable Canadian Securities Regulators all material documents required to be filed by the Company;

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- (t) the Purchased Shares and the Underlying Shares to be issued as described in this Agreement have been, or prior to the Closing Date will be, duly authorized, created and reserved for issuance and, when issued, delivered and paid for in full, will be validly issued and fully paid shares in the capital of the Company;
 - (u) Computershare Trust Company of Canada Inc., at its principal office in Toronto, Ontario, has been duly appointed as the registrar and transfer agent of the Company with respect to the Common Shares;
 - (v) the Company has complied in all respects with the requirements of all Applicable Laws in relation to the issue of the Securities and Underlying Shares hereunder, and, forthwith after the Closing Date, the Company shall file such forms and documents as may be required under applicable Securities Laws, including a Form 45-106F1 as prescribed by NI 45-106, if applicable;
 - (w) the form and terms of the certificate for the Common Shares have been approved and adopted by the board of directors of the Company, and such form and terms comply with the provisions of the articles and by-laws of the Company and the rules of the TSX;
 - (x) each of the execution and delivery of this Agreement and the other Transaction Agreements, the performance by the Company of its obligations hereunder and thereunder, the sale of the Securities hereunder by the Company and the consummation of the transactions contemplated in this Agreement and the other Transaction Agreements, (i) do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (A) any Law applicable to the Company or the Subsidiaries; (B) the articles, by-laws or resolutions of the directors or shareholders of the Company or the Subsidiaries; (C) any Contract to which the Company or any of the Subsidiaries is a party or by which any of them is bound except where such conflict, breach, violation or default would not result in a Material Adverse Effect; or (D) any judgment, decree or Order binding the Company or the Subsidiaries or the property or assets thereof; and (ii) do not affect the rights, duties and obligations of any parties to a Contract, nor give a party the right to terminate the Contract, by virtue of the application of terms, provisions or conditions in the Contract, except where those rights, duties or obligations, or rights to terminate, are affected in a manner that would not result in a Material Adverse Effect;
 - (y) the Financial Statements contain no material misrepresentations and have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fully, fairly and correctly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise) of the Company and the Subsidiaries (as applicable) as at such dates and the results of operations of the Company and the Subsidiaries (as

applicable) for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Company and the Subsidiaries (as applicable) and there has been no change in accounting policies or practices of the Company since March 31, 2017 except as disclosed in the Disclosure Record;

- (z) the Company has no Indebtedness, except: (i) as set out in the Disclosure Letter; (ii) as set out in the Financial Statements; or (iii) Indebtedness to vendors, suppliers and service providers that is: (A) incurred in the ordinary course of business since June 30, 2017; or (B) incurred in connection with the transactions contemplated by this Agreement;
- (aa) to the knowledge of the Company, the Company's auditors are independent public accountants as required under the Securities Laws of the Qualifying Provinces and there has never been a reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) between the Company and such auditors or, to the knowledge of the Company, any former auditors of the Company or the Subsidiaries;
- (bb) the responsibilities and composition of the Company's audit committee comply with National Instrument 52-110 – *Audit Committees*;
- (cc) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets;
- (dd) except as disclosed in the Disclosure Letter, none of the directors, executive officers or shareholders who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding Common Shares or any known associate or Affiliate of any such Person, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such Person) with the Company which, as the case may be, materially affects, is material to or will materially affect the Company on a consolidated basis;
- (ee) all Taxes due and payable by the Company and the Subsidiaries have been paid, except where the failure to pay Taxes would not have a Material Adverse Effect. All Tax Returns required to be filed by the Company and the Subsidiaries have been filed with all appropriate authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not have a Material Adverse Effect. To the knowledge of the Company and except as disclosed in the Disclosure Letter, no examination of any Tax Return of the Company or any Subsidiaries is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Company or any Subsidiaries, except where such examinations, issues or disputes would not have a Material Adverse Effect;

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- (ff) the Company and, as applicable, each of the Subsidiaries, have established on their books and records reserves that are adequate for the payment of all Taxes not yet due and payable and there are no Encumbrances for Taxes on the assets of the Company or any of the Subsidiaries other than for Taxes not yet due and payable, and, to the knowledge of the Company, there are no audits pending of the Tax Returns of the Company or any of the Subsidiaries (whether federal, state, provincial, local or foreign) and except as disclosed in the Disclosure Letter, there are no Claims which have been or may be asserted relating to any such Tax Returns;
 - (gg) since March 31, 2017: (i) there has been no Material Adverse Effect, other than as disclosed in the Disclosure Letter, and (ii) no material transactions have been entered into by the Company or the Subsidiaries other than in the ordinary course of business, except as disclosed in the Disclosure Letter;
 - (hh) except as disclosed in the Disclosure Letter, neither the Company nor any Subsidiary is currently party to any agreement in respect of:
 - (i) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Company or the Subsidiaries whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of the Company or the Subsidiaries (whether by sale or transfer of shares or sale of all or substantially all of the property and assets of the Company or the Subsidiaries or otherwise);
 - (ii) no material labour dispute with current and former employees of the Company or any of the Subsidiaries exists, or, to the knowledge of the Company, is imminent and the Company is not aware of any existing, threatened or imminent labour disturbance by the employees of any of the principal suppliers, manufacturers or contractors of the Company that would have a Material Adverse Effect;
 - (jj) no union has been accredited or otherwise designated to represent any employees of the Company or any of the Subsidiaries and, to the Company's knowledge, no accreditation request or other representation question is pending with respect to the employees of the Company or the Subsidiaries and no collective agreement or collective bargaining agreement or modification thereof has expired or is in effect in any of the facilities of the Company or the Subsidiaries and none is currently being negotiated by the Company or any of the Subsidiaries;
 - (kk) the Disclosure Record discloses, to the extent required by applicable Securities Laws of the Qualifying Provinces to be disclosed in the Disclosure Record, each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Company or the Subsidiaries for the benefit of any

current or former director, officer, employee or consultant of the Company or any Subsidiary, as applicable (the “**Employee Plans**”), each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all statutes, Orders, rules and regulations that are applicable to such Employee Plans;

- (ll) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments of the Company and the Subsidiaries have been recorded in accordance with IFRS and are reflected on the books and records of the Company;
- (mm) there is no agreement, plan or practice relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the ordinary course of business;
- (nn) except as disclosed in the Disclosure Letter, none of the directors, officers or employees of the Company or the Subsidiaries or any associate or Affiliate of any of the foregoing has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Company or the Subsidiaries that materially affects, is material to or will materially affect the Company;
- (oo) except as disclosed in the Financial Statements and as disclosed in the Disclosure Letter, neither the Company nor any of the Subsidiaries is party to any debt instrument or any agreement, contract or commitment to create, assume or issue any Indebtedness or debt instrument;
- (pp) there are no legal or governmental actions, suits, judgments, investigations, charges or proceedings pending to which the Company, any of the Subsidiaries or, to the knowledge of the Company, any of the directors, officers or employees of the Company or the Subsidiaries are a party or to which the Company’s or the Subsidiaries’ Assets and Properties are subject which if finally determined adversely to the Company or any of the Subsidiaries would be expected to result in a Material Adverse Effect or which questions or may question the validity of this Agreement and, to the knowledge of the Company, no such proceedings have been threatened against or are pending with respect to the Company, the Subsidiaries and/or any of their directors, officers or employees, or with respect to the Assets and Properties of the Company and the Subsidiaries, taken as a whole, and the Company and the Subsidiaries are not subject to any judgment, Order, writ, injunction, decree or award of any Governmental Authority, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect;

Schedule B-10

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- (qq) the aggregate of all pending legal or governmental proceedings to which the Company or the Subsidiaries is a party or to which any of their respective Assets and Properties is the subject which are not specifically described in the Disclosure Letter could not reasonably be expected to result in a Material Adverse Effect;
 - (rr) all of the Material Contracts and agreements of the Company not made in the ordinary course of business have been provided to the Purchaser and, if required under the Securities Laws of the Qualifying Provinces, have or will be filed with the applicable Canadian Securities Regulators. Neither the Company nor any of the Subsidiaries has received any notification from any party that it intends to terminate any such Material Contract;
 - (ss) the minute books and records of the Company and the Subsidiaries made available to counsel for the Purchaser in connection with its due diligence investigation of the Company for the periods from the respective dates of incorporation or formation of the Company and the Subsidiaries to the date hereof are all of the minute books and records of the Company and the Subsidiaries and contain copies of all proceedings of the shareholders, the boards of directors and all committees of the boards of directors of the Company and the Subsidiaries to the date hereof and there have not been any other formal meetings, resolutions or proceedings of the shareholders, boards of directors or any committees of the boards of directors of the Company or the Subsidiaries to the date hereof not reflected in such minute books and other records other than those which have been disclosed in writing to the Purchaser or at or in respect of which no material corporate matter or business was discussed, approved or transacted;
 - (tt) no Order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened by any Governmental Authority;
 - (uu) with respect to each premise of the Company that is material to the Company (the “**Premises**”) and which the Company or any of the Subsidiaries occupies, whether as owner or as tenant, including the Smiths Falls Premises, the Niagara Premises, the Bedrocan Premises, the Mettrum Premises and the Tweed Grasslands Premises, the Company or such Subsidiary occupies the Premises and has the exclusive right to occupy and use the Premises and each of the leases or real title pursuant to which the Company or such Subsidiary occupies or owns, as applicable, the Premises is in good standing and in full force and effect under a valid, subsisting and enforceable lease or real title, as the case may be, with such exceptions as are not material and do not interfere with the use or proposed use of such property and buildings by the Company or such Subsidiary;
 - (vv) except as disclosed in the Disclosure Letter, (i) each of the Company and the Subsidiaries, their respective Assets and Properties and the business, affairs and operations of each of the Company and the Subsidiaries, have been and are in compliance in all material respects with all Environmental Laws; (ii) neither the Company nor the Subsidiaries are in violation of any regulation relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic

substances, hazardous substances, petroleum or petroleum products (collectively, “**Hazardous Materials**”); (iii) each of the Company and the Subsidiaries has complied in all material respects with all reporting and monitoring requirements under all Environmental Laws; (iv) neither the Company nor the Subsidiaries has ever received any notice of any non-compliance in respect of any Environmental Laws; (v) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company relating to Hazardous Materials or any Environmental Laws; and (vi) there are no Environmental Permits necessary to conduct the business, affairs and operations of each of the Company and the Subsidiaries;

(ww) except as disclosed in the Disclosure Letter:

- (i) the Company owns or has the right to use, without any Encumbrances other than Permitted Encumbrances, all of the Company Intellectual Property as of the date hereof;
- (ii) all registrations, if any, and filings that the Company has considered necessary to preserve the rights of the Company in Company Intellectual Property have been made and are in good standing;
- (iii) the Company has no pending action or proceeding, nor any threatened action or proceeding, against any Person with respect to such Person’s use of Company Intellectual Property;
- (iv) there are no circumstances which cast doubt on the validity or enforceability of Company Intellectual Property;
- (v) neither the conduct of the business, affairs or operations of the Company and the Subsidiaries nor the use of Company Intellectual Property, to the knowledge of the Company, infringes upon, violates or misappropriates the Intellectual Property or any other rights of any other Person;
- (vi) the Company has no pending action or proceeding, nor, to the knowledge of the Company, is there any threatened action or proceeding against it with respect to the Company’s use of or the validity, enforceability or ownership of Company Intellectual Property;
- (vii) there are no outstanding judgments, orders, decrees, stipulations or Applicable Laws that restrict the use of Company Intellectual Property; and
- (viii) all individuals who have been involved in the creation or development of Company Intellectual Property owned by the Company have assigned or licenced all of their right, title and interest in and to that Intellectual Property to the Company and waived any authors or moral rights that they may have in any such Intellectual Property consisting of works that are subject to copyright;

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- (xx) (i) the Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged, and such coverage is in full force and effect; (ii) none of the Company or the Subsidiaries have breached the terms of any policies in respect thereof in any material respect; and (iii) the Company has no reason to believe that it will not be able to renew the existing insurance coverage of the Company and the Subsidiaries as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost;
 - (yy) the Company has provided to the Purchaser a true and correct copy of its operating strategic plan as of the date of this Agreement;
 - (zz) all information which has been prepared by the Company relating to the Company or the Subsidiaries and the business, property and liabilities thereof has been either disclosed in the Disclosure Record or provided or made available to the Purchaser by the Company, and all financial, marketing, sales and operational information provided to the Purchaser by the Company is, as of the date of such information, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;
 - (aaa) the Company has not withheld and will not withhold from the Purchaser prior to the Closing Date, any material facts relating to the Company or any of the Subsidiaries;
 - (bbb) the Company has not otherwise completed any “significant acquisition” or “significant disposition”, nor are there any “probable acquisitions” (as such terms are used in NI 44-101 and Form 44-101F1) that would require the filing of a business acquisition report pursuant to the Securities Laws of the Qualifying Provinces other than those that are part of the Disclosure Record;
 - (ccc) no consent, approval, authorization, Order, filing, registration or qualification of or with any court, Governmental Authority or any other Person is required for the execution, delivery and performance by the Company of the Transaction Agreements or for the consummation of the transactions contemplated by the Transaction Agreements, except (i) such as have been obtained, or (ii) Regulatory Approval, which will be obtained by the Closing Date;
 - (ddd) there is no Person acting or purporting to act at the request of the Company or any of the Subsidiaries which is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the transactions contemplated herein; and

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- (eee) the Company and the Subsidiaries have not committed an act of bankruptcy, are not insolvent, have not proposed a compromise or arrangement to creditors generally, have not had a petition or a receiving Order in bankruptcy filed against any of them, have not made a voluntary assignment in bankruptcy, have not taken any proceedings with respect to a compromise or arrangement, have not taken any proceedings to be declared bankrupt or wound-up, have not taken any proceedings to have a receiver appointed for any of property and have not had any execution or distress become enforceable or become levied upon any of property. The Company has, and will at the Closing Date have, sufficient working capital to satisfy its obligations under this Agreement and has sufficient capital to satisfy the “going concern” test under IFRS.

EXHIBIT A
INVESTOR RIGHTS AGREEMENT

(see attached)

Exhibit A-1

EXHIBIT B
FORM OF WARRANT CERTIFICATE

(see attached)

Exhibit B-1

FORM OF COMMON SHARE PURCHASE WARRANT

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS
SECURITY MUST NOT TRADE THE SECURITY BEFORE ●, 2018.**

**WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION**

Warrant Certificate Number:

2017 – C-1

Number of Warrants:

18,876,901

Date:

●, 2017

THIS CERTIFIES THAT, for value received, Greenstar Canada Investment Limited Partnership (the “**Holder**”) is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. Defined Terms

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

“**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Capital Reorganization**” has the meaning ascribed to such term in Section 8(a)(iv).

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“Company” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

“Control” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and
- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words **“Controlled by”**, **“Controlling”** and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“Current Market Price” means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

“Exercise Price” means \$12.9783.

“Expiry Time” means 5:00 p.m. (Toronto time) on May 1, 2020.

“First Tranche Vesting Date” means August 1, 2018.

“Person” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

“Rights Offering” has the meaning ascribed to such term in Section 8(a)(ii).

“Rights Period” has the meaning ascribed to such term in Section 8(a)(ii).

“Second Tranche Vesting Date” means February 1, 2019.

“Special Distribution” has the meaning ascribed to such term in Section 8(a)(iii).

“Subscription Form” means the form of subscription annexed hereto as Schedule “A”.

“Trading Day” means a day on which the TSX is open for business.

“TSX” means the Toronto Stock Exchange.

“Warrants” means the Common Share purchase warrants represented by this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate shall vest and become exercisable as follows:

- (a) 50% of the Warrants represented by this Warrant Certificate shall vest and become exercisable by the Holder on the First Tranche Vesting Date and shall remain exercisable by the Holder, in whole or in part at any time and from time to time, prior to the Expiry Time; and
- (b) 50% of the Warrants represented by this Warrant Certificate shall vest and become exercisable by the Holder on the Second Tranche Vesting Date and shall remain exercisable by the Holder, in whole or in part at any time and from time to time, prior to the Expiry Time,

in each case, provided that, at the time of exercise by the Holder, in whole or in part, in accordance with the terms of this Warrant Certificate, the Holder (together with the Holder’s Affiliates) is the registered and beneficial owner of not less than 18,876,901 Common Shares (subject to adjustment in the event of any share dividend, share split, share consolidation, recapitalization or other similar transaction with respect to the Common Shares).

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant. In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

6. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

7. Covenants and Representations of the Company

The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;
- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
- (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

8. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;

(C) subdivide the outstanding Common Shares into a greater number of Common Shares; or

(D) consolidate the outstanding Common Shares into a smaller number of Common Shares,

(any of such events in subsections (A), (B), (C) and (D) above being called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

(A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and

(B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

(A) the numerator of which shall be the aggregate of:

-
- (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
 - (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 8(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 8(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:

- (A) shares of the Company of any class other than Common Shares;

-
- (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
 - (C) evidences of indebtedness of the Company; or
 - (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (1) the numerator of which shall be the difference between:
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and
- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 8(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iv) If at any time during the Adjustment Period there shall occur:
 - (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;

-
- (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
- (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity; (any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.
- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 8(a)(i) or 8(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 8(a) of this Warrant Certificate:
- (i) subject to the following sections of this Section 8(b), any adjustment made pursuant to Section 8(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;
- (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 8(b)(ii) would

otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 8(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);

- (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 8(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;
- (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;
- (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 8 of this Warrant Certificate if (subject to TSX approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
- (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 8(a) hereof, the Company may defer, until the occurrence of such event:
 - (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
 - (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

-
- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 8(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.
- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 8; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities

(including, without limitation, pursuant to a "take-over bid", "tender offer" or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification, redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

9. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 8 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

10. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

11. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.
- (b) In case the Company, pursuant to Section 11(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

12. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

13. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

14. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

15. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term “Holder” shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule “B”.

16. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

17. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 17):

(a) if to the Holder at:

c/o Osler, Hoskin & Harcourt LLP
1700 – 1055 West Hastings Street
Vancouver, British Columbia V6E 2E9

Attention: Emmanuel Pressman

with a copy to:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite
6200 Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman

(b) if to the Company at:

1 Hershey Drive,
Smiths Falls, ON K7A 0A8
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

LaBarge Weinstein LLP
515 Legget Drive, Suite 800
Ottawa, ON K2K 3G4
Attention: Deborah Weinstein

18. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

19. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

SCHEDULE "A"
SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the "**Company**").

The undersigned hereby exercises the right to acquire _____ Common Shares of the

Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, 20____.

Signature Guaranteed
(if required)

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form.

If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

SCHEDULE “B”

TRANSFER FORM

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____
_____ (include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of
Canopy Growth Corporation (the “**Company**”) registered in the name of the undersigned on the register of the Company maintained therefor, and hereby
irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books maintained
by the Company with full power of substitution.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words “Signature Guarantee”, or “Signature Medallion Guaranteed” or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

EXHIBIT C
FORM OF COMPLIANCE CERTIFICATE

To: Greenstar Investment Limited Partnership (the “**Purchaser**”)

Ladies and Gentlemen:

Reference is made to that certain Subscription Agreement dated October 27, 2017 (as amended, restated, extended, supplemented or otherwise modified in writing, the “**Agreement**”), by and between the Purchaser and Canopy Growth Corporation (the “**Company**”).

The undersigned responsible officer hereby certifies as of the date hereof that he/she is the • of the Company, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to the Purchaser on behalf of the Company, and that:

1. The Company is in compliance with:
 - (i) in all material respects, with all laws and regulations applicable to the Company’s business, affairs and operations anywhere in the world (other than the United States), including, to the extent applicable, the *Controlled Drugs and Substances Act* (Canada), those laws and regulations prescribed by and in respect of the *Access to Cannabis for Medical Purposes Regulations* issued under the *Controlled Drugs and Substances Act* (Canada), Bill C-45 “*An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*”, as amended from time to time and as the same may come into force, and, including for greater certainty, the rules of the TSX and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities; and
 - (ii) in all respects, with all laws and regulations applicable to the Company’s business, affairs and operations in the United States, including, to the extent applicable, the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq., and, including for greater certainty, the rules of the TSX and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.
2. The Company is in compliance with its internal compliance programs in all material respects. Such internal compliance programs have been periodically reviewed and updated to account for any changes in the laws and regulations applicable to the business, affairs and operations of the Company. In addition, the Company has provided any and all internally prepared or third-party consultant prepared audit reports related to a review of the effectiveness of the Company’s compliance program and processes and controls related to thereto.
3. The Company has not received any communication from any regulator, governmental entity or other agency since the date of the last Compliance Certificate. If the Company has received any communication from any regulator, governmental entity or other agency, it has notified the Purchaser and provided written copies of all such correspondence and any responses by the Company thereto.

Exhibit C-1

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4. The Company has performed and observed each covenant and condition of the Agreement, applicable to it, and, since the date of the last Compliance Certificate has not been in and is not currently in breach of any such covenant or condition.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of, ● 20●.

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

Exhibit C-2

EXHIBIT D
PERMITTED ACTIVITIES

[Provisions respecting certain confidential permitted activities redacted]

Exhibit D-1

SUBSCRIPTION AGREEMENT

dated August 14, 2018

between

CBG HOLDINGS LLC

and

CANOPY GROWTH CORPORATION

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SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT, dated August 14, 2018 (this “**Agreement**”), is made by and between CBG Holdings LLC, a limited liability company existing under the Laws of the State of Delaware (the “**Purchaser**”) and Canopy Growth Corporation, a corporation existing under the federal Laws of Canada (the “**Company**”).

RECITALS

- (A) On November 2, 2017, Greenstar Canada Investment Limited Partnership (“**GCILP**”) purchased from the Company and the Company issued and sold to GCILP, on a private placement basis: (i) 18,876,901 Common Shares; and (ii) 18,876,901 Initial Warrants, for an aggregate purchase price of \$244,990,084.25 (the “**Initial Investment**”).
- (B) The Purchaser, an affiliate of GCILP, now wishes to purchase from the Company and the Company now wishes to issue and sell to the Purchaser, on a private placement basis: (i) 104,500,000 Common Shares, and (ii) 139,745,453 Warrants, for an aggregate purchase price of \$5,078,700,000 (the “**Investment**”).
- (C) The Board has unanimously determined, after receiving financial and legal advice, that the Investment is in the best interests of the Company and fair to the Company Shareholders (other than the Purchaser and its affiliates) and has resolved to recommend that the Company Shareholders vote in favour of the Investment, all subject to the terms and conditions contained in this Agreement.
- (D) The Purchaser has entered into Voting Agreements with the Locked-up Shareholders, pursuant to which each Locked-Up Shareholder has agreed to vote its Common Shares in favour of the Approval Resolution on the terms and subject to the conditions set out in the Voting Agreements.
- (E) The Purchaser and the Company now wish to enter into this Agreement to record their agreement in respect of the Investment.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

Whenever used in this Agreement, the following terms shall have the meanings set forth below:

“**ACMPR**” means the *Access to Cannabis for Medical Purposes Regulations* (Canada) issued under the CDSA.

“Acquisition Proposal” means, other than the transactions with the Purchaser contemplated by this Agreement and other than any transaction involving only the Company and/or one or more of its wholly-owned Subsidiaries, any written or oral offer, proposal, or inquiry from any Person or group of Persons (other than the Purchaser or any of its Affiliates, or any Person acting jointly or in concert with the Purchaser or any Affiliate of the Purchaser), in each case made or publicly announced on or after the date hereof and whether binding or not and whether in a single transaction or in a series of related transactions, relating to:

- (a) any acquisition, purchase or sale (or any lease, long-term supply agreement, exclusive licensing agreement or other arrangement having the same economic effect as an acquisition, purchase or sale), direct or indirect, of:
 - (i) the assets of the Company and/or one or more of its Subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue, or represent more than 20% of the equity market capitalization value (including securities convertible into or exercisable or exchangeable for securities or equity interests) of, the Company and its Subsidiaries, taken as a whole; or
 - (ii) 20% or more of any voting or equity securities of the Company or 20% or more of any voting or equity securities of any one or more of any of the Company’s Subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue or represent more than 20% of the equity market capitalization value (including securities convertible into or exercisable or exchangeable for securities or equity interests) of, the Company and its Subsidiaries, taken as a whole;
- (b) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or similar transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of the Company or one or more of its Subsidiaries; or
- (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, share reclassification, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or other similar transaction or series of transactions involving the Company or any of its Subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or contribute 20% or more of the consolidated revenue, or represent more than 20% of the equity market capitalization value (including securities convertible into or exercisable or exchangeable for securities or equity interests) of, the Company and its Subsidiaries, taken as a whole.

“Administrative Services Agreement” means the administrative services agreement to be entered into between the Company and an Affiliate of the Purchaser on the Closing Date in the form attached as Exhibit C to this Agreement.

“Affiliate” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Agreement**” has the meaning ascribed to such term in the Preamble.

“**Ancillary Agreements**” means all agreements, certificates and other instruments delivered pursuant to this Agreement.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law and/or (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, the “**Law**”) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Approval Resolution**” means the resolution of the Company Shareholders which is to be considered at the Company Meeting with respect to the Investment and the transactions contemplated by this Agreement, including (a) the approval for the issuance of the securities contemplated by this Agreement and the Investor Rights Agreement, and (b) electing four nominees of the Purchaser to the Board effective on Closing, substantially in the form attached as Exhibit F.

“**ARC**” means an advance ruling certificate issued under section 102 of the Competition Act.

“**Assets and Properties**” means, with respect to any Person, all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned or leased by or in the possession of such Person and, for greater certainty, with respect to the Company, includes the Smiths Falls Premises, the Niagara Premises, and the Bedrocan Premises.

“**Authorizations**” has the meaning ascribed to such term in paragraph (k) of Schedule B to this Agreement.

“**BC Tweed JV**” means BC Tweed Joint Venture Inc.

“**BC Tweed JV Initial Site Licence**” means the licence issued to BC Tweed JV on February 16, 2018 pursuant to the ACMPR and as supplemented, renewed and amended by Health Canada from time to time, granting the holder the authority to produce, sell, possess, ship, transport, deliver, and destroy dried marijuana and marijuana plants and to sell, possess, ship, transport, deliver, and destroy marijuana seeds.

“**BC Tweed JV Second Site Licence**” means the licence issued to BC Tweed JV on April 13, 2018 pursuant to the ACMPR and as supplemented, renewed and amended by Health Canada from time to time, granting the holder the authority to produce, sell, possess, ship, transport, deliver, and destroy dried marijuana, marijuana plants and marijuana seeds.

“Bedrocan” means Bedrocan Cannabis Corp., a predecessor corporation to Bedrocan Canada, which amalgamated with Bedrocan Canada Inc. to form Bedrocan Canada by articles of amalgamation effective July 1, 2016.

“Bedrocan Canada” means Bedrocan Canada Inc., a wholly-owned subsidiary of the Company.

“Bedrocan Facility” means the loan facility Bedrocan Canada has with Goldman Holdings Ltd. under the Bedrocan Leases in respect of 16 Upton Road, Toronto, in the original principal amount of \$2,000,000 with respect to the development of the property located at 16 Upton Road, Toronto.

“Bedrocan Initial Site Licence” means the licence issued by Health Canada to Bedrocan on December 3, 2016 pursuant to section 35 of the ACMPR, and as supplemented, renewed and amended by Health Canada from time to time, granting Bedrocan the authority to sell, possess, ship, transport, deliver and destroy dried marijuana, and to possess, ship, transport and deliver marijuana plants and marijuana seeds.

“Bedrocan Leases” means (i) the lease dated August 5, 2014, between Bedrocan Canada and Goldman (16 Upton) Ltd.; and (ii) the lease dated October 15, 2013 between Bedrocan Canada and Goldman (Upton) Ltd. pertaining to the Bedrocan Premises.

“Bedrocan Premises” means, collectively, the two licenced premises for growing, processing and storing marijuana by Bedrocan Canada, located at 16 Upton Road, Toronto, Ontario M1L 2C1 and 43 Upton Road, Toronto, Ontario M1L 2C1, respectively.

“Bedrocan Second Site Licence” means the licence issued to Bedrocan on February 18, 2017 pursuant to section 35 of the ACMPR and as supplemented, renewed and amended by Health Canada from time to time, granting Bedrocan the authority to produce, sell, possess, ship, transport, deliver, and destroy dried marijuana, bottled cannabis oil, cannabis in its natural form: cannabis resin, marijuana plants and marijuana seeds.

“Board” means the board of directors of the Company from time to time.

“Board Size” has the meaning ascribed to such term in Section 5.7(i).

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“Canadian Securities Regulators” means, collectively, the securities commissions or other securities regulatory authorities in each of the Qualifying Provinces.

“Cannabis” and **“cannabis”** means (i) all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material, trichomes, oil and extracts from cannabis (including cannabinoid or terpene extracts from the cannabis plant), and (ii) biologically or synthetically synthesized analogs of cannabinoids extracted from the cannabis plant using micro-organisms, including but not limited to (A) cannabis and marijuana, as defined pursuant to Applicable Law, including the CDSA, the ACMPR and, if and as the Cannabis Act comes into force, the Cannabis Act and (B) Industrial Hemp as defined in the Industrial Hemp Regulations issued under the CDSA or other Applicable Law.

“**Cannabis Act**” means S.C. 2018, c.16, “*An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*” (Canada), as amended from time to time and as the same may come into force.

“**CBD**” means cannabidiol.

“**CDSA**” means the *Controlled Drugs and Substances Act* (Canada).

“**Claim**” means any cause of action, action, claim, demand, lawsuit, audit, proceeding or arbitration, including, for greater certainty, any proceeding or investigation by a Governmental Authority.

“**Closing**” means the closing of the purchase and sale of the Securities on the Closing Date.

“**Closing Date**” means the later of (a) the date that is the fourth Business Day after the satisfaction or waiver (to the extent permitted by Applicable Law) of all of the conditions set forth in Article 4 (excluding conditions that, by their terms, are to be satisfied at the Closing), or such earlier date or such later date as may be agreed to by the Parties, and (b) October 31, 2018.

“**Commercial Licences**” means the BC Tweed JV Initial Site Licence, the BC Tweed JV Second Site Licence, Bedrocan Initial Site Licence, the Bedrocan Second Site Licence, the Spectrum Bennett Road South Licence, the Tweed Commercial Licence, the Tweed Farms Commercial Licence, the Vert Licence and the Vert Mirabel Licence.

“**Commercialization Agreement**” means the Commercialization Agreement between the Purchaser and the Company dated November 2, 2017.

“**Commissioner**” means the Commissioner of Competition appointed under the Competition Act and includes any Person duly authorized to exercise the powers and to perform the duties of the Commissioner.

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” has the meaning ascribed to such term in the Preamble.

“**Company Board Recommendation**” has the meaning ascribed to such term in Section 5.5(c).

“**Company Change in Recommendation**” has the meaning ascribed to such term in Section 6.1(f)(ii).

“**Company Circular**” means the notice of the Company Meeting to be sent to the Company Shareholders and the accompanying management information and proxy circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time.

“**Company Intellectual Property**” means Intellectual Property owned by, licenced to or used by the Company.

“**Company Meeting**” means, except as otherwise agreed by the Purchaser, the annual general meeting of Company Shareholders to be held on September 26, 2018 or such other date as may be agreed by the Purchaser, including any adjournment or postponement thereof, to be called and held in accordance with applicable Law to consider the Approval Resolution.

“**Company Shareholders**” means the holders of Common Shares.

“**Competition Act**” means the *Competition Act* (Canada), as amended, and includes the regulations thereunder.

“**Competition Act Approval**” means that one or more of the following shall have occurred: (i) the relevant waiting period in section 123 of the Competition Act shall have expired, been waived or been terminated and the Commissioner shall have issued a letter to the Parties indicating that he does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the Investment; or (ii) the Commissioner shall have issued an ARC in respect of the Investment;

“**Contract**” means any agreement, indenture, contract, lease, deed of trust, licence, option, instruments, arrangement, understanding or other commitment, whether written or oral.

“**Control**” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and
- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Controlled Substances Act**” means the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq.

“**Disclosure Letter**” means the letter delivered by the Company to the Purchaser as of the date hereof containing certain disclosures and exceptions relating to this Agreement.

“**Disclosure Record**” means all documents publicly filed by the Company on SEDAR or with the SEC on EDGAR under applicable Securities Laws.

“**Employee Plans**” has the meaning ascribed to such term in paragraph (kk) of Schedule B to this Agreement.

“**Encumbrance**” means, with respect to any property or asset, any mortgage, lien (statutory or otherwise), pledge, charge, security interest, hypothec, prior Claim, occupancy right, right of first refusal or offer, adverse Claim, lease, easement, licence, option, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature, which secures payment or performance of an obligation or other encumbrance in respect of such property or asset.

“**Environmental Laws**” means all Applicable Laws currently in existence in Canada (whether federal, provincial or municipal) relating in whole or in part to the protection and preservation of the environment, occupational health and safety, product safety, product liability or hazardous substances, including the *Environmental Protection Act* (Ontario) and the *Canadian Environmental Protection Act* (Canada).

“**Environmental Permits**” includes all Orders, permits, certificates, approvals, consents, registrations and licences issued by any authority of competent jurisdiction under any Environmental Law.

“**Fairness Opinion**” means the opinion of Greenhill & Co. Canada Ltd., the financial advisor to the Company, to the effect that as of the date of such opinion, subject to the assumptions and limitations to be set out in the written opinion related thereto, the Investment is fair from a financial point of view to the Company.

“**Financial Statements**” means, collectively, the (i) audited consolidated financial statements of the Company as at and for the years ended March 31, 2018 and March 31, 2017, including the notes thereto together with any auditor’s report thereon as at and for the periods included therein, and (ii) unaudited consolidated financial statements as at and for the period ended June 30, 2018.

“**GCILP**” has the meaning ascribed to such term in the Recitals.

“**Governmental Authority**” means:

- (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);
- (b) any domestic or foreign agency, authority, ministry, department, regulatory authority, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government, including: (i) Health Canada and other applicable regulatory authorities with oversight of the Cannabis industry and any business or operations within the Cannabis industry generally; (ii) the United States Alcohol and Tobacco Tax and Trade Bureau; and (iii) the United States Department of Justice;

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- (d) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and/or
 - (e) the TSX, the NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.

“**Governmental Licences**” has the meaning ascribed to such term in paragraph (j) of Schedule B to this Agreement.

“**Greenstar Employees**” means each employee of the Purchaser listed in Schedule 4.2(m) of the Disclosure Letter.

“**Hazardous Materials**” has the meaning ascribed to such term in paragraph (vv) of Schedule B to this Agreement.

“**IFRS**” means International Financial Reporting Standards applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles in Canada.

“**Indebtedness**” means, with respect to any Person, without duplication, (i) all indebtedness for borrowed money; (ii) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with IFRS; (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (iv) any obligation owed for all or any part of the deferred purchase price of property or services, which purchase price is (a) due more than six months from the date of incurrence of the obligation in respect thereof or (b) evidenced by a note or similar written instrument; (v) all indebtedness secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person; (vi) the face amount of any letter of credit or banker’s acceptance issued or accepted, as the case may be, for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or otherwise; (vii) the direct or indirect guarantee, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another; (viii) any obligation of such Person the primary purpose or intent of which is to provide assurance to an obligee that the obligation of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof; (ix) all obligations of such Person in respect of which interest charges are customarily paid; and (x) all net obligations, determined on a marked-to-market-basis, of such Person in respect of any exchange traded or over the counter derivative transaction, whether entered into for hedging or speculative purposes or otherwise.

“**Indemnifying Party**” has the meaning ascribed to such term in Section 7.1.

“**Information**” means: (a) know-how (including trade secrets and other unpatented or unpatentable proprietary or confidential information, systems or procedures); (b) computer software, inventions, designs and other industrial or intellectual property of any nature whatsoever; (c) any information of a scientific, technical, or business nature; (d) pharmacological, medicinal

chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data and stability data; (e) process, horticultural and development information, results and data; (f) research, developmental, and demonstration work; (g) data and data files; and (h) all other information, methods, processes, formulations and formulae. Information: (x) may be embodied in or on any media, including hardware, software and/or documentation; (y) includes inventions, insofar as such inventions do not fall within the definition of Intellectual Property Rights; and (z) may include elements of public or non-proprietary information, provided that the compilation of such public or non-proprietary information with or without other proprietary information results in such compilation being considered as proprietary to the Person compiling such information.

“**Initial Investment**” has the meaning ascribed to such term in the Recitals.

“**Initial Warrants**” means the Common Share purchase warrants issued by the Company to GCILP in connection with the Initial Investment, with each Initial Warrant entitling GCILP to acquire one Common Share for the exercise price set forth therein.

“**Intellectual Property**” means all Intellectual Property Rights and Information.

“**Intellectual Property Rights**” means all intellectual property rights as recognized under the Applicable Laws of Canada, the United States of America and other countries or jurisdictions, including rights in and to Patents, Trademarks, copyrights, industrial designs and other intellectual property, and shall include all applications or registrations, including any renewals and extensions thereof and amendments thereto, and rights to apply in any or all countries of the world for such registrations and applications, rights to bring a Claim, at law or in equity or otherwise, for any past, present and/or future infringement, violation or misappropriation, rights and privileges arising under Applicable Laws and other industrial or intellectual property rights of the same or similar effect or nature in any jurisdiction relating to the foregoing throughout the world and all goodwill associated therewith.

“**Investment**” has the meaning ascribed to such term in the Recitals.

“**Investment Canada Act**” means the *Investment Canada Act*, as amended from time to time, and the regulations promulgated thereunder.

“**Investment Canada Act Approval**” means to the extent that the transactions contemplated by this Agreement are reviewable pursuant to Part IV of the Investment Canada Act, a statement or deemed statement from the responsible Minister under the Investment Canada Act that the transaction is likely to be of net benefit to Canada.

“**Investor Rights Agreement**” means the Investor Rights Agreement dated November 2, 2017 entered into between GCILP and the Company, to be amended and restated as of the Closing Date in the form attached as Exhibit A to this Agreement.

“**Issued Warrants**” has the meaning ascribed to such term in Section 2.2.

“**knowledge**” means to the best of the knowledge, information and belief of the relevant Party after reviewing all relevant records and making due inquiries regarding the relevant matter of all relevant directors, officers and employees of such Party and, in the case of the knowledge of the Company, the relevant senior managers of the Company.

“**Licences**” means the Commercial Licences, the Tweed Dealers Licence and the Tweed Grasslands Cultivation Licence.

“**Locked-Up Shareholders**” means Bruce Linton, John Bell, Chris Schnarr, Murray Goldman, Peter Stringham, Tim Saunders, Mark Zekulin, David Bigioni, Ru Wadasinghe, Reinhold Krahn, Phil Shaer, Dave Pryce and Rade Kovacevic, together with any and all of their respective Affiliates and/or Associates (as defined in the *Securities Act* (Ontario)) that have beneficial ownership of, or exercise control or direction over, Common Shares or Convertible Securities.

“**marijuana**” has the meaning given to the term “marihuana” in the ACMPR.

“**Material Adverse Effect**” means any change (including a decision to implement such a change made by the Board or by senior management who believe that confirmation of the decision of the Board is probable), event, violation, inaccuracy, circumstance, development or effect that is, individually or in the aggregate, or would reasonably be expected to be, individually or in the aggregate, materially adverse to the business, assets (including intangible assets), capitalization, liabilities (contingent or otherwise), condition (financial or otherwise), prospects or results of operations of the Company and the Subsidiaries, taken as a whole, whether or not arising in the ordinary course of business.

“**Material Contract**” means each Contract material to the business, affairs or operations of the Company and its Subsidiaries, taken as a whole.

“**Material Subsidiaries**” means each of Tweed Inc., Tweed Farms Inc., Bedrocan, Spectrum Cannabis Canada Ltd., Tweed Grasslands, BC Tweed JV, Vert and Vert Mirabel and “Material Subsidiary” means any one of them.

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators.

“**Misrepresentation**” has the meaning ascribed to such term under Securities Laws.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*.

“**Niagara Loan Agreement**” means the loan agreement between the Company and Farm Credit Canada dated November 3, 2014 in respect of a credit facility in an original principal amount of \$1,875,000 and the loan agreement dated July 27, 2016 with Tweed Farms and the Company in connection with a credit facility provided to Tweed Farms by Farm Credit Canada in the principal amount of \$5,500,000.

“**Niagara Mortgage**” means the mortgage obtained by the Company and Tweed Farms Inc. and finalized on November 7, 2014, pertaining to the Niagara Premises, which secures the Niagara Loan Agreement.

“**Niagara Premises**” means the licenced premises for growing, processing and storing marijuana by Tweed Farms Inc. located at 453 Concession 5 Road, Niagara-On-The-Lake, Ontario, L0S 1J0.

“Non-US Authorizations” has the meaning ascribed to such term in paragraph (k) of Schedule B to this Agreement.

“NYSE” means the New York Stock Exchange.

“Order” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“Outside Date” means April 1, 2019, or such later date as may be agreed upon by the Parties in writing.

“Parties” means the Purchaser and the Company, and a **“Party”** means any one of them.

“Patents” means: (a) patent applications and issued patents therefor and equivalent rights under the Patent Act (Canada) and the Patent Act (United States), including (i) utility models, originals, provisionals, divisionals, reissues, renewals, re-examinations, continuations, continuations-in-part, continuing prosecution applications, requests for continuing examinations and extensions and applications for the foregoing; and (ii) patent applications and issued patents for plant patents; (b) applications and issued registrations for plant varieties, including applications and registrations under the Plant Variety Protection Act (United States) and the Plant Breeders’ Rights Act (Canada); (c) national and multinational counterparts of such patent and plant varietal applications and issued patents or registrations applied for or registered in any and all countries of the world; (d) all rights to apply in any or all countries of the world for such applications and issued patents or registrations including all rights provided by multinational treaties or conventions for any of the foregoing; and (e) inventions and plant varieties described in any such applications and issued patents or registrations, including those that are included in any claim, capable of being reduced to a claim or could have been included as a claim in any such pending patent applications and issued patents.

“Permitted Encumbrances” means those Encumbrances set forth in Section 1.1 of the Disclosure Letter.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Premises” has the meaning ascribed to such term in paragraph (uu) of Schedule B to this Agreement.

“Proposed Agreement” has the meaning ascribed to such term in Section 5.8(g).

“Purchased Shares” has the meaning ascribed to such term in Section 2.1(a).

“Purchaser” has the meaning ascribed to such term in the Preamble.

“Purchaser Group” means, collectively, the Purchaser, GCILP and Constellation Brands, Inc. and its Subsidiaries.

“Purchaser Indemnified Parties” has the meaning ascribed to such term in Section 7.1.

“Qualifying Provinces” means, collectively, all of the provinces of Canada except Québec.

“Regulatory Approval” means: (i) Competition Act Approval, (ii) Investment Canada Act Approval, if required, (iii) approval of the TSX of the Investment and the transactions contemplated under this Agreement, including the issuance of the Securities, the issuance of the Underlying Shares, and the exercise price for the Warrants to be issued pursuant to this Agreement, and the listing on the TSX of all Shares referred to hereunder; (iv) supplemental listing approval of the NYSE for the issuance and listing on the NYSE of the Shares and the Underlying Shares referred to hereunder; and (v) any other approval which may be required to give effect to the consummation of the Investment in accordance with Applicable Law, or by or from any Governmental Authority, as determined by the Purchaser, acting reasonably.

“Representatives” has the meaning ascribed to such term in Section 5.8(a).

“Response Period” has the meaning ascribed to such term in Section 5.8(g)(v).

“SEC” means the United States Securities and Exchange Commission.

“Securities” has the meaning ascribed to such term in Section 2.2.

“Securities Laws” means, collectively, the applicable securities laws of each of the provinces and territories of Canada and the respective regulations, instruments and rules made under those securities laws, together with all applicable published policy statements, notices, blanket orders and rulings of the securities commissions or securities regulatory authorities of Canada and of each of the provinces and territories of Canada and applicable U.S. securities laws.

“SEDAR” means the System for Electronic Document Analysis and Retrieval.

“Senior Notes” means the 4.25% convertible senior notes issued by the Company pursuant to an indenture dated June 20, 2018.

“Share Purchase Price” has the meaning ascribed to such term in Section 2.1(a).

“Shareholder Approval” means the requisite approval of the Approval Resolution by a simple majority of the votes cast on the Approval Resolution by the Company Shareholders present in person or represented by proxy at the Company Meeting (excluding the votes cast by the Purchaser and any other Company Shareholders that are required to be excluded in accordance with the requirements of the TSX, NYSE and MI 61-101).

“Shares” means the Common Shares and other shares the Company is authorized to issue, including any additional shares of the Company that may be created.

“Smiths Falls Premises” means the licenced premises for growing, processing and storing medical marijuana located at 1 Hershey Drive, Smiths Falls, Ontario K6A 4S9.

“Spectrum Bennett Road South Licence” means the licence issued to Spectrum Cannabis Canada Ltd. (previously Mettrum Ltd.) on November 2, 2016 pursuant to the ACMPR and as supplemented, renewed and amended by Health Canada from time to time, granting the holder the authority to produce, sell, possess, ship, transport, deliver, and destroy dried marijuana, bottled cannabis oil, cannabis in its natural form: cannabis resin, fresh marijuana, marijuana plants and marijuana seeds.

“**Spectrum Loan Agreement**” means the amended and restated loan agreement by and among the Company, Spectrum Cannabis Canada Ltd. (previously Mettrum Ltd.), Agripharm Corp., Mettrum Hempworks Inc. and Farm Credit Canada dated May 26, 2017 in respect of a credit facility in an original principal amount of \$7,000,000.

“**Spectrum Mortgage**” means the mortgage obtained by Spectrum Cannabis Canada Ltd. (previously Mettrum Ltd.), Agripharm Corp. and Mettrum Hempworks Inc. finalized on June 20, 2017, pertaining to the Mettrum Premises, which secures the Mettrum Loan Agreement.

“**Spectrum Premises**” means, collectively, the two licenced premises for growing, processing and storing marijuana by Spectrum Cannabis Canada Ltd. (previously Mettrum Ltd.) located at 314 Bennett Road, Bowmanville, Ontario L1C 3K5 and by Agripharm Corp. located at 2741 County Road 42, Lot 10 Concession 2, Clearview, Ontario L0M 1G0.

“**Subsidiary**” has the meaning ascribed to such term in NI 45-106.

“**Superior Proposal**” means an unsolicited *bona fide* written Acquisition Proposal to acquire at least 100% of the outstanding Common Shares or all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis made by an arm’s length third party after the date of this Agreement:

- (a) that did not result from or involve a breach of this Agreement or any agreement between the Person making such Acquisition Proposal and the Company;
- (b) that is, as of the date that the Company provides a Superior Proposal Notice to the Purchaser, not subject to any financing condition and in respect of which any required financing to complete such Acquisition Proposal has been demonstrated to be available to the satisfaction of the Board, acting in good faith (after receipt of advice from its financial advisors and its outside legal counsel);
- (c) that is, as of the date that the Company provides a Superior Proposal Notice to the Purchaser, not subject to a due diligence and/or access condition;
- (d) that is reasonably capable of being consummated without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person or group of Persons making such Acquisition Proposal; and
- (e) in respect of which the Board determines in good faith, after consultation with its outside financial and legal advisors, and after taking into account all the terms and conditions of such Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms (but without assuming away the risk of non-completion), result in a transaction that is more favourable, from a financial point of view, to the Company Shareholders, than the Investment (including any amendments to the terms and conditions of the Investment proposed by the Purchaser pursuant to Section 5.8(h)).

“**Superior Proposal Notice**” has the meaning specified in Section 5.8(g)(iii).

“**Survival Date**” has the meaning ascribed to such term in Section 7.4.

“**Tax Returns**” includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required by a Governmental Authority to be made, prepared or filed by Law in respect of Taxes.

“**Taxes**” includes any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada and other pension plan premiums or contributions imposed by any Governmental Authority, and any transferee liability in respect of any of the foregoing.

“**Termination Agreement**” means the agreement to be entered into between the Company and GCILP on the Closing Date terminating the Commercialization Agreement, in the form attached as Exhibit D to this Agreement.

“**Termination Fee**” has the meaning specified in Section 6.2

“**Termination Fee Event**” has the meaning specified in Section 6.2.

“**THC**” means delta-9-tetrahydrocannabinol.

“**Trademarks**” means trade or brand names, business names, trademarks, service marks, certification marks, logos, slogans, corporate names, uniform resource locators, domain names, trading styles, commercial symbols and other source and business identifiers, trade dress, distinguishing guises, tag lines, designs and general intangibles of like nature, whether or not registered or the subject of an application for registration and whether or not registrable and all goodwill associated therewith.

“**Transaction Agreements**” means this Agreement, the Investor Rights Agreement, the Administrative Services Agreement and the Termination Agreement.

“**TSX**” means the Toronto Stock Exchange.

“**Tweed Commercial Licence**” means the licence issued by Health Canada to Tweed Inc. on January 20, 2017 pursuant to the ACMPR as supplemented, renewed and amended by Health Canada from time to time, granting Tweed Inc. the authority to produce, sell, possess, ship, transport, deliver and destroy dried marijuana, bottled cannabis oil, encapsulated cannabis oil, cannabis in its natural form: cannabis resin, marijuana seeds, marijuana plants and fresh marijuana.

“Tweed Dealers Licence” means the licence issued by Health Canada to Tweed Inc. on December 9, 2016 pursuant to the CDSA, as supplemented, renewed and amended by Health Canada from time to time, granting Tweed Inc. the authority to conduct research, possess, produce, package, sell, transport and deliver cannabis, CBD, cannabinol, cannabis resin, and THC to facilities in possession of a controlled substances licence, a licence issued under the ACMPR, or to a person in possession of a valid exemption under subsection 56(1) of the CDSA for scientific purposes.

“Tweed Farms Commercial Licence” means the licence issued by Health Canada to Tweed Farms Inc. on January 14, 2017 (with an effective date of February 17, 2017) pursuant to the ACMPR, as supplemented, renewed and amended by Health Canada from time to time, granting Tweed Farms Inc. the authority to produce, sell, possess, ship, transport, deliver and destroy marijuana plants, marijuana seeds and dried marijuana.

“Tweed Grasslands” means Tweed Grasslands Cannabis Inc. (formerly rTrees Producers Limited), a wholly owned subsidiary of the Company.

“Tweed Grasslands Cultivation Licence” means the licence issued to Tweed Grasslands on June 16, 2017 pursuant to section 35 of the ACMPR, and as supplemented, renewed and amended by Health Canada from time to time, granting Tweed Grasslands the authority to produce, sell, possess, ship, transport, deliver and destroy dried marijuana, marijuana plants and marijuana seeds to other licenced producers.

“Tweed Grasslands Lease” means the lease dated December 1, 2016 between 101068682 Saskatchewan Ltd. and rTrees Producers Limited (now Tweed Grasslands).

“Tweed Grasslands Premises” means the licenced premises for growing, processing and storing marijuana by Tweed Grasslands located at 41 York Road West, Yorkton, SK, S3N 2X1.

“Underlying Shares” means Common Shares for which the Warrants are exercisable.

“US Authorizations” has the meaning ascribed to such term in paragraph (k) of Schedule B to this Agreement.

“Vert” means Vert Cannabis Inc

“Vert Mirabel” means Les Serres Vert Cannabis Inc.

“Vert Mirabel Licence” means the licence issued by Health Canada to Vert Mirabel on May 25, 2018 pursuant to the ACMPR as supplemented, renewed and amended by Health Canada from time to time, granting Vert Mirabel the authority to produce, sell, possess, ship, transport, deliver and destroy dried marijuana and marijuana plants and possess, ship, transport, deliver and destroy dried marijuana and marijuana plants and the authority to sell, possess, ship, transport, deliver and destroy marijuana seeds.

“Voting Agreements” means the voting agreements dated the date hereof and made between the Purchaser and the Locked-Up Shareholders setting forth the terms and conditions on which the Locked-Up Shareholders have agreed to vote their Common Shares in favour of the Approval Resolution.

“**Warrant**” means a tranche A Common Share purchase warrant or a tranche B Common Share purchase warrant, as the case may be, issued by the Company to the Purchaser, in each case fully vested and immediately exercisable, subject to the terms and conditions thereof, by the Purchaser, with each Warrant entitling the Purchaser to acquire one Common Share for the applicable exercise price set forth therein, in the form of tranche A warrant certificate or the tranche B warrant certificate, as the case may be, attached as Exhibit B to this Agreement.

1.2 Schedules and Exhibits

The following schedules and exhibits form an integral part of this Agreement:

Schedule A	– Purchaser Representations and Warranties
Schedule B	– Company’s Representations and Warranties
Exhibit A	– Investor Rights Agreement
Exhibit B	– Forms of Warrant Certificate
	– Tranche A Warrant Certificate
	– Tranche B Warrant Certificate
Exhibit C	– Form of Administrative Services Agreement
Exhibit D	– Form of Termination Agreement
Exhibit E	– Form of Compliance Certificate
Exhibit F	– Approval Resolution

ARTICLE 2 PURCHASE AND SALE OF SECURITIES

2.1 Purchase and Sale of Common Shares

- (a) Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties set forth in Schedule B to this Agreement, the Purchaser hereby agrees to purchase from the Company and the Company hereby agrees to sell to the Purchaser, on the Closing Date, 104,500,000 Common Shares (the “**Purchased Shares**”) at a price of \$48.60 per Purchased Share for an aggregate purchase price of \$5,078,700,000 (the “**Share Purchase Price**”).
- (b) The Purchaser shall purchase the Purchased Shares and pay the Share Purchase Price on the Closing Date, by wire transfer of immediately available funds to an account designated in writing by the Company. The Purchased Shares shall be issued to the Purchaser on Closing by way of: (i) (A) a book entry only position or other electronic deposit on the records of the Company’s transfer agent containing notations of the legends contemplated by this Agreement, together with delivery of an ownership statement to the Purchaser; and (B) the deposit of a certificate evidencing the Purchased Shares to The Canadian Depository for Securities Limited as depository, bearing a restricted CUSIP designation referencing the legends contemplated by this Agreement, for credit to the participant and brokerage account of the Purchaser, as directed by the Purchaser; or (ii) physical delivery of a certificate representing the Purchased Shares registered in the name of the Purchaser or in such other name as the Purchaser shall notify the Company in writing not less than one Business Day prior to the Closing.

2.2 Issuance of Warrants

On the Closing Date, and in consideration of the purchase by the Purchaser of the Purchased Shares, the Company hereby agrees to issue 139,745,453 Warrants (the “**Issued Warrants**” and, together with the Purchased Shares, the “**Securities**”), of which 88,472,861 shall be designated as tranche A Warrants and 51,272,592 shall be designated as tranche B Warrants, to the Purchaser, and the Company shall deliver to the Purchaser certificates representing the Issued Warrants.

2.3 Use of Proceeds

The Company acknowledges and agrees that the net proceeds from the Investment will be used by the Company for the exclusive purposes of funding plant expansion, equipment, acquisitions, development activities, the repurchase of all or a portion of the Senior Notes as required and in accordance with the terms and conditions of the Senior Notes, and other matters in anticipation of market demand and for working capital, all as approved by the Board, or in accordance with the budget of the Company as may be adopted by the Board from time to time.

ARTICLE 3 REPRESENTATION AND WARRANTIES

3.1 Representations and Warranties of the Company

The Company represents and warrants to the Purchaser each of the matters contained in Schedule B to this Agreement as of the date hereof and as of the Closing Date, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and the transactions contemplated herein.

3.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Company each of the matters contained in Schedule A to this Agreement as of the date hereof and as of the Closing Date, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and the transactions contemplated herein.

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Company’s Conditions Precedent for the Closing

The Company’s obligation to complete the transactions contemplated by this Agreement on the Closing Date shall be subject to the following conditions:

- (a) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct in all respects as of the Closing Date and with the same effect as if made at and as of the Closing Date and the Company shall have received a certificate from a senior officer of the Purchaser (on the Purchaser’s behalf and without personal liability), in form and substance satisfactory to the Company, confirming same;

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- (b) the issue and sale and delivery of the Securities being exempt from the requirement to file a prospectus, registration statement or similar document and the requirement to deliver an offering memorandum or similar document under applicable Securities Laws relating to the sale of the Securities;
 - (c) all Regulatory Approvals shall have been obtained;
 - (d) Shareholder Approval shall have been obtained;
 - (e) there shall be no Applicable Law or issued or pending Order, injunction, proceeding, judgment or ruling filed or imposed by any Governmental Authority for the purpose of enjoining, delaying, restricting or preventing the consummation of the transactions contemplated in this Agreement or claiming that such transactions are improper; and
 - (f) the Purchaser shall have executed and delivered each of the Transaction Agreements.

If any of the foregoing conditions in this Section 4.1 have not been fulfilled by the Outside Date, the Company may elect not to complete the purchase of the Securities by notice in writing to the Purchaser. The Company may waive compliance with any condition in whole or in part if they see fit to do so, without prejudice to their rights in the event of non-fulfilment of any other condition, in whole or in part, or to their rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

4.2 Purchaser's Conditions Precedent for Closing

The Purchaser's obligation to complete the transactions contemplated by this Agreement on the Closing Date shall be subject to the satisfaction of the following conditions:

- (a) all of the representations and warranties of the Company made in or pursuant to this Agreement shall be true and correct in all respects as of the Closing Date and with the same effect as if made at and as of the Closing Date and the Purchaser shall have received a certificate from a senior officer of the Company (on the Company's behalf and without personal liability), in form and substance satisfactory to the Purchaser, acting reasonably, confirming same;
- (b) the Company shall have performed or complied with, in all respects, all of its obligations, covenants and agreements under this Agreement required to be performed or complied with prior to the Closing and the Purchaser shall have received a certificate from a senior officer of the Company (on the Company's behalf and without personal liability), in form and substance satisfactory to the Purchaser, acting reasonably, confirming same;
- (c) all Regulatory Approvals shall have been obtained;
- (d) Shareholder Approval shall have been obtained;
- (e) there shall be no Applicable Law or issued or pending Order, injunction, proceeding, judgment or ruling filed or imposed by any Governmental Authority for the purpose of enjoining, delaying, restricting or preventing the consummation of the transactions contemplated in this Agreement or claiming that such transactions are improper;

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- (f) the Company shall have delivered to the Purchaser a compliance certificate for the Company dated as of the Closing Date and executed by a senior officer of the Company, in the form attached to this Agreement as Exhibit E;
 - (g) the Company shall have delivered to the Purchaser (i) a certificate of compliance for the Company issued by Corporations Canada dated no earlier than one Business day prior to the Closing Date; (ii) a certificate of an officer of the Company certifying the articles and bylaws or other constating documents of the Company, the Board resolutions approving the transactions contemplated by this Agreement and the names, titles and specimen signatures of any officers of the Company who have or will be signing the Transaction Agreements; (iii) a certificate from the transfer agent of the Company as to the issued and outstanding Common Shares as at the close of business on the Business Day immediately prior to the Closing Date; and (iv) copies of any necessary third party consents, in all cases in forms satisfactory to the Purchaser, acting reasonably, and the Purchaser shall have received copies of all such documentation or other evidence as it may reasonably request in order to establish the consummation of the transactions contemplated by this Agreement and the taking of all corporate actions in connection with such transactions in compliance with these conditions, in form (as to certification and otherwise) and substance satisfactory to the Purchaser, acting reasonably;
 - (h) the Purchaser shall have received a customary opinion from counsel to the Company dated as of the Closing Date as to certain corporate Law and Securities Law matters as well as an opinion of internal counsel to the Company dated as of the Closing Date as to certain other matters relating to Applicable Laws regarding, in particular, the regulation and control of Cannabis;
 - (i) the Purchaser shall have received an opinion from counsel to each of the Material Subsidiaries dated as of the Closing Date as to (i) each of the Material Subsidiaries being a corporation existing under the Laws of its jurisdiction of organization, and having the requisite corporate power and capacity to carry on its business, affairs and operations as now conducted and to own, lease and operate its property and assets; and (ii) the authorized and issued share capital of each Material Subsidiary, in form and substance acceptable to the Purchaser;
 - (j) no Material Adverse Effect shall have occurred;
 - (k) the Common Shares shall continue to be listed for trading on the TSX and the NYSE as at the Closing Date;
 - (l) the Company shall have executed and delivered each of the Transaction Agreements; and
 - (m) the Company shall have offered to each of the Greenstar Employees employment in writing and in a form acceptable to the Purchaser, acting reasonably, effective from and after the Closing Date, on terms and conditions of employment including (i) salary and incentive compensation as set out in Schedule C, and (ii) benefit entitlements substantially the same as the Company's employees with the similar seniority and responsibilities.

If any of the foregoing conditions in this Section 4.2 have not been fulfilled by the Outside Date, the Purchaser may elect not to complete the purchase of the Securities by notice in writing to the Company. The Purchaser may waive compliance with any condition in whole or in part if they see fit to do so, without prejudice to their rights in the event of non-fulfilment of any other condition, in whole or in part, or to their rights to recover damages for the breach of any representation, warranty, covenant or condition contained in this Agreement.

ARTICLE 5 COVENANTS

5.1 Actions to Satisfy Closing Conditions

Each of the Parties shall take commercially reasonable efforts to ensure satisfaction of each of the conditions set forth in Article 4.

5.2 Consents, Approvals and Authorizations

- (a) The Company covenants that it shall prepare, file and diligently pursue until received all necessary consents, approvals and authorizations of any Person and make such necessary filings, as are required to be obtained under Applicable Law with respect to this Agreement and the transactions contemplated hereby (excluding, for greater certainty, the preparation or filing of a prospectus, offering memorandum, registration statement or similar document in any jurisdiction).
- (b) The Company shall keep the Purchaser fully informed regarding the status of such consents, approvals and authorizations, and the Purchaser, its representatives and counsel shall have the right to participate in any substantive discussions with the TSX, the NYSE and any other applicable regulatory authority in connection with the transactions contemplated by this Agreement and provide input into any applications for approval and related correspondence, which will be incorporated by the Company, acting reasonably. The Company will provide notice to the Purchaser (and its counsel) of any proposed substantive discussions with the TSX and the NYSE in connection with the transactions contemplated by this Agreement. On the date all such consents, approvals and authorizations have been obtained by the Company and all such filings have been made by the Company, the Company shall notify the Purchaser of same.
- (c) Without limiting the generality of the foregoing, the Company shall promptly make all filings required by the TSX and the NYSE to obtain applicable Regulatory Approvals. If the approval of the TSX is “conditional approval” subject to the making of customary deliveries to the TSX after an applicable Closing Date, the Company shall ensure that such filings are made as promptly as practicable after such closing date and in any event within the time frame contemplated in the conditional approval letter from the TSX.

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- (d) The Company shall, as promptly as practicable after the date hereof, seek, and continue to use commercially reasonable efforts to seek until obtained, the consent of each Person which is required in connection with the transactions contemplated hereby, but excluding, for greater certainty, the preparation or filing of a prospectus, offering memorandum, registration statement or similar document in any jurisdiction.
 - (e) The Company shall, as promptly as practicable after the date hereof, seek, and continue to use commercially reasonable efforts to seek until obtained, the, waiver of any rights of a third party that could be reasonably be expected to be exercisable or triggered by operation of any “change of control” or similar provision under any Contract in connection with or as a result of the transactions contemplated herein.
 - (f) The Company shall take all necessary action after the date hereof to cause the removal of the legends contemplated by paragraph (j) of Schedule A of this Agreement on the date that is four months and one day following the Closing Date.

5.3 Competition Act and Investment Canada Act Approvals

- (a) The Purchaser and the Company shall use commercially reasonable efforts to obtain Competition Act Approval and Investment Canada Act Approval as promptly as reasonably practicable but, in any event, no later than the Outside Date.
- (b) Without limiting the generality of the foregoing, within 10 days of the date of this Agreement:
 - (i) the Purchaser and the Company shall each make their respective pre-merger notification filing in respect of the Investment with the Commissioner in accordance with Part IX of the Competition Act; and
 - (ii) the Purchaser shall submit to the Commissioner a request for an ARC in respect of the Investment. The Company shall cooperate with the Purchaser in connection with preparing such request for an ARC, including by way of furnishing to the Purchaser or its legal counsel such information as may be reasonably requested by the Purchaser or its legal counsel in connection with the preparation of such request.
- (c) The Parties shall provide to the Commissioner at the earliest practicable date all additional information, documents or other materials that may be requested by the Commissioner in connection with his review of the Investment.
- (d) Unless the Parties mutually agree that the Investment is not subject to review under the Investment Canada Act, within 10 days of the date of this Agreement the Purchaser shall prepare and file an application for review pursuant to the Investment Canada Act

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- (e) The Purchaser and the Company shall consult and cooperate with each other in connection with their efforts to obtain the Regulatory Approvals. Without limiting the generality of the foregoing and subject to providing any additional confidentiality assurances as either Party may reasonably request of the other, (i) the Company and its legal counsel shall be given a reasonable opportunity to review and comment on any proposed submissions to any Governmental Authority with respect to the Regulatory Approvals; (ii) each Party shall promptly notify the other Party of any communication from any Governmental Authority in connection with the Regulatory Approvals and provide a copy thereof, and shall permit the other Party or its legal counsel, as appropriate, to review in advance any proposed communication with a Governmental Authority; (iii) neither Party shall participate in any meeting of discussion of a substantive nature (whether in person or by telephone) with a Governmental Authority in connection with its review of the Investment unless it consults with the other Party (or its legal counsel in respect of competitively sensitive, privileged or confidential matters) in advance and, to the extent permitted by the Governmental Authority, provides the other Party (or its legal counsel in respect of competitively sensitive, privileged or confidential matters) the opportunity to attend and participate thereat.
- (f) Notwithstanding anything in this Agreement to the contrary, neither the Company nor the Purchaser shall be under any obligation to (i) negotiate or agree to the sale, divestiture or disposition (including by way of license) by the Purchaser or the Company of its or its Affiliates' assets, properties or businesses, (ii) negotiate or agree to any form of behavioural remedy including an interim or permanent hold separate order, or any form of undertakings or other restrictions on its businesses, product lines, assets or properties, or (iii) take any steps or actions that would, in the sole discretion of the Company or Purchaser, as applicable, affect its right with respect to the ownership, use or exploitation of its businesses, product lines, assets or properties.

5.4 Company Approval

The Company represents and warrants to the Purchaser, acknowledging that the Purchaser is relying upon such representations and warranties in entering into this Agreement, that the Board has received the Fairness Opinion and, after consultation with its financial advisor and legal counsel, has unanimously determined that (i) the Investment and the transactions contemplated by this Agreement are in the best interests of the Company and fair to the Company Shareholders (other than the Purchaser and its affiliates) and (ii) the Company will recommend that Company Shareholders vote in favour of the Approval Resolution.

5.5 Company Circular

- (a) As promptly as reasonably practicable following the date of this Agreement and in any event no later than September 5, 2018 to registered Company Shareholders, the Company shall: (i) prepare the Company Circular together with any and all other documents required by, and in compliance in all material respects with, all applicable Laws on the date of the mailing thereof; (ii) file the Company Circular with all Canadian Securities Regulators in all jurisdictions where the same is required to be filed and with the TSX; and (iii) send the Company Circular to the Company Shareholders as required under all applicable Laws.

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- (b) On the date of mailing thereof, the Company shall ensure that the Company Circular shall be complete and correct in all material respects, shall not contain any Misrepresentation and shall contain sufficient detail to permit the Company Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Company Meeting (except that the Company shall not be responsible for any information relating to the Purchaser and its affiliates that was provided by the Purchaser expressly for inclusion in the Company Circular).
 - (c) The Company Circular shall (i) include a written copy of the Fairness Opinion (and the Company shall provide an advance copy thereof to the Purchaser for its review and consideration); (ii) state that the Board has received the Fairness Opinion and unanimously determined, after receiving legal and financial advice, that the Investment is in the best interests of the Company and fair to the Company Shareholders (other than the Purchaser and its affiliates) and that the Company Shareholders vote in favour of the Approval Resolution (the “**Company Board Recommendation**”); and (iii) include statements that each of the Locked-Up Shareholders has signed a Voting Agreement.
 - (d) The Purchaser shall provide to the Company all information regarding the Purchaser and its Affiliates as reasonably requested by the Company or as required by applicable Laws for inclusion in the Company Circular. The Purchaser shall ensure that any such information will not include any Misrepresentation including concerning the Purchaser and its Affiliates.
 - (e) The Purchaser and its legal counsel shall be given a reasonable opportunity to review and comment on the Company Circular and other related documents prior to the Company Circular and other related documents being printed and filed with the Governmental Authorities, and reasonable consideration shall be given to any comments made by the Purchaser and its legal counsel; provided that all information relating solely to the Purchaser, the Parent and their affiliates included in the Company Circular shall be in form and substance satisfactory to the Purchaser, acting reasonably. The Company shall provide the Purchaser with final copies of the Company Circular prior to its mailing to the Company Shareholders.
 - (f) The Purchaser and the Company shall each promptly notify each other if at any time before the Closing Date either becomes aware that the Company Circular contains a Misrepresentation, or that the Company Circular otherwise requires an amendment or supplement and the Parties shall co-operate in the preparation of any amendment or supplement to the Company Circular as required or appropriate, and the Company shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Company Circular to the Company Shareholders and, if required by the Court or applicable Laws, file the same with the Governmental Authorities and as otherwise required.

5.6 Company Meeting

- (a) The Company agrees to give notice of an amended notice of meeting for the Company Meeting, setting the date for such meeting at September 26, 2018, preserving the existing record date and amending the Company Meeting to be a special meeting to consider the Approval Resolution, and to convene and conduct such Company Meeting as promptly as practicable (and, in any event, on or before September 26, 2018), in accordance with the Company's constituting documents and applicable Laws. The Company agrees that it shall not adjourn, postpone, delay or cancel the Company Meeting without the prior written consent of the Purchaser except as required to constitute a quorum necessary to conduct the business of the Company Meeting (in which case the meeting shall be adjourned and not cancelled).
- (b) Unless otherwise agreed to in writing by the Purchaser or this Agreement is terminated in accordance with its terms or except as required by applicable Law or by a Governmental Authority, the Company shall take all steps reasonably necessary to hold the Company Meeting and to cause the Approval Resolution to be voted on and approved at such meeting and shall not propose to adjourn, delay or postpone such meeting other than as contemplated by Section 5.6(a).
- (c) The Company shall not propose or submit for consideration at the Company Meeting any business other than (i) the election of directors; (ii) the appointment of auditors and (iii) the Investment without the Purchaser's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed.
- (d) The Company shall solicit proxies of the Company Shareholders in favour of the Investment and all matters to be approved by the Company Shareholders as set out in the Approval Resolution, and take all other actions reasonably requested by the Purchaser to obtain the approval of the Approval Resolution by the Company Shareholders, if so requested, including using the services of investment dealers and proxy solicitation agents, and cooperating with any Persons engaged by the Purchaser, to solicit proxies in favour of the approval of the Approval Resolution, and take all other actions reasonably requested by the Purchaser to obtain the Shareholder Approval and such other matters as may be necessary to be approved in connection with the Investment.
- (e) The Company shall give notice to the Purchaser of the Company Meeting and allow the Purchaser's representatives and legal counsel to attend the Company Meeting.
- (f) The Company shall advise the Purchaser as reasonably requested, and on a daily basis on each of the last seven Business Days prior to the Company Meeting, as to the aggregate tally of the proxies and votes received in respect of such meeting and all matters to be considered at such meeting.
- (g) The Company shall advise the Purchaser of any written communication from any Company Shareholder in opposition to the Investment.
- (h) The Company shall not change the record date for the Company Shareholders entitled to vote at the Company Meeting, including in connection with any adjournment or postponement of the Company Meeting, unless required by Law or with the prior written consent of the Purchaser.

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- (i) The Company shall not waive the deadline for the submission of proxies by Company Shareholders for the Company Meeting without the prior written consent of the Purchaser.
 - (j) In the event any of the Purchaser or its Affiliates is legally entitled to vote as a Company Shareholder in respect of the Approval Resolution, and provided that the Company is not then in breach of this Agreement, the Purchaser shall vote and shall cause its Affiliates to vote all Common Shares held by them in favour of the Approval Resolution.
 - (k) The business of the Company Meeting will include the election of the following directors:
 - (i) Bruce Linton;
 - (ii) John Bell;
 - (iii) Peter Stringham;
 - (iv) William Newlands;
 - (v) David Klein;
 - (vi) Judy Schmeling; and
 - (vii) an individual (the “**Seventh Nominee**”) selected on the following basis between the date hereof and the Closing Date to hold office until the next annual meeting of shareholders of the Company or until his or her successor is elected or appointed:
 - (A) the Company and the Purchaser shall use commercially reasonable efforts to identify a potential candidate who is Independent for nomination to the Board within 45 days following the date of this Agreement;
 - (B) if the Company and the Purchaser have not identified a mutually agreeable candidate for nomination to the Board, the Purchaser shall use commercially reasonable efforts to identify a director of Constellation Brands, Inc. to serve as the Seventh Nominee on the Board; and
 - (C) if the Purchaser is unable to identify a director of Constellation Brands, Inc. to serve as the Seventh Nominee, the Purchaser shall have the right to designate any employee of Constellation Brands, Inc. or its Subsidiaries having the title of “Senior Vice President” or higher to serve as the Seventh Nominee on the Board.

For purposes of this Section 5.6(k), “**Independent**”, in reference to an individual board nominee, means that such individual is (a) “independent” within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* and for purposes of the rules of the TSX and the rules of the NYSE, and (b) not an employee of Constellation Brands, Inc. or any of its Subsidiaries.

5.7 Interim Period Covenants

During the period from the date hereof to the Closing, the Company hereby covenants and agrees as follows:

- (a) the Company shall comply with:
 - (i) all Applicable Laws (other than Applicable Laws of the United States) in all material respects, including, to the extent applicable, the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws (other than Laws applicable to the United States) relating to Cannabis which are applicable to the Company's business, affairs and operations, and, including for greater certainty, the rules of the TSX, NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities; and
 - (ii) all Applicable Laws of the United States in all respects, including, to the extent applicable, the Controlled Substances Act and all other Laws relating to Cannabis which are applicable to the Company's business, affairs and operations in the United States, and, including for greater certainty, the rules of the TSX, NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities;
- (b) subject to Section 5.2(b), the Company shall only carry on any business, affairs or operations or maintain any activities in Canada and other markets to the extent such business, affairs and operations are lawful in such markets or become lawful in such markets after the date hereof;
- (c) the Company shall deliver to the Purchaser, as promptly as practicable, but in any event no later than 15 days after the end of each month, a compliance certificate executed by a senior officer of the Company, in the form attached to this Agreement as Exhibit E;
- (d) the Company shall comply in all respects with its internal compliance programs designed to detect and prevent violations of any Applicable Laws related to the Cannabis industry and shall periodically review and update its internal compliance programs to account for any changes in Laws applicable to the Company's business, affairs or operations;
- (e) the Company shall promptly notify and consult the Purchaser in connection with: (i) any and all matters relating to any potential, actual or alleged violation of, or non-compliance with, Laws applicable to the United States; (ii) any and all material matters relating to any violations of, or non-compliance with, any Laws other than Laws applicable to the United States; and (iii) any and all matters relating to any violations of, or non-compliance with, any Laws other than Laws applicable to the United States which could reasonably be expected to result in fines or penalties against the Company or otherwise result in a Material Adverse Effect, and, for

greater certainty, consultation for these purposes shall include the right of the Purchaser to participate in all decisions to be made by the Company relating to whether purported or alleged violations or instances of non-compliance will be challenged and how such violations or instances of non-compliance will be remediated, provided that, for greater certainty, the Company shall make all such decisions in its discretion, acting reasonably, after having received any input provided by the Purchaser in a timely fashion;

- (f) the Company shall provide and continue to provide sufficient training to employees responsible for the Company's internal compliance programs, including informing them of all Applicable Laws, including, to the extent applicable, the Controlled Substances Act, the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws relating to the Cannabis industry which are applicable to the Company's business, affairs and operations, and any changes thereto;
- (g) the Company will not effect, implement, or set a record date to effect or implement, any share dividend, share split, share consolidation, recapitalization or other similar transaction with respect to the Shares, in each case, without the prior written consent of the Purchaser;
- (h) the Company shall not issue, or enter into an agreement to issue, any Common Shares or securities convertible or exercisable into or exchangeable for Common Shares, other than (i) the Securities, (ii) Common Shares issuable to directors or officers of the Company pursuant to the Company's equity stock purchase plan or omnibus incentive plan, (iii) as set out in Section 5.7(h) of the Disclosure Letter, and (iv) with the prior written consent of the Purchaser (not to be unreasonably withheld);
- (i) the Board shall not (i) resolve to change the number of directors of the Company (the "**Board Size**"), except where required by Applicable Law, Securities Law, a Governmental Authority, the TSX or the NYSE, or with the prior written consent of the Purchaser, or (ii) present a slate of directors to the shareholders of the Company for election that is greater than or fewer than the Board Size. Effective on Closing, the Board shall increase the number of directors of the Company to seven, or such other number as may be directed by the Purchaser by written notice to the Company;
- (j) the Company shall provide timely access to such information and diligence materials (including financial and operating information) and appropriate personnel during normal business hours as may reasonably be requested by the Purchaser and its lawyers, accountants, tax advisors, financial advisors, bankers, lenders and other representatives reasonably requiring such information in connection with their review and completion of the Investment, and shall provide such executed certificates and other instruments as may reasonably be requested by the Purchaser's lenders in connection with the Investment;

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- (k) the Company shall provide such other financial and business information and assistance relating to the Company as the Purchaser may reasonably request from the Company from time to time, including: audited and unaudited financial and other information required for the preparation of selected and summary financial data and *pro forma* financial information regarding the business of the Company for all periods required by applicable provisions of Regulations S-X and S-K promulgated under the *Securities Act of 1933*, as amended, and the *Securities Exchange Act of 1934*, as amended, and the rules and regulations thereunder and shall provide such management representation letters and shall cause the Company's outside independent public accountants to deliver such consents and comfort letters as are customary under applicable accounting standards, as promptly as reasonably practicable, and participating (and using commercially reasonable efforts to cause the Company's independent public accountants to participate) in due diligence and drafting sessions in connection with any registration statement, prospectus, offering memorandum or confidential offering memorandum. The Purchaser shall be responsible for the costs and expenses incurred in the connection with such preparation, review and audit. The Company agrees that the Purchaser may use, and the Company shall deliver such consents and shall authorize the Company's outside independent public accountants to deliver such consents as may reasonably be requested by the Purchaser for the use of, the financial and other information provided pursuant to this Section 5.7(k), or any other financial information provided by the Company to the Purchaser specifically for the following purposes: in any registration statement, prospectus, offering memorandum, Form 8-K or other public filing, at any time on and after the date of this Agreement; and
- (l) the Purchaser shall not, and shall cause the Purchaser Group not to, exercise any repurchase rights under the terms of the Senior Notes that may become exercisable as a result of the entering into of this Agreement and the consummation of the Investment.

5.8 Non-Solicitation

- (a) Except as otherwise expressly provided in this Section 5.8, the Company and its Subsidiaries shall not, directly or indirectly, through any officer, director, employee, representative (including any financial or other advisor) or agent of the Company or any of its Subsidiaries (collectively, the "**Representatives**"):
- (i) solicit, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal;
 - (ii) enter into, engage in, continue or otherwise participate in any discussions or negotiations with any Person (other than the Purchaser and its Subsidiaries or Affiliates) in respect of any inquiry, proposal or offer that constitutes or may reasonably be expected to lead to an Acquisition Proposal, provided that the Company may (A) advise any Person of the restrictions of this Agreement, and (B) advise any Person making an Acquisition Proposal that the Board has determined that such Acquisition Proposal does not constitute, or is not reasonably expected to constitute or lead to, a Superior Proposal;

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- (iii) make the Company Change in Recommendation;
 - (iv) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any publicly announced Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five Business Days following the public announcement of such Acquisition Proposal will not be considered to be in violation of this Section 5.8(a)(iv); provided that the Board has rejected such Acquisition Proposal and affirmed the Company Board Recommendation by press release before the end of such five Business Day period (or in the event that the Company Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the date of the Company Meeting); provided, further, that the Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by the Purchaser and its counsel); or
 - (v) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking relating to any Acquisition Proposal (other than a confidentiality agreement permitted pursuant to Section 5.8(e)).
- (b) The Company shall, and shall cause its Subsidiaries and Representatives to immediately cease any existing solicitation, encouragement, discussions, negotiations or other activities commenced prior to the date of this Agreement with any Person (other than the Purchaser and its Subsidiaries or Affiliates) conducted by the Company or any of its Subsidiaries or Representatives with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and, in connection therewith, the Company shall:
- (i) immediately discontinue access to and disclosure of its and its Subsidiaries' confidential information (and not allow access to or disclosure of any such confidential information, or any data room, virtual or otherwise); and
 - (ii) as soon as possible request (and in any case within two Business Days), and exercise all rights it has (or cause its Subsidiaries to exercise any rights that they have) to require the return or destruction of all confidential information (including derivative information) regarding the Company and its Subsidiaries previously provided to any Person (other than the Purchaser) in connection with a possible Acquisition Proposal to the extent such information has not already been returned or destroyed and the Company or its applicable Subsidiary has the right to request such return or destruction pursuant to a confidentiality agreement that is in force and effect, and shall use its reasonable best efforts to ensure that such requests are fully complied with to the extent the Company is entitled.

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- (c) The Company represents and warrants that neither the Company nor any of its Subsidiaries has waived any standstill, confidentiality, non-disclosure, business purpose, use or similar agreement or restriction to which the Company or any of its Subsidiaries is a party. Subject to Section 5.8(d), the Company covenants and agrees that (i) the Company shall take all necessary action to enforce each standstill, confidentiality, non-disclosure, business purpose, use or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, and (ii) neither the Company nor any of its Subsidiaries nor any of their respective Representatives have released or will, without the prior written consent of the Purchaser, release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company, or any of its Subsidiaries, under any standstill, confidentiality, non-disclosure, business purpose, use or similar agreement or restriction to which the Company or any of its Subsidiary is a party (it being acknowledged by the Purchaser that the automatic termination or automatic release, in each case pursuant to the terms thereof, of any standstill restrictions of any such agreements as a result of the entering into and announcement of this Agreement shall not be a violation of this Section 5.8(c)).
- (d) If the Company, or any of its Subsidiaries or any of their respective Representatives receives:
- (i) any inquiry, proposal or offer made after the date of this Agreement that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal; or
 - (ii) any request for copies of, access to, or disclosure of, confidential information relating to the Company or any Subsidiary in connection with any proposal that constitutes or may reasonably be expected to lead to an Acquisition Proposal, including information, access or disclosure relating to the properties, facilities, books or records of the Company or any Subsidiary, in each case made after the date of this Agreement;

then, the Company shall promptly and orally notify the Purchaser, and then in writing within 24 hours, of such Acquisition Proposal, inquiry, proposal, offer or request, including the identity of the Person making such Acquisition Proposal, inquiry, proposal, offer or request and the material terms and conditions thereof and copies of all written documents, correspondence or other material received in respect of, from or on behalf of any such Person. The Company shall keep the Purchaser fully informed on a current basis of the status of material developments and (to the extent permitted by Section 5.8(e)) material discussions and negotiations with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any material changes, modifications or other amendments thereto.

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- (e) Notwithstanding any other provision of this Section 5.8, if at any time following the date of this Agreement and prior to the Shareholder Approval having been obtained, the Company receives a request for material non-public information, or to enter into discussions, from a Person that proposes to the Company an unsolicited bona fide written Acquisition Proposal, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of information, properties, facilities, books or records of the Company or its Subsidiaries, if any only if:
- (i) the Board determines, in good faith after consultation with its outside financial and legal advisors, that such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a Superior Proposal;
 - (ii) such Person is not restricted from making an Acquisition Proposal pursuant to an existing standstill, confidentiality, non-disclosure, business purpose, use or similar restriction with the Company or any of its Subsidiaries;
 - (iii) the Company has been, and continues to be, in compliance with its obligations under this Section 5.8 in all material respects; and
 - (iv) prior to providing any such copies, access or disclosures, the Company enters into a confidentiality and standstill agreement with such Person, or confirms it has previously entered into such an agreement which remains in effect (which confidentiality and standstill agreement shall be subject to Section 5.8(c)), and any such copies, access or disclosure provided to such Person shall have already been (or simultaneously be) provided to the Purchaser.
- (f) Nothing contained in this Section 5.8 shall prohibit the Board from making disclosure to Company Shareholders as required by applicable Law, including complying with Section 2.17 of Multilateral Instrument 62-104 - *Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal provided, however, that neither the Company nor the Board shall be permitted to recommend that the Company Shareholders tender any securities in connection with any take-over bid that is an Acquisition Proposal or effect a Company Change in Recommendation with respect thereto, except as permitted by Section 5.8(g).
- (g) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to the Shareholder Approval having been obtained, the Board may, (1) make the Company Change in Recommendation in response to such Superior Proposal and/or (2) cause the Company to terminate this Agreement pursuant to Section 6.1(h) (including payment of the applicable amounts required to be paid pursuant to Section 6.2) and concurrently enter into a definitive agreement with respect to the Superior Proposal (other than a confidentiality agreement permitted by Section 5.8(e)) (a "**Proposed Agreement**"), if and only if:
- (i) the Person making such Superior Proposal is not restricted from making an Acquisition Proposal pursuant to an existing standstill, confidentiality, non-disclosure, business purpose, use or similar restriction;

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- (ii) the Company has been, and continues to be, in compliance with its obligations under this Agreement;
 - (iii) the Company or its Representatives have delivered to the Purchaser the information required by Section 5.8(d), as well as a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to make the Company Change in Recommendation and/or terminate this Agreement pursuant to Section 6.1(h) to concurrently enter into the Proposed Agreement with respect to such Superior Proposal, as applicable, together with a written notice from the Board regarding the value that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (collectively, the “**Superior Proposal Notice**”);
 - (iv) in the case of the Board exercising its rights under clause (2) of this Section 5.8(g), the Company or its Representatives have provided the Purchaser a copy of the Proposed Agreement and all supporting materials, including any financing documents with customary redactions supplied to the Company in connection therewith;
 - (v) five Business Days (the “**Response Period**”) shall have elapsed from the date on which the Purchaser has received the Superior Proposal Notice and all documentation referred to in Section 5.8(g)(iii) and Section 5.8(g)(iv);
 - (vi) during any Response Period, the Purchaser has had the opportunity (but not the obligation) in accordance with Section 5.8(h), to offer to amend this Agreement and the terms of the Investment in order for such Acquisition Proposal to cease to be a Superior Proposal;
 - (vii) after the Response Period, the Board (A) has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Investment as proposed to be amended by the Purchaser under Section 5.8(h)) and (B) has determined in good faith, after consultation with its outside legal counsel, that the failure by the Board to make the Company Change in Recommendation and/or to cause the Company to terminate this Agreement to enter into the Proposed Agreement, as applicable, would be inconsistent with its fiduciary duties; and
 - (viii) in the case of the Board exercising its rights under clause (2) of this Section 5.8(g), prior to or concurrently with terminating this Agreement pursuant to Section 6.1(h), the Company enters into such Proposed Agreement and concurrently pays to the Purchaser the amounts required to be paid pursuant to Section 6.2.

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- (h) During the Response Period, or such longer period as the Company may approve in writing for such purpose: (i) the Board shall review any offer made by the Purchaser under Section 5.8(g)(vi) to amend the terms of this Agreement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (ii) the Company shall negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Investment as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser, and the Company and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.
- (i) Each successive amendment or modification to any Acquisition Proposal or Proposed Agreement that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.8, and the Purchaser shall be afforded a new five Business Day Response Period from the date on which the Purchaser has received the notice and all documentation referred to in Section 5.8(g)(iii) and Section 5.8(g)(iv) with respect to the new Superior Proposal from the Company.
- (j) The Board shall promptly reaffirm the Company Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.8(h) would result in an Acquisition Proposal no longer being a Superior Proposal. The Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of any such press release and shall make all reasonable amendments to such press release as requested by the Purchaser and its counsel.
- (k) In circumstances where the Company provides the Purchaser with a Superior Proposal Notice and all documentation contemplated by Section 5.8(g)(iii) and Section 5.8(g)(iv) on a date that is less than seven Business Days prior to the scheduled date of the Company Meeting, the Company may either proceed with or postpone the Company Meeting to a date that is not more than ten Business Days after the scheduled date of such Company Meeting, and shall postpone the Company Meeting to a date that is not more than ten Business Days after the scheduled date of such Company Meeting if so directed by the Purchaser.
- (l) Without limiting the generality of the foregoing, the Company shall advise its Subsidiaries and its Representatives of the prohibitions set out in this Section 5.8 and any violation of the restrictions set forth in this Section 5.8 by the Company, its Subsidiaries or Representatives shall be deemed to be a breach of this Section 5.8 by the Company.

5.9 Standstill

From and after the date of this Agreement until the earlier of (A) the termination of this Agreement pursuant to Section 6.1, (B) the Closing, and (C) the Outside Date, the Purchaser will not, and will cause its Affiliates not to, directly or indirectly, whether individually or by acting jointly or in concert with any other person (including by providing financing or other support or assistance to any other person), without the express written consent of the Board or except in accordance with the terms of this Agreement or the Investor Rights Agreement:

- (a) propose, offer, seek, negotiate or agree to enter into any merger, public offer, take-over bid, arrangement, amalgamation, asset purchase or other business combination or similar transaction involving the Company;
- (b) acquire, or propose, offer, seek, negotiate or agree to acquire, directly or indirectly, or assist, advise, propose or encourage any other person in acquiring (i) any securities of the Company or any rights or options to acquire any securities of the Company (other than on exercise or conversion of convertible securities held by the Purchaser on the date hereof), or (ii) a material portion of the assets or property of the Company;
- (c) engage in the solicitation of any proxies or any other activity in order to vote, advise or influence any party with respect to the voting of any securities of the Company except in respect of the Company Meeting in accordance with the terms of this Agreement;
- (d) form, join or in any way participate in a group or act jointly or in concert with any person with respect to voting securities of the Company, except in respect of the Company Meeting in accordance with the terms of this Agreement;
- (e) otherwise attempt to control or to influence the management or board of directors of the Company, other than pursuant to the terms of the Investor Rights Agreement, or obtain representation on the board of directors of the Company;
- (f) enter into any discussions or arrangements with any third party, including any shareholder of the Company, with respect to any of the foregoing;
- (g) make any public or private disclosure of any consideration, intention, plan or arrangement to do or take any of the foregoing actions;
- (h) advise, assist or encourage any other person in connection with any of the foregoing; or
- (i) engage in any lending or short selling of Common Shares or trading involving the use of equity equivalent derivatives in respect of Common Shares.

Notwithstanding the foregoing, in the event that, without any breach of the foregoing on the part of the Purchaser or its Affiliates: (i) a third party acquires beneficial ownership of 20% or more of the voting or equity securities of the Company, (ii) a third party formally commences a take-over bid to acquire, through commencement of a public offer or otherwise, that would result in such

third party, together with any persons acting jointly or in concert, holding beneficial ownership of 20% or more of the voting or equity securities of the Company, (iii) a third party publicly announces an intention to acquire securities of the Company (whether by way of take-over bid, business combination, arrangement or other transaction) that would result in such third party, together with any persons acting jointly or in concert, holding beneficial ownership of 20% or more of the voting or equity securities of the Company, or a proposal to acquire all or substantially all of the assets of the Company, or (iv) the Company has breached its obligations under Section 5.8, then the foregoing restrictions shall automatically lapse and be of no further force or effect, and nothing in this agreement shall prohibit any of the actions specified in this Section 5.9 by the Purchaser or its Affiliates.

ARTICLE 6 TERMINATION

6.1 Termination

This Agreement shall terminate upon the earliest of:

- (a) the date on which this Agreement is terminated by the mutual consent of the Parties;
- (b) the date on which this Agreement is terminated by written notice of the Company pursuant to Section 4.1;
- (c) the date on which this Agreement is terminated by written notice of the Purchaser pursuant to Section 4.2;
- (d) the date on which this Agreement is terminated by written notice of the Purchaser on the dissolution or bankruptcy of the Company or any of the Material Subsidiaries or the making by the Company or any of the Material Subsidiaries of an assignment under the provisions of the *Bankruptcy and Insolvency Act* (Canada) or the taking of any proceeding by or involving the Company or any of the Material Subsidiaries under the *Companies Creditors' Arrangement Act* (Canada) or any similar legislation of any jurisdiction;
- (e) written notice by either Party to the other in the event the Closing has not occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this Section 6.1(e) shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations, warranties or covenants under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur by such date; or
- (f) written notice by the Purchaser if, prior to obtaining the Shareholder Approval:
 - (i) the Board or any committee thereof:
 - (A) fails to unanimously recommend or withdraws, amends, modifies or qualifies, in a manner adverse to the Purchaser or states an intention to withdraw, amend, modify or qualify the Company Board Recommendation;

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- (B) accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommendation an Acquisition Proposal or takes no position or a neutral position with respect to an Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Company Meeting, if sooner);
 - (C) accepts or enters into (other than a confidentiality agreement permitted by and in accordance with Section 5.4(e)) or publicly proposes to accept or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal; or
 - (D) fails to publicly reaffirm (without qualification) the Company Board Recommendation within five Business Days after having been requested in writing by the Purchaser to do so (or in the event the Company Meeting is scheduled to occur within such five Business Day period, prior to the third Business Day prior to the Company Meeting); or
- (ii) the Board shall have resolved or proposed to take any of the foregoing actions (each of the foregoing described in clauses (i) or (ii), a “**Company Change in Recommendation**”);
- (g) written notice by the Purchaser if the Company shall have breached Section 5.8 in any material respect;
 - (h) written notice by the Company if, prior to obtaining the Shareholder Approval, the Board authorizes the Company to enter into a Proposed Agreement in accordance with Section 5.8; provided that the Company is then in compliance with Section 5.8 and that prior to or concurrent with such termination the Company pays the Termination Fee and any other amounts required pursuant to Section 6.2; and
 - (i) written notice by either Party to the other if the Company Meeting is duly convened and held and the Shareholder Approval shall not have been obtained; *provided* that a Party may not terminate this Agreement pursuant to this Section 6.1(i) if the failure to obtain the Shareholder Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement.

6.2 Termination Fee

- (a) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Termination Fee Event occurs, the Company shall pay to the Purchaser the Termination Fee in accordance with this Section 6.2.

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- (b) For the purposes of this Agreement, “**Termination Fee**” means:
- (i) in respect of any Termination Fee Event, other than a Termination Fee Event set out in Section 6.2(c)(ii) or 6.2(c)(iii), \$175,000,000.00; or
 - (ii) in respect of Termination Fee Event set out in Section 6.2(c)(ii) or 6.2(c)(iii), the value equal to 3.2% of the aggregate equity value ascribed to the Company’s equity securities pursuant to the Superior Proposal. For purposes of measuring the equity value of non-cash consideration in the form of securities, if any, proposed under the Superior Proposal, equity value shall be determined with reference to the “market price” of the securities offered as non-cash consideration at the time of announcement of the Superior Proposal, as determined in accordance with section 1.11 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.
- (c) For the purposes of this Agreement, “**Termination Fee Event**” means the termination of this Agreement:
- (i) by the Purchaser pursuant to Section 6.1(f) [*Company Change in Recommendation*] or 6.1(g) [*Breach of Non-Solicitation*];
 - (ii) by the Company pursuant to Section 6.1(h) [*Superior Proposal*]; or
 - (iii) by either Party pursuant to Section 6.1(e) [*Closing Date Not Occurring Prior to Outside Date*] or Section 6.1(i) [*Failure to Obtain Shareholder Approval*], but only if, in these termination events, (A) prior to such termination, an Acquisition Proposal for the Company shall have been made to the Company or publicly announced by any Person other than the Purchaser (or any of its affiliates or any Person acting jointly or in concert with any of the foregoing) and not withdrawn and (B) within 12 months following the date of such termination, (1) the Company or one or more of its Subsidiaries enters into a definitive agreement in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) and such Acquisition Proposal is later consummated (whether or not within such 12 month period) or (2) an Acquisition Proposal shall have been consummated (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above); provided that for purposes of this Section 6.2(c)(iii), the term “Acquisition Proposal” shall have the meaning ascribed to such term in Section 1.1 except that a reference to “20%” therein shall be deemed to be a reference to “50%”.
- (d) If a Termination Fee Event occurs, the Company shall pay the Termination Fee to the Purchaser, by wire transfer of immediately available funds, as follows:
- (i) if the Termination Fee is payable pursuant to Section 6.2(c)(i), the Termination Fee shall be payable within two Business Days following such termination;

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- (ii) if the Termination Fee is payable pursuant to Section 6.2(c)(ii), the Termination Fee shall be payable prior to or concurrently with such termination; or
 - (iii) if the Termination Fee is payable pursuant to Section 6.2(c)(iii), the Termination Fee shall be payable within two Business Days after the consummation of an Acquisition Proposal referred to in Section 6.2(c)(iii).
- (e) Each Party acknowledges that all of the payment amounts set out in this Section 6.2 are payments in consideration for the disposition of the Purchaser's rights under this Agreement and are payments of liquidated damages which are a genuine pre-estimate of the damages, which the Purchaser will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each of the Company and the Purchaser irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For certainty, each Party agrees that, upon any termination of this Agreement under circumstances where the Purchaser is entitled to the Termination Fee and such Termination Fee is paid in full, the receipt of the Termination Fee by the Purchaser shall be the sole and exclusive remedy (including damages, specific performance and injunctive relief) of the Purchaser and its Affiliates against the Company, and the Purchaser and its affiliates shall be in such circumstances precluded from any other remedy against the other Party at Law or in equity or otherwise (including an order for specific performance), and shall not seek to obtain any recovery, judgment, or damages of any kind, including consequential, indirect, or punitive damages, against the other Party or any of its Subsidiaries or any of their respective directors, officers, employees, partners, managers, members, shareholders or affiliates or their respective representatives in connection with this Agreement or the transactions contemplated hereby; provided that the foregoing limitations shall not apply in the event of fraud or wilful or intentional breach of this Agreement by a Party.

ARTICLE 7 INDEMNIFICATION

7.1 General Indemnification

The Company (referred to as the “**Indemnifying Party**”) shall indemnify and save harmless the Purchaser and its Affiliates and each of their respective directors, officers, employees, shareholders, partners and agents (collectively referred to as the “**Purchaser Indemnified Parties**”) from and against any loss, liability, Claim, damage and expense whatsoever (including reasonable legal fees and expenses), including any amounts paid in settlement of any investigation, Order, litigation, proceeding or Claim, which may be made or brought against the Purchaser Indemnified Parties, or which they may suffer or incur, directly or indirectly, as a result of or in connection with or relating to:

- (a) any non-fulfilment or breach of any covenant or agreement on the part of the Company contained in this Agreement or in any certificate or other document furnished by or on behalf of the Company pursuant to this Agreement; or

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- (b) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Company contained in this Agreement, or in any certificate or other document furnished by or on behalf of the Company pursuant to this Agreement.

7.2 Indemnification Procedure

- (a) Promptly after receipt by a Purchaser Indemnified Party under Section 7.1 of notice of the commencement of any action, such Purchaser Indemnified Party shall, if a Claim in respect thereof is to be made against any Indemnifying Party under Section 7.1, notify the Indemnifying Party of the commencement thereof; provided, however, that failure to so notify the Indemnifying Party shall not affect the Indemnifying Party's obligations hereunder, except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party shall be entitled to appoint counsel of the Indemnifying Party's choice at the Indemnifying Party's expense to represent the Purchaser Indemnified Party in any action for which indemnification is sought (in which case the Indemnifying Party shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Purchaser Indemnified Parties except as set forth below); provided, however, that such counsel shall be reasonably satisfactory to the Purchaser Indemnified Party. Notwithstanding the Indemnifying Party's election to appoint counsel to represent the Purchaser Indemnified Party in an action, the Purchaser Indemnified Party shall have the right to employ separate counsel (including local counsel), and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel if: (i) the use of counsel chosen by the Indemnifying Party to represent the Purchaser Indemnified Party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the Purchaser Indemnified Party and the Indemnifying Party and the Purchaser Indemnified Party shall have reasonably concluded that there may be legal defences available to it and/or other Purchaser Indemnified Parties which are different from or additional to those available to the Indemnifying Party; (iii) the Indemnifying Party shall not have employed counsel reasonably satisfactory to the Purchaser Indemnified Party to represent the Purchaser Indemnified Party within 14 days after notice of the institution of such action; or (iv) the Indemnifying Party shall authorize the Purchaser Indemnified Party to employ separate counsel at the expense of the Indemnifying Party.
- (b) No Purchaser Indemnified Party shall, without the prior express written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed), consent to any judgment or effect any settlement of any pending or threatened action, suit or proceeding.
- (c) The Indemnifying Party shall not, without the prior express written consent of the Purchaser Indemnified Party, consent to any judgment or effect any settlement of any pending or threatened action, suit or proceeding in respect of which any Purchaser Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Purchaser Indemnified Party, unless such settlement includes an unconditional release of such Purchaser Indemnified Party from all liability on Claims that are the subject matter of such action, suit or proceeding.

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- (d) Notwithstanding anything to the contrary in this Article 7, the indemnity obligations in this Article 7 shall cease to apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall have determined that any loss, liability, Claim, damage and expense whatsoever (including reasonable legal fees and expenses) to which a Purchaser Indemnified Party may be subject were caused solely by the negligence, fraud or wilful misconduct of the Purchaser Indemnified Party.
 - (e) No Purchaser Indemnified Party shall be entitled to claim indemnity in respect of any special, consequential or punitive damages (including damages for loss of profits) except to the extent (i) such special, consequential or punitive damages are awarded in favour of a third party in connection with a third party Claim; or (ii) a Claim is made for any incorrectness in or breach of any representation or warranty of the Company set forth in paragraphs (a), (b), (c), (o), (p) or (t) of Schedule B to this Agreement.
 - (f) Subject to Section 8.8 and except for any Claims arising from negligence, fraud or wilful misconduct of the Indemnifying Party, the rights to indemnification set forth in this Article 7 shall be the sole and exclusive remedy of the Purchaser Indemnified Parties (including pursuant to any statutory provision, tort or common law) in respect of: (i) any non-fulfilment or breach of any covenant or agreement on the part of the Company contained in this Agreement or in any certificate furnished by or on behalf of the Company pursuant to this Agreement; or (ii) any misrepresentation or any incorrectness in or breach of any representation or warranty of the Company contained in this Agreement or in any certificate furnished by or on behalf of the Company pursuant to this Agreement, but, for greater certainty, shall not be the sole and exclusive remedy under the Investor Rights Agreement or the Commercialization Agreement.
 - (g) A Purchaser Indemnified Party shall not be entitled to double recovery for any loss even though such loss may have resulted from the breach of one or more representations, warranties or covenants in this Agreement.

7.3 Contribution

If the indemnification provided for in this Article 7 is held by a court of competent jurisdiction to be unavailable to a Purchaser Indemnified Party with respect to any losses, Claims, damages, costs, expenses or liabilities referred to herein, the Indemnifying Party, in lieu of indemnifying such Purchaser Indemnified Party hereunder, shall contribute to the amount paid or payable by such Purchaser Indemnified Party as a result of such loss, Claim, damage, cost, expense, liability or action in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Purchaser Indemnified Party on the other in connection with matters that resulted in such loss, Claim, damage, cost, expense, liability or action, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Purchaser Indemnified Party shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or fault.

7.4 Survival

Each Party hereto acknowledges that the representations, warranties and agreements made by it herein are made with the intention that they may be relied upon by the other Party. The Parties further agree that the representations, warranties, covenants and agreements shall survive the purchase and sale of the Securities and shall continue in full force and effect for a period ending on the date that is two years following the Closing Date, notwithstanding any subsequent disposition by the Purchaser of the Securities or Underlying Shares or any termination of this Agreement; provided, however, that Section 5.7(l) and the representations and warranties set forth in paragraphs (a), (b), (c), (o), (p) and (t) of Schedule B to this Agreement shall survive indefinitely (the survival date of each representation, warranty, covenant and agreement herein as set forth above is referred to as the “**Survival Date**”). This Agreement shall be binding upon and shall enure to the benefit of the Parties hereto, their respective successors, assigns and legal representatives. Notwithstanding the foregoing, the provisions contained in this Agreement related to indemnification or contribution obligations shall survive and continue in full force and effect, indefinitely, provided that, no Claim for indemnity pursuant to this Article 7 may be made after the Survival Date for the applicable representation, warranty, covenant or agreement unless notice of the Claim was provided to the Indemnifying Party on or prior to the Survival Date.

7.5 Purchaser is Trustee

The Company hereby acknowledges and agrees that, with respect to this Article 7, the Purchaser is contracting on its own behalf and as agent for the other Purchaser Indemnified Parties referred to in this Article 7. In this regard, the Purchaser shall act as trustee for such Purchaser Indemnified Parties of the covenants of the Company under this Article 7 with respect to such Purchaser Indemnified Parties and accepts these trusts and shall hold and enforce those covenants on behalf of such Purchaser Indemnified Parties.

ARTICLE 8 GENERAL PROVISIONS

8.1 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein irrespective of the choice of Laws principles.

8.2 Notices

All notices, requests, Claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 8.2):

if to the Company:

1 Hershey Drive,
Smiths Falls, Ontario K7A 0A8
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

LaBarge Weinstein LLP
515 Legget Drive, Suite 800
Ottawa, Ontario K2K 3G4
Attention: Deborah Weinstein

if to the Purchaser:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564
Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8
Attention: Emmanuel Pressman and James R. Brown

8.3 Expenses

Except as otherwise specifically provided in this Agreement: (a) each Party shall bear any costs and expenses incurred in connection with exercising its rights and performing its obligations under this Agreement; and (b) the Purchaser and the Company shall be jointly responsible for any filing fees payable for or in respect of any application, notification or other filing made in respect of any Regulatory Approval process in respect of the transactions contemplated by the Investment.

8.4 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Applicable Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

8.5 Entire Agreement

This Agreement (including the Schedules and Exhibits hereto), the Investor Rights Agreement, the Administrative Services Agreement, the Ancillary Agreements and the Mutual Non-Disclosure Agreement between the Company and Constellation Brands, Inc. dated May 4, 2017 constitute the entire agreement of the Parties with respect to the subject matter of this Agreement and supersede all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matter of this Agreement.

8.6 Assignment; No Third-Party Beneficiaries

- (a) The Purchaser may assign this Agreement to any other member of the Purchaser Group. Except as aforesaid, this Agreement shall not be assigned by any Party hereto without the prior written consent of the other Party.
- (b) Except as provided in Article 7 with respect to indemnification, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

8.7 Amendment; Waiver

No provision of this Agreement may be amended or modified except by a written instrument signed by both Parties. No waiver by any Party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by either Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

8.8 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

8.9 Rules of Construction

Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified; (c) the word “including” and words of

similar import shall mean “including, without limitation,”; (d) provisions shall apply, when appropriate, to successive events and transactions; (e) the headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (f) a reference to a statute includes all regulations and rules made pursuant to the statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule; and (g) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

8.10 Currency

All references in this Agreement to “dollars” or “\$” are expressed in Canadian currency, unless otherwise specifically indicated.

8.11 Further Assurances

Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties may reasonably require from time to time for the purpose of giving effect to the Transaction Agreements and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of the Transaction Agreements.

8.12 Public Notices/Press Releases

The Purchaser and the Company shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by the Purchaser and the Company, and the content, text and timing of each Party’s announcement shall be approved by the other Party in advance, acting reasonably. The Purchaser and the Company agree to co-operate in the preparation of presentations, if any, to the Purchaser’s shareholders or the Company’s shareholders regarding the transactions contemplated by this Agreement. No Party shall (a) issue any press release or otherwise make public announcements with respect to this Agreement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); or (b) make any regulatory filing with any Governmental Authority with respect thereto without prior consultation with the other Party; provided, however, that, the foregoing clause (b) shall be subject to each Party’s overriding obligation to make any disclosure or regulatory filing required under Applicable Laws and the Party making such requisite disclosure or regulatory filing shall use all commercially reasonable efforts to give prior oral and written notice to the other Party and reasonable opportunity to review and comment on the requisite disclosure or regulatory filing before it is made; provided, further, that, except as required by Applicable Law, in no circumstance shall any such disclosure by, or regulatory filing of, the Company or any of its Affiliates include the name of any member of the Purchaser Group without the Purchaser’s prior written consent, in its sole discretion.

8.13 Public Disclosure

During the period from the date hereof to the Closing, except as may be required by Applicable Law or with the prior written consent of the Purchaser, the Company shall not make any public disclosures or public announcements, or undertake or give effect to any corporate actions, in each case that could reasonably be expected to hinder, delay or materially interfere with the consummation of the transactions contemplated under this Agreement.

8.14 Counterparts

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above.

CBG HOLDINGS LLC

By: /s/ David Klein

Name: David Klein

Title: President

CANOPY GROWTH CORPORATION

By: /s/ Bruce Linton

Name: Bruce Linton

Title: CEO

Subscription Agreement

SCHEDULE A
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to and in favour of the Company and acknowledges that the Company is relying on such representations and warranties in connection with this Agreement and the transactions contemplated therein:

- (a) this Agreement has been duly authorized, executed and delivered by the Purchaser, and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights generally, and will not violate or conflict with the constating documents of the Purchaser or the terms of any restriction, agreement or undertaking to which the Purchaser is subject;
- (b) the Purchaser is a valid and subsisting limited liability company existing under the Laws of the State of Delaware, has the necessary corporate power and authority to execute and deliver the Transaction Agreements to which it is a party and to observe and perform its covenants and obligations hereunder and thereunder and has taken all necessary action in respect thereof;
- (c) the Purchaser is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Securities Laws, for its own account and not as agent for the benefit of another Person;
- (d) the Purchaser was not created or used solely to purchase or hold securities in reliance on the exemption from the prospectus requirement in section 2.10 of NI 45-106;
- (e) the Purchaser is acquiring the Securities without a view to immediate resale or distribution of any part thereof and will not resell or otherwise transfer or dispose of the Securities or any part thereof except in accordance with the provisions of applicable Securities Laws;
- (f) the Purchaser Group currently holds 18,876,901 Common Shares, 18,876,901 Initial Warrants and \$200 million aggregate principal amount of Senior Notes and no other securities in the capital of the Company;
- (g) all information about the Purchaser or its Affiliates provided by the Purchaser to the Company for inclusion in the Company Circular will be true and accurate and will not include any Misrepresentation including concerning the Purchaser and its Affiliates;
- (h) the Purchaser authorizes the indirect collection of information pertaining to such Purchaser, through the Company's filing of Form 45-106F1 under NI 45-106, if applicable, by the Ontario Securities Commission (the "**OSC**") and the British Columbia Securities Commission (the "**BCSC**") and acknowledges and agrees that the Purchaser has been notified by the Company (i) of the delivery to the OSC and

Schedule A-1

the BCSC of such information including, without limitation, the full name, residential address and telephone number of the Purchaser, the number and type of securities purchased and the total purchase price paid, (ii) that this information is being collected indirectly by the OSC and the BCSC under the authority granted to them in securities legislation, (iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario and British Columbia, and (iv) that the title, business address and business telephone number of the public official in Ontario who can answer questions about the OSC's indirect collection of the information is the Administrative Assistant to the Director of Corporate Finance, the Ontario Securities Commission, Suite 1903, Box 5520, Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8086, Facsimile: (416) 593-8252;

- (i) the Purchaser acknowledges and agrees that the sale and delivery of the Securities to the Purchaser is conditional upon such sale being exempt from the requirements under applicable Securities Laws requiring registration and the filing of a prospectus or similar document or delivery of an offering memorandum or similar document in connection with the distribution of the Securities;
- (j) the Purchaser has not been provided with, has not requested, and does not need to receive an offering memorandum as defined in applicable Securities Laws;
- (k) the Purchaser has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment in the Securities and is able to bear the economic risk of loss of such investment;
- (l) the Purchaser has on the date hereof, and will have on the Closing Date, cash on hand or sufficient financing to permit the Purchaser to perform its financial obligations under this Agreement; and
- (m) the Purchaser is acquiring the Common Shares and the Warrants for its own account, as principal, for investment purposes only, and not with a view to, resale or distribution thereof in whole or in part, and the Purchaser agrees and acknowledges that (i) the offering and sale of the Common Shares and Warrants is intended to be exempt from registration under the *Securities Act of 1933*, as amended (for purposes of this paragraph, the “**US Securities Act**”) and applicable state securities laws by virtue of Section 4(a)(2) of the US Securities Act, (ii) the Common Shares and Warrants are “restricted securities” as such term is defined in Rule 144 under the US Securities Act, and (iii) the Common Shares and Warrants are not being acquired as a result of any “general solicitation” or “general advertising” (as such terms are used in Regulation D under the US Securities Act).

The Purchaser acknowledges that the certificates representing the Securities and any Underlying Shares issued during the period from the Closing Date until the date that is four months and one day after the Closing Date will bear a legend substantially in the following form (and with the necessary information inserted) as well as any such other legends as may be required by Applicable Law:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE WHICH IS FOUR MONTHS AND A DAY AFTER THE DATE OF ISSUANCE WILL BE INSERTED].”

and in the case of the Common Shares forming part of the Purchased Shares and any such Underlying Shares issued during the period from the Closing Date until the date that is four months and one day after the Closing Date will also bear a legend substantially in the following form:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE LISTED ON THE TORONTO STOCK EXCHANGE (THE “TSX”); HOWEVER, THE SAID SECURITIES CANNOT BE TRADED THROUGH THE FACILITIES OF THE TSX SINCE THEY ARE NOT FREELY TRANSFERABLE, AND CONSEQUENTLY ANY CERTIFICATE REPRESENTING SUCH SECURITIES IS NOT “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON THE TSX.”

Schedule A-3

SCHEDULE B
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to and in favour of the Purchaser and acknowledges that the Purchaser is relying on such representations and warranties in connection with this Agreement and the transactions contemplated therein:

- (a) this Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights generally, and will not violate or conflict with the constating documents of the Company or the terms of any restriction, agreement or undertaking to which the Company is subject;
- (b) the Company and each of the Subsidiaries has been duly incorporated or otherwise organized and is validly existing as a corporation under the Laws of the jurisdiction in which it was incorporated, or otherwise organized, as the case may be, and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Company or any of the Subsidiaries, and the Company has the necessary corporate power and authority to execute and deliver the Transaction Agreements and to observe and perform its covenants and obligations hereunder and thereunder and has taken all necessary action in respect thereof;
- (c) the Company and each of the Subsidiaries is duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification (except for such jurisdictions where the failure to be so qualified would not result in a Material Adverse Effect) and has all requisite corporate power and authority to conduct its business and to own, lease and operate its properties and assets and to execute, deliver and perform its obligations under the Transaction Agreements;
- (d) except as disclosed in the Disclosure Letter, neither the Company nor any of the Subsidiaries is: (i) in violation of its articles or by-laws; or (ii) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any Contract, indenture, trust deed, joint venture, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or its Assets and Properties may be bound, except in the case of clause (ii), for any such violations or defaults that would not result in a Material Adverse Effect, and except as disclosed in the Disclosure Letter, all such Contracts are in good standing according to their terms and under the Applicable Laws governing such Contracts, constitute valid and binding obligations of the Company and the Subsidiaries, and, to the knowledge of the Company and the Subsidiaries, as applicable, of each of the other parties thereto, are in full force and effect and are enforceable in accordance with their terms against the Company and the Subsidiaries, as applicable, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights

Schedule B-1

generally, and no event has occurred which with notice or lapse of time or both would constitute such a default by the Company or the Subsidiaries, as applicable, or to the knowledge of the Company, any other party, except for any such defaults that would not result in a Material Adverse Effect. The Company has no knowledge of the invalidity of or grounds for rescission, avoidance or repudiation of any Material Contract and except as disclosed in the Disclosure Letter, neither the Company nor any of the Subsidiaries has received notice of any intention to terminate any Material Contract or repudiate or disclaim any such transaction. Except as disclosed in the Disclosure Letter, the Company and the Subsidiaries do not have any agreements of any nature whatsoever to acquire, merge or enter into any business combination or joint venture agreement with any entity, or to acquire any other business or operations;

- (e) except as disclosed in the Disclosure Letter, the Company has no direct or indirect subsidiaries other than the Subsidiaries, nor any investment in any Person which (i) accounted for more than ten percent (10%) of the assets or revenues of the Company as at or for the three-month period ended June 30, 2018, as applicable, or (ii) would otherwise be material to the business, affairs or operations of the Company. Except as disclosed in the Disclosure Letter, the Company owns all of the voting securities of the Subsidiaries, except in the case of Canopy Rivers Corporation, of which the Company owns eighty-nine and one tenth percent (89.1%) of the votes attached to the issued and outstanding shares and thirty-one and a half percent (31.5%) of the economic rights attached to the issued and outstanding shares. In addition, except as disclosed in the Disclosure Letter, the Company has a direct or indirect equity investment in the following entities: (i) HydRx Farms Ltd, of which 9388036 Canada Inc. owns eight and seven-tenths percent (8.7%) of the issued and outstanding common shares; (ii) AusCann Group Holdings Ltd., of which the Company owns eleven percent (11.00%) of the issued and outstanding shares; (iii) Bedrocan do Brasil Participacoes S.A., of which Bedrocan Canada owns thirty-nine and thirty-nine hundredths percent (39.39%) of the issued and outstanding shares; (iv) Entourage Participacoes S.A., of which the Company owns thirty-eight and forty-six hundredths percent (38.46%) of the issued and outstanding shares, and Entourage Participacoes S.A. in turn owns one hundred percent (100%) of Entourage Importadora e Distribuidora De Medicamentos Ltda. And one hundred percent (100%) of ENT Pharma Trading S.A.; (v) Grow House JA Limited, of which the Company owns forty-nine percent (49%) (vi) Vapium Incorporated, of which the Company owns twelve and two tenths percent (12.2%); (vii) Agripharm Corp, of which the Company owns forty percent (40%), (viii) TerrAscend Corp, of which the Company owns twenty four percent (24%), (ix) James E. Wagner Cultivation Ltd., of which the Company owns fourteen and seven tenths percent (14.7%) and (x) Radicle Medical Marijuana Inc., of which the Company owns twenty three and eight tenths percent (23.8%), in each case with good and valid title thereto, free and clear of all Encumbrances. Except as disclosed in the Disclosure Letter, no Person has any agreement, option, right or privilege (whether pre-emptive or contractual) capable of becoming an agreement, for the purchase from the Company or any of the Subsidiaries of any interest in any of the shares in the capital of the Subsidiaries;

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- (f) (i) each of the Company and the Subsidiaries owns or has the right to use all Assets and Properties currently owned or used in their respective business, affairs and operations free and clear of all Encumbrances other than Permitted Encumbrances, including: (A) all Material Contracts, and (B) all Assets and Properties necessary to enable the Company to carry on its business, affairs and operations as now conducted and as presently proposed to be conducted, including the Smiths Falls Premises, the Niagara Premises, the Spectrum Premises, the Tweed Grasslands Premises and the Bedrocan Premises;
- (g) other than the Permitted Encumbrances, no third party has any ownership right, title, interest in, claim in, Encumbrance against or any other right to the Assets and Properties purported to be owned by the Company;
- (h) except as disclosed in the Disclosure Letter, all Material Contracts are in good standing in all material respects and in full force and effect, including the Bedrocan Leases, the Bedrocan Facility, the Niagara Mortgage, the Spectrum Loan Agreement, the Spectrum Mortgage; the Tweed Grasslands Lease and the Investor Rights Agreement, and the Company and its Subsidiaries have been and are in compliance, in all material respects, with their respective obligations under such Material Contracts;
- (i) except as disclosed in the Disclosure Letter, (i) none of the Company, any of the Subsidiaries nor, to the knowledge of the Company, any other party thereto is in material default or breach of any Contract and there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a material default or breach under any Contract which would give rise to a right of termination on the part of any other party to a Contract; and (ii) no Contract to which the Company or any Subsidiary is a party contains a “change of control” provision with respect to the Company that could reasonably be expected to be engaged or triggered in connection with or as a result of the transactions contemplated by this Agreement and/or the exercise of the Initial Warrants and/or the Issued Warrants by the Purchaser Group;
- (j) except as disclosed in the Disclosure Letter, (i) each of the Company and the Subsidiaries is duly qualified and possesses all such permits, certificates, licences (including the Licences), approvals, consents and other authorizations (collectively, the “**Governmental Licences**”) issued by the appropriate Governmental Authority necessary to conduct the business, affairs and operations as now operated by the Company and the Subsidiaries and proposed to be conducted by the Company and the Subsidiaries; (ii) each of the Company and the Subsidiaries is in compliance with the terms and conditions of all such Governmental Licences and have made all necessary notifications, certifications and filings with all Governmental Authorities in connection with the Governmental Licences; (iii) all of the Governmental Licences are valid and in full force and effect; and (iv) the Company has not received any notice relating to the suspension, revocation or modification of any such Governmental Licences or any notice that any Governmental Licence will not be renewed;

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- (k) except as disclosed in the Disclosure Letter, the Company and each of the Subsidiaries and all current and former directors, officers and employees of each in the course of their respective duties: (i) is and at all times has been (A) in full compliance with all Applicable Laws (other than Applicable Laws of the United States), in all material respects, including the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws (other than Laws applicable to the United States) relating to Cannabis which are applicable to the Company's and the Subsidiaries' business, affairs and operations, and, in the case of the Company, with the by-laws, rules and regulations of the TSX and the NYSE, and (B) in full compliance with all Applicable Laws of the United States in all respects, including the Controlled Substances Act and all other Laws relating to Cannabis which are applicable to the Company's and the Subsidiaries' business, affairs and operations in the United States; (ii) has not received any correspondence or notice from Health Canada or any other Governmental Authority alleging or asserting (A) any material noncompliance with Applicable Laws (other than Applicable Laws of the United States), including the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws (other than Laws applicable to the United States) relating to Cannabis which are applicable to the Company's and the Subsidiaries' business, affairs and operations, or any licences (including the Licences), certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws (collectively, the "**Non-US Authorizations**"), or (B) any noncompliance with Applicable Laws of the United States, including the Controlled Substances Act and all other Laws relating to Cannabis which are applicable to the Company's and the Subsidiaries' business, affairs and operations in the United States, or any licences (including the Licences), certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Laws (collectively, the "**US Authorizations**" and together with the Non-US Authorizations, the "**Authorizations**"); (iii) possesses all Authorizations required for the conduct of the business, affairs and operations of the Company and its Subsidiaries, and such Authorizations are valid and in full force and effect and the Company, the Subsidiaries and all directors, officers and employees of each are not in violation of any term of any such Authorization; (iv) has not received notice of any pending or threatened Claim, suit, proceeding, charge, hearing, enforcement, audit, investigation, arbitration or other action from any Governmental Authority or third party alleging that any operation or activity of the Company, the Subsidiaries or any of their directors, officers and/or employees is in violation of any Applicable Laws or Authorizations and has no knowledge or reason to believe that any such Governmental Authority or third party is considering or would have reasonable grounds to consider any such Claim, suit, proceeding, charge, hearing, enforcement, audit, investigation, arbitration or other action; (v) has not received notice that any Governmental Authority has taken, is taking, or intends to take action to limit, suspend, modify or revoke or to not renew any Authorizations, including the Licences, and has no knowledge or reason to believe that any such Governmental Authority is considering taking or would have reasonable grounds

to take such action; and (vi) has, or has had on its behalf, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and to keep the Licences in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission);

- (l) except as disclosed in the Disclosure Letter, all marijuana and Cannabis products sold by the Company or its Subsidiaries or in inventory at the Company or its Subsidiaries: (i) meets the applicable specifications for the product; (ii) is fit for the purpose for which it is intended by the Company or its Subsidiaries, and of merchantable quality; (iii) has been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance with the Licences and all Applicable Laws; (iv) is not adulterated, tainted or contaminated and does not contain any substance not permitted by Applicable Laws; and (v) has been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the applicable Licence in accordance with the terms of such Licence, except in the case of (i), (ii), (iii) and (v) where a failure would not result in a Material Adverse Effect. All of the marketing and promotion activities of the Company or its Subsidiaries relating to its marijuana and Cannabis products complies with all Applicable Laws in all material respects;
- (m) the Company and the Subsidiaries have only carried on business, affairs or operations or maintained any activities in Canada or other jurisdictions, including the United States, to the extent such business, affairs or operations or activities are legal in such jurisdictions;
- (n) the Company and each of the Subsidiaries has implemented, maintains, regularly audits and complies in all material respects with internal compliance programs designed to detect and prevent violations of any Applicable Laws related to the Cannabis industry, periodically reviews and updates such internal compliance programs to account for any changes in Laws applicable to the Company's and the Subsidiaries' business, affairs and operations, as needed, employs or engages internal personnel and third party consultants to perform routine audits to test the effectiveness of the Company's internal compliance programs and processes and controls related thereto. All directors, officers, internal personnel and third party consultants of the Company or any Subsidiary have, where reasonably applicable to the position and services rendered by such Persons, sufficient knowledge of Laws relating to Cannabis which are applicable to the Company's and the Subsidiaries' business, affairs and operations (including to the extent applicable, the Controlled Substances Act, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws applicable to the Company's and the Subsidiaries' business, affairs and operations and the Cannabis industry) and all such Persons have all qualifications, including security clearances, training, experience and technical knowledge required by Applicable Laws. The Company has provided to the Purchaser the full names and specific

qualifications of each internal personnel and third party consultant responsible for the Company's internal compliance programs and processes and controls related thereto. The Company has provided sufficient training to employees responsible for the Company's or the Subsidiaries' internal compliance programs, including ensuring that, where reasonably applicable to the position and services rendered by such Persons, they are adequately informed (i) to the extent applicable, of the CDSA, the Controlled Substances Act, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws applicable to the Company's and the Subsidiaries business, operations and affairs and the Cannabis industry, and any changes thereto; and (ii) of the Company's and the Subsidiaries' internal compliance programs and controls related thereto. Each of the current and former employees and third party consultants of the Company and the Subsidiaries has agreed, in writing, to abide by each of the internal compliance policies applicable to such current or former employees or third party consultants;

- (o) (i) the authorized share capital of the Company consists of an unlimited number of Common Shares, of which, before giving effect to the transactions contemplated by this Agreement, the only securities of the Company that are issued and outstanding are 221,565,205 Common Shares, and all such Common Shares have been duly authorized and validly issued as fully-paid and non-assessable Common Shares and no Common Shares have been issued in violation of any pre-emptive rights or similar rights to subscribe for or purchase securities of the Company; (ii) there are currently options to purchase 18,824,025 Common Shares and 29,930 restricted stock units granted by the Company to directors, officers, employees and consultants of the Company pursuant to the Company's omnibus incentive plan; (iii) there are currently warrants (including the Initial Warrants) exercisable into 18,876,901 Common Shares issued by the Company to certain warrant holders and (iv) \$600 million aggregate principal amount of Senior Notes, and, other than as set forth above in this paragraph (o), as contemplated by this Agreement or as disclosed in the Disclosure Letter, no Person, firm or corporation has any agreement or option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement (including convertible or exchangeable securities and warrants) for the purchase or acquisition from the Company or the Subsidiaries of any interest in any Common Shares or other securities of the Company or the Subsidiaries whether issued or unissued. All outstanding securities of the Company have been issued in compliance with all Applicable Laws, including Securities Laws and the applicable rules and requirements of the TSX and the NYSE;
- (p) upon issuance of the Securities:
 - (i) the Purchased Shares, together with the Common Shares held by GCILP on the date of this Agreement and Common Shares issuable on exercise of the Initial Warrants, will represent not less than 38% of the issued and outstanding Common Shares in the capital of the Company, and
 - (ii) the Securities, together with the Common Shares and Warrants held by GCILP on the date of this Agreement (on an as-converted basis), will represent 55.0% of the issued and outstanding Common Shares in the capital of the Company,

in each case, as of the Closing Date on a fully diluted basis (including after (A) giving effect to the Common Shares issuable upon the exercise of the Initial Warrants and options to purchase 18,824,025 Common Shares and 29,930 restricted stock units, (B) assuming the successful completion of the proposed acquisition of Hiku Brands Company Ltd. by the Company by statutory plan of arrangement in accordance with the terms and conditions of the arrangement agreement dated July 10, 2018, and (C) assuming the cash settlement of all issued and outstanding Senior Notes, and, in the case of (ii), after giving effect to the Common Shares issuable upon the exercise of the Issued Warrants) and assuming no further Common Shares or securities convertible into Common Shares in the capital of the Company are issued between the date hereof and the Closing Date;

- (q) the Company is a reporting issuer in each of the Qualifying Provinces and with the SEC, is not in default under the applicable Securities Laws, is not on the list of defaulting issuers maintained by the applicable Canadian Securities Regulators, and has not taken any action to cease to be a reporting issuer in any of those Qualifying Provinces or with the SEC or received notification from any Canadian Securities Regulator or the SEC seeking to revoke the reporting issuer status of the Company. The Company is not in default of any requirement of Securities Laws or the applicable rules and requirements of the TSX and NYSE, and is not included on a list of defaulting reporting issuers maintained by the applicable Canadian Securities Regulators;
- (r) except as disclosed in the Disclosure Letter, the Company is in compliance with its timely and continuous disclosure obligations under Securities Laws in the Qualifying Provinces and the United States and the policies, rules and regulations of the TSX and NYSE, and, without limiting the generality of the foregoing, there is no material fact, and there has not occurred any material change (actual, anticipated, contemplated, threatened, financial or otherwise), relating to the assets, liabilities (contingent or otherwise), business, affairs, operations, prospects, capital or control of the Company and the Subsidiaries, taken as a whole, which has not been publicly disclosed on a non-confidential basis in accordance with the requirements of Securities Laws of the Qualifying Provinces and the United States and the policies, rules and regulations of the TSX and NYSE, and, except as may have been corrected by subsequent disclosure, all the statements set forth in all documents publicly filed by or on behalf of the Company were true, correct, and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Company has not filed any confidential material change reports which remain confidential;
- (s) no document publicly filed as part of the Disclosure Record contains an untrue statement of a material fact as of the date of filing of such document nor do they omit to state a material fact which, at the date thereof, was required to have been stated or was necessary to prevent a statement that was made from being false or misleading in the circumstances in which it was made, each document filed as part

of the Disclosure Record complied in all material respects with applicable Securities Laws at the time they were filed and the Company has filed on a timely basis with the applicable Canadian Securities Regulators and the SEC all material documents required to be filed by the Company;

- (t) the Purchased Shares and the Underlying Shares to be issued as described in this Agreement have been, or prior to the Closing Date will be, duly authorized, created and reserved for issuance and, when issued, delivered and paid for in full, will be validly issued and fully paid shares in the capital of the Company;
- (u) Computershare Trust Company of Canada Inc., at its principal office in Toronto, Ontario, has been duly appointed as the registrar and transfer agent of the Company with respect to the Common Shares;
- (v) the Company has complied in all respects with the requirements of all Applicable Laws in relation to the issue of the Securities and Underlying Shares hereunder, and, forthwith after the Closing Date, the Company shall file such forms and documents as may be required under applicable Securities Laws, including a Form 45-106F1 as prescribed by NI 45-106, if applicable;
- (w) the form and terms of the certificate for the Common Shares have been approved and adopted by the board of directors of the Company, and such form and terms comply with the provisions of the articles and by-laws of the Company and the rules of the TSX and NYSE;
- (x) subject to the receipt of the Regulatory Approvals, each of the execution and delivery of this Agreement and the other Transaction Agreements, the performance by the Company of its obligations hereunder and thereunder, the sale of the Securities hereunder by the Company and the consummation of the transactions contemplated in this Agreement and the other Transaction Agreements, (i) do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (A) any Law applicable to the Company or the Subsidiaries; (B) the articles, by-laws or resolutions of the directors or shareholders of the Company or the Subsidiaries; (C) any Contract to which the Company or any of the Subsidiaries is a party or by which any of them is bound except where such conflict, breach, violation or default would not result in a Material Adverse Effect; or (D) any judgment, decree or Order binding the Company or the Subsidiaries or the property or assets thereof; and (ii) do not affect the rights, duties and obligations of any parties to a Contract, nor give a party the right to terminate the Contract, by virtue of the application of terms, provisions or conditions in the Contract, except where those rights, duties or obligations, or rights to terminate, are affected in a manner that would not result in a Material Adverse Effect;
- (y) the Financial Statements contain no material misrepresentations and have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fully, fairly and correctly, in all material respects, the financial position (including the assets and liabilities, whether absolute,

contingent or otherwise) of the Company and the Subsidiaries (as applicable) as at such dates and the results of operations of the Company and the Subsidiaries (as applicable) for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Company and the Subsidiaries (as applicable) and there has been no change in accounting policies or practices of the Company since June 30, 2018 except as disclosed in the Disclosure Record;

- (z) the Company has no Indebtedness, except: (i) as set out in the Disclosure Letter; (ii) as set out in the Financial Statements; or (iii) Indebtedness to vendors, suppliers and service providers that is: (A) incurred in the ordinary course of business since June 30, 2018; or (B) incurred in connection with the transactions contemplated by this Agreement;
- (aa) to the knowledge of the Company, the Company's auditors are independent public accountants as required under the Securities Laws of the Qualifying Provinces and there has never been a reportable event (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) between the Company and such auditors or, to the knowledge of the Company, any former auditors of the Company or the Subsidiaries;
- (bb) the responsibilities and composition of the Company's audit committee comply with National Instrument 52-110 – *Audit Committees* and Rule 10A-3 under the U.S. Securities Exchange Act of 1933, as amended;
- (cc) the Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets;
- (dd) except as disclosed in the Disclosure Letter, none of the directors, executive officers or shareholders who beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding Common Shares or any known associate or Affiliate of any such Person, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such Person) with the Company which, as the case may be, materially affects, is material to or will materially affect the Company on a consolidated basis;
- (ee) all Taxes due and payable by the Company and the Subsidiaries have been paid, except where the failure to pay Taxes would not have a Material Adverse Effect. All Tax Returns required to be filed by the Company and the Subsidiaries have been filed with all appropriate authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not have a Material Adverse Effect. To the knowledge of the Company and except as disclosed in the Disclosure Letter, no

examination of any Tax Return of the Company or any Subsidiaries is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Company or any Subsidiaries, except where such examinations, issues or disputes would not have a Material Adverse Effect;

- (ff) the Company and, as applicable, each of the Subsidiaries, have established on their books and records reserves that are adequate for the payment of all Taxes not yet due and payable and there are no Encumbrances for Taxes on the assets of the Company or any of the Subsidiaries other than for Taxes not yet due and payable, and, to the knowledge of the Company, there are no audits pending of the Tax Returns of the Company or any of the Subsidiaries (whether federal, state, provincial, local or foreign) and except as disclosed in the Disclosure Letter, there are no Claims which have been or may be asserted relating to any such Tax Returns;
- (gg) since June 30, 2018: (i) there has been no Material Adverse Effect, other than as disclosed in the Disclosure Letter, and (ii) no material transactions have been entered into by the Company or the Subsidiaries other than in the ordinary course of business, except as disclosed in the Disclosure Letter;
- (hh) except as disclosed in the Disclosure Letter, neither the Company nor any Subsidiary is currently party to any agreement in respect of:
 - (i) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Company or the Subsidiaries whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of the Company or the Subsidiaries (whether by sale or transfer of shares or sale of all or substantially all of the property and assets of the Company or the Subsidiaries or otherwise);
- (ii) no material labour dispute with current and former employees of the Company or any of the Subsidiaries exists, or, to the knowledge of the Company, is imminent and the Company is not aware of any existing, threatened or imminent labour disturbance by the employees of any of the principal suppliers, manufacturers or contractors of the Company that would have a Material Adverse Effect;
- (jj) no union has been accredited or otherwise designated to represent any employees of the Company or any of the Subsidiaries and, to the Company's knowledge, no accreditation request or other representation question is pending with respect to the employees of the Company or the Subsidiaries and no collective agreement or collective bargaining agreement or modification thereof has expired or is in effect in any of the facilities of the Company or the Subsidiaries and none is currently being negotiated by the Company or any of the Subsidiaries;
- (kk) the Disclosure Record discloses, to the extent required by applicable Securities Laws of the Qualifying Provinces to be disclosed in the Disclosure Record, each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital,

dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Company or the Subsidiaries for the benefit of any current or former director, officer, employee or consultant of the Company or any Subsidiary, as applicable (the “**Employee Plans**”), each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all statutes, Orders, rules and regulations that are applicable to such Employee Plans;

- (ll) all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments of the Company and the Subsidiaries have been recorded in accordance with IFRS and are reflected on the books and records of the Company;
- (mm) there is no agreement, plan or practice relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the ordinary course of business;
- (nn) except as disclosed in the Disclosure Letter, none of the directors, officers or employees of the Company or the Subsidiaries or any associate or Affiliate of any of the foregoing has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Company or the Subsidiaries that materially affects, is material to or will materially affect the Company;
- (oo) except as disclosed in the Financial Statements and as disclosed in the Disclosure Letter, neither the Company nor any of the Subsidiaries is party to any debt instrument or any agreement, contract or commitment to create, assume or issue any Indebtedness or debt instrument;
- (pp) there are no legal or governmental actions, suits, judgments, investigations, charges or proceedings pending to which the Company, any of the Subsidiaries or, to the knowledge of the Company, any of the directors, officers or employees of the Company or the Subsidiaries are a party or to which the Company’s or the Subsidiaries’ Assets and Properties are subject which if finally determined adversely to the Company or any of the Subsidiaries would be expected to result in a Material Adverse Effect or which questions or may question the validity of this Agreement and, to the knowledge of the Company, no such proceedings have been threatened against or are pending with respect to the Company, the Subsidiaries and/or any of their directors, officers or employees, or with respect to the Assets and Properties of the Company and the Subsidiaries, taken as a whole, and the Company and the Subsidiaries are not subject to any judgment, Order, writ, injunction, decree or award of any Governmental Authority, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect;

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- (qq) the aggregate of all pending legal or governmental proceedings to which the Company or the Subsidiaries is a party or to which any of their respective Assets and Properties is the subject which are not specifically described in the Disclosure Letter could not reasonably be expected to result in a Material Adverse Effect;
 - (rr) all of the Material Contracts and agreements of the Company not made in the ordinary course of business have been provided to the Purchaser and, if required under the Securities Laws of the Qualifying Provinces, have or will be filed with the applicable Canadian Securities Regulators. Neither the Company nor any of the Subsidiaries has received any notification from any party that it intends to terminate any such Material Contract;
 - (ss) the minute books and records of the Company and the Subsidiaries made available to counsel for the Purchaser in connection with its due diligence investigation of the Company for the periods from the respective dates of incorporation or formation of the Company and the Subsidiaries to the date hereof are all of the minute books and records of the Company and the Subsidiaries and contain copies of all proceedings of the shareholders, the boards of directors and all committees of the boards of directors of the Company and the Subsidiaries to the date hereof and there have not been any other formal meetings, resolutions or proceedings of the shareholders, boards of directors or any committees of the boards of directors of the Company or the Subsidiaries to the date hereof not reflected in such minute books and other records other than those which have been disclosed in writing to the Purchaser or at or in respect of which no material corporate matter or business was discussed, approved or transacted;
 - (tt) no Order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Company has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened by any Governmental Authority;
 - (uu) with respect to each premise of the Company that is material to the Company (the “**Premises**”) and which the Company or any of the Subsidiaries occupies, whether as owner or as tenant, including the Smiths Falls Premises, the Niagara Premises, the Bedrocan Premises, the Spectrum Premises and the Tweed Grasslands Premises, the Company or such Subsidiary occupies the Premises and has the exclusive right to occupy and use the Premises and each of the leases or real title pursuant to which the Company or such Subsidiary occupies or owns, as applicable, the Premises is in good standing and in full force and effect under a valid, subsisting and enforceable lease or real title, as the case may be, with such exceptions as are not material and do not interfere with the use or proposed use of such property and buildings by the Company or such Subsidiary;
 - (vv) except as disclosed in the Disclosure Letter, (i) each of the Company and the Subsidiaries, their respective Assets and Properties and the business, affairs and operations of each of the Company and the Subsidiaries, have been and are in compliance in all material respects with all Environmental Laws; (ii) neither the

Company nor the Subsidiaries are in violation of any regulation relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**"); (iii) each of the Company and the Subsidiaries has complied in all material respects with all reporting and monitoring requirements under all Environmental Laws; (iv) neither the Company nor the Subsidiaries has ever received any notice of any non-compliance in respect of any Environmental Laws; (v) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company relating to Hazardous Materials or any Environmental Laws; and (vi) there are no Environmental Permits necessary to conduct the business, affairs and operations of each of the Company and the Subsidiaries;

(ww) except as disclosed in the Disclosure Letter:

- (i) the Company owns or has the right to use, without any Encumbrances other than Permitted Encumbrances, all of the Company Intellectual Property as of the date hereof;
- (ii) all registrations, if any, and filings that the Company has considered necessary to preserve the rights of the Company in Company Intellectual Property have been made and are in good standing;
- (iii) the Company has no pending action or proceeding, nor any threatened action or proceeding, against any Person with respect to such Person's use of Company Intellectual Property;
- (iv) there are no circumstances which cast doubt on the validity or enforceability of Company Intellectual Property;
- (v) neither the conduct of the business, affairs or operations of the Company and the Subsidiaries nor the use of Company Intellectual Property, to the knowledge of the Company, infringes upon, violates or misappropriates the Intellectual Property or any other rights of any other Person;
- (vi) the Company has no pending action or proceeding, nor, to the knowledge of the Company, is there any threatened action or proceeding against it with respect to the Company's use of or the validity, enforceability or ownership of Company Intellectual Property;
- (vii) there are no outstanding judgments, orders, decrees, stipulations or Applicable Laws that restrict the use of Company Intellectual Property; and
- (viii) all individuals who have been involved in the creation or development of Company Intellectual Property owned by the Company have assigned or licenced all of their right, title and interest in and to that Intellectual Property to the Company and waived any authors or moral rights that they may have in any such Intellectual Property consisting of works that are subject to copyright;

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- (xx) (i) the Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged, and such coverage is in full force and effect; (ii) none of the Company or the Subsidiaries have breached the terms of any policies in respect thereof in any material respect; and (iii) the Company has no reason to believe that it will not be able to renew the existing insurance coverage of the Company and the Subsidiaries as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost;
 - (yy) the Company has provided to the Purchaser a true and correct copy of its operating strategic plan as of the date of this Agreement;
 - (zz) all information which has been prepared by the Company relating to the Company or the Subsidiaries and the business, property and liabilities thereof has been either disclosed in the Disclosure Record or provided or made available to the Purchaser by the Company, and all financial, marketing, sales and operational information provided to the Purchaser by the Company is, as of the date of such information, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;
 - (aaa) the Company has not withheld and will not withhold from the Purchaser prior to the Closing Date, any material facts relating to the Company or any of the Subsidiaries;
 - (bbb) the Company has not otherwise completed any “significant acquisition” or “significant disposition”, nor are there any “probable acquisitions” (as such terms are used in NI 44-101 and Form 44-101F1) that would require the filing of a business acquisition report pursuant to the Securities Laws of the Qualifying Provinces other than those that are part of the Disclosure Record;
 - (ccc) no consent, approval, authorization, Order, filing, registration or qualification of or with any court, Governmental Authority or any other Person is required for the execution, delivery and performance by the Company of the Transaction Agreements or for the consummation of the transactions contemplated by the Transaction Agreements, except (i) such as have been obtained, or (ii) Regulatory Approval, which will be obtained by the Closing Date;
 - (ddd) there is no Person acting or purporting to act at the request of the Company or any of the Subsidiaries which is entitled to any brokerage, agency or other fiscal advisory or similar fee in connection with the transactions contemplated herein;

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- (eee) the Company and the Subsidiaries have not committed an act of bankruptcy, are not insolvent, have not proposed a compromise or arrangement to creditors generally, have not had a petition or a receiving Order in bankruptcy filed against any of them, have not made a voluntary assignment in bankruptcy, have not taken any proceedings with respect to a compromise or arrangement, have not taken any proceedings to be declared bankrupt or wound-up, have not taken any proceedings to have a receiver appointed for any of property and have not had any execution or distress become enforceable or become levied upon any of property. The Company has, and will at the Closing Date have, sufficient working capital to satisfy its obligations under this Agreement and has sufficient capital to satisfy the “going concern” test under IFRS; and
- (fff) completion of the Investment is not subject to, or is exempt from, the requirements of MI 61-101 to obtain a formal valuation.

EXHIBIT A
FORM OF INVESTOR RIGHTS AGREEMENT

(see attached)

Exhibit A-1

**AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT**

dated ●, 2018

between

CBG HOLDINGS LLC

and

GREENSTAR CANADA INVESTMENT LIMITED PARTNERSHIP

and

CANOPY GROWTH CORPORATION

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**AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT**

THIS AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT, dated ●, 2018 (this “**Agreement**”), is made by and between CBG Holdings LLC, a limited liability company existing under the Laws of the State of Delaware (“**CBG**”), Greenstar Canada Investment Limited Partnership (“**GCILP**”), a limited partnership existing under the laws of the Province of British Columbia and Canopy Growth Corporation, a corporation existing under the federal Laws of Canada (the “**Company**”).

RECITALS

- A. On November 2, 2017, GCILP and the Company entered into an investor rights agreement (the “**Original Investor Rights Agreement**”) to record their agreement as to the manner in which the Company’s affairs would be conducted and to grant to GCILP certain rights with respect to its beneficial ownership of Common Shares (as defined below).
- B. On the date hereof, the Company issued to CBG, on a private placement basis, pursuant to a subscription agreement dated August 14, 2018 (the “**Subscription Agreement**”): (i) 104,500,000 Common Shares; and (ii) 139,745,453 common share purchase warrants representing the right to purchase up to 139,745,453 Common Shares (the “**Warrants**”), for an aggregate purchase price of C\$5,078,700,000 (the “**Investment**”).
- C. In connection with the Investment, CBG, GCILP and the Company now wish to enter into this Agreement for the purpose of amending and restating the Original Investor Rights Agreement in its entirety, with effect upon the completion of the Investment.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Certain Defined Terms

The following capitalized terms used in this Agreement shall have the meanings set forth below:

“**ACMPR**” means the *Access to Cannabis for Medical Purposes Regulations* (Canada) issued under the CDSA.

“**Act**” means the *Canada Business Corporations Act*.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Agreement**” has the meaning ascribed to such term in the Preamble.

“**Ancillary Agreements**” means all agreements, certificates and other instruments delivered pursuant to this Agreement.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law and/or (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, the “**Law**”) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Audit Package**” means all materials prepared for and delivered to the Company’s Audit Committee relating to the approval of the Company’s annual and quarterly financial statements and MD&A.

“**Board**” means the board of directors of the Company from time to time.

“**Board Size**” has the meaning ascribed to such term in Section 2.1(a).

“**Board Observer**” has the meaning ascribed to such term in Section 2.1(g).

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Cannabis**” and “**cannabis**” means (i) all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material, trichomes, oil and extracts from cannabis (including cannabinoid or terpene extracts from the cannabis plant), and (ii) biologically or synthetically synthesized analogs of cannabinoids extracted from the cannabis plant using micro-organisms, including but not limited to (A) cannabis and marijuana, as defined pursuant to Applicable Law, including the CDSA, the ACMPR and, if and as the Cannabis Act comes into force, the Cannabis Act and (B) Industrial Hemp as defined in the Industrial Hemp Regulations issued under the CDSA or other Applicable Law.

“**Cannabis Act**” means S.C. 2018, c.16, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, as amended from time to time and as the same may come into force.

“**Cannabis Opportunity**” means a business opportunity relating to marketing, manufacturing, development, preparation for sale, offering for sale, leasing or distributing products containing Cannabis or other equipment, accessories, goods or products the primary purpose of which is related, or following closing of the opportunity would relate, to marketing, manufacturing, development, preparation for sale, offering for sale, sale, distribution, storage or use of Cannabis, including but not limited to:

- (a) all retail, production, marketing, data analysis, or any service related to Cannabis or any Cannabis related equipment, accessory, good or products;

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- (b) any research, design, development, manufacture, testing, analysis, storage, warehousing, use, transportation, distribution, branding, marketing, advertising, sale, offering for sale or resale, importation, exportation or lease of Cannabis or related Cannabis related equipment, accessory, good or products; or
 - (c) licensing or sub-licensing of intellectual property relating to Cannabis or for use in connection with any of the foregoing.

“**CBG**” has the meaning ascribed to such term in the Preamble.

“**CBG Group**” means, collectively, CBG, GCILP, and Constellation Brands, Inc. and its Subsidiaries.

“**CBG Nominee**” has the meaning ascribed to such term in Section 2.1(b)(ii).

“**CDSA**” means the *Controlled Drugs and Substances Act* (Canada).

“**Claim**” means any cause of action, action, claim, demand, lawsuit, audit, proceeding or arbitration, including, for greater certainty, any proceeding or investigation by a Governmental Authority.

“**Cleansing Announcement**” means a public announcement which shall: (a) be prepared by the Company in consultation with CBG; (b) contain the Cleansing Information; and (c) be generally disclosed to the marketplace in accordance with Section 5.1(a)(ix).

“**Cleansing Date**” means the date on which a Cleansing Document is filed.

“**Cleansing Document**” has the meaning ascribed to such term in Section 5.1(a)(ix).

“**Cleansing Information**” means any and all material non-public information relating to the Company or any of its Subsidiaries that: (a) has been provided to the CBG Group and/or the CBG Nominees; and (b) would, without a Cleansing Announcement, prevent the CBG Group from trading its Common Shares under Applicable Laws.

“**Commercialization Agreement**” means the Commercialization Agreement dated November 2, 2017 between GCILP and the Company, whether or not terminated, expired, or in full force and effect.

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” has the meaning ascribed to such term in the Preamble.

“**Company Nominees**” means, in respect of a meeting of the shareholders of the Company at which directors are to be elected, such individuals presented by management of the Company to its shareholders for election as directors at such meeting, including, for the avoidance of doubt, each of the CBG Nominees.

“Confidential Information” means any and all information about the Discloser or any of its Affiliates which is furnished by it or any of its Representatives to the Recipient or any of its Affiliates, whenever furnished and regardless of the manner in which it is furnished (orally, in writing, electronically, etc.) and includes all Information, including information regarding the business and affairs of the Discloser and its Affiliates, their plans, strategies, operations, financial information (whether historical or forecasted), business methods, systems, practices, analyses, compilations, forecasts, studies, designs, processes, procedures, formulae, improvements, trade secrets and other documents and information prepared or furnished by the Discloser, an Affiliate of the Discloser or any of their Representatives; provided, however, that Confidential Information shall not include, and no obligation under Section 4.5 shall be imposed on, information that: (a) was known by or in the Recipient’s possession before disclosure by or on behalf of the Discloser; (b) is or becomes generally known within either Party’s industry other than as a result of a breach of this Agreement by the Recipient, its Affiliates or their Representatives; (c) is or becomes available to the Recipient or its Affiliates on a non-confidential basis from a third party, provided that such third party is not and was not prohibited from disclosing such information; or (d) is independently developed by the Recipient or its Affiliates without reference to or use of the Confidential Information of the Discloser. Specific aspects or details of Confidential Information shall not be deemed to be within the public domain or in the possession of the Recipient merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the Recipient. Further, any combination of Confidential Information shall not be considered in the public domain or in the possession of the Recipient merely because individual elements of such Confidential Information are in the public domain or in the possession of the Recipient unless the combination and its principles are in the public domain or in the possession of the Recipient.

“Control” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and
- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words **“Controlled by”**, **“Controlling”** and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Controlled Substances Act**” means the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq.

“**Convertible Security**” means a security of the Company that is convertible or exercisable into or exchangeable for Common Shares, but excludes (a) an Incentive Security, (b) a Special Option, (c) a Right, and (d) the Pre-Emptive Right.

“**Discloser**” means the Party or its Affiliate that discloses its Confidential Information to the other Party or its Affiliate (provided that providing information directly to an Affiliate of a Party shall be deemed to be a provision of such information to such Party).

“**Disclosure Record**” means all documents publicly filed by the Company on the System for Electronic Document Analysis and Retrieval (SEDAR) under applicable Securities Laws.

“**Exercise Notice**” has the meaning ascribed to such term in Section 3.1(g).

“**GCILP**” has the meaning ascribed to such term in the Preamble.

“**Governmental Authority**” means:

- (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);
- (b) any domestic or foreign agency, authority, ministry, department, regulatory authority, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government, including: (i) Health Canada and other applicable regulatory authorities with oversight of the Cannabis industry and any business or operations within the Cannabis industry generally; (ii) the United States Alcohol and Tobacco Tax and Trade Bureau; and (iii) the United States Department of Justice;
- (c) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and/or
- (d) the TSX, the NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.

“**Holder**” means CBG or any other Person designated by CBG from time to time.

“**IFRS**” means International Financial Reporting Standards applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles in Canada.

“**Incentive Security**” means an option or other security of the Company convertible or exercisable into or exchangeable for Common Shares granted pursuant to any Share Incentive Plan.

“Independent”, in reference to an individual board nominee, means that such individual is “independent” within the meaning of sections 1.4 and 1.5 of NI 52-110 and for purposes of the rules of the TSX and the rules of the NYSE.

“Information” means: (a) know-how (including trade secrets and other unpatented or unpatentable proprietary or confidential information, systems or procedures); (b) computer software, inventions, designs and other industrial or intellectual property of any nature whatsoever; (c) any information of a scientific, technical, or business nature; (d) pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data and stability data; (e) process, horticultural and development information, results and data; (f) research, developmental, and demonstration work; (g) data and data files; and (h) all other information, methods, processes, formulations and formulae. Information: (x) may be embodied in or on any media, including hardware, software and/or documentation; (y) includes inventions, insofar as such inventions do not fall within the definition of Intellectual Property Rights; and (z) may include elements of public or non-proprietary information, provided that the compilation of such public or non-proprietary information with or without other proprietary information results in such compilation being considered as proprietary to the Person compiling such information.

“Intellectual Property Rights” means all intellectual property rights as recognized under the Applicable Laws of Canada, the United States of America and other countries or jurisdictions, including rights in and to Patents, Trademarks, copyrights, industrial designs and other intellectual property, and shall include all applications or registrations, including any renewals and extensions thereof and amendments thereto, and rights to apply in any or all countries of the world for such registrations and applications, rights to bring a Claim, at law or in equity or otherwise, for any past, present and/or future infringement, violation or misappropriation, rights and privileges arising under Applicable Laws and other industrial or intellectual property rights of the same or similar effect or nature in any jurisdiction relating to the foregoing throughout the world and all goodwill associated therewith.

“Investment” has the meaning ascribed to such term in the Recitals.

“MD&A” has the meaning ascribed to such term in Section 4.1.

“NI 52-110” means National Instrument 52-110 – *Audit Committees*.

“NYSE” means the New York Stock Exchange.

“Order” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“Original Percentage” means the percentage equivalent to the quotient obtained when (a) the aggregate number of issued and outstanding Common Shares beneficially owned by the CBG Group is divided by (b) the aggregate number of issued and outstanding Common Shares, in each case, immediately prior to a Triggering Event, and, for the avoidance of doubt, such calculation shall be made on a non-diluted basis and shall not include Common Shares underlying unexercised Convertible Securities, including the Warrant.

“Parties” means CBG, GCILP, the Company and any other person that becomes a Party hereto pursuant to Section 7.6, and a **“Party”** means any one of them.

“Patents” means: (a) patent applications and issued patents therefor and equivalent rights under the *Patent Act* (Canada) and the *Patent Act* (United States), including (i) utility models, originals, provisionals, divisionals, reissues, renewals, re-examinations, continuations, continuations-in-part, continuing prosecution applications, requests for continuing examinations and extensions and applications for the foregoing; and (ii) patent applications and issued patents for plant patents; (b) applications and issued registrations for plant varieties, including applications and registrations under the *Plant Variety Protection Act* (United States) and the *Plant Breeders’ Rights Act* (Canada); (c) national and multinational counterparts of such patent and plant varietal applications and issued patents or registrations applied for or registered in any and all countries of the world; (d) all rights to apply in any or all countries of the world for such applications and issued patents or registrations including all rights provided by multinational treaties or conventions for any of the foregoing; and (e) inventions and plant varieties described in any such applications and issued patents or registrations, including those that are included in any claim, capable of being reduced to a claim or could have been included as a claim in any such pending patent applications and issued patents.

“Percentage of Outstanding Common Shares” means the percentage equal to the quotient obtained when (i) the aggregate number of issued and outstanding Common Shares beneficially owned by the CBG Group, or over which the CBG Group exercises control or direction (including, for the purposes of this calculation, Convertible Securities owned by the CBG Group or over which the CBG Group exercises control or direction) is divided by (ii) the aggregate number of issued and outstanding Common Shares (including, for the purposes of this calculation, Convertible Securities owned by the CBG Group or over which the CBG Group exercises control or direction), in each case, as at the time of calculation and, for avoidance of doubt otherwise on a non-diluted basis.

“Permitted Exceptions” has the meaning ascribed to such term in Section 5.3.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Pre-Emptive Right” means the right of CBG to purchase the Pre-Emptive Right Securities from the Company in accordance with Article 3.

“Pre-Emptive Right Closing” means the closing from time to time of the issue of the Pre-Emptive Right Securities under the Pre-Emptive Right.

“Pre-Emptive Right Securities” has the meaning ascribed to such term in Section 3.1(a).

“Privilege” has the meaning ascribed to such term in Section 4.6.

“Purpose” has the meaning ascribed to such term in Section 4.5(a).

“Recipient” means the Party or its Affiliate that receives Confidential Information from the other Party or its Affiliate (provided that the receipt of information by an Affiliate of a Party shall be deemed to be the receipt of such information by such Party).

“Representatives” means a Party’s and its Affiliates’ lawyers, independent accountants, financial advisors or other agents, bankers or rating agencies.

“Right” means a right granted by the Company to holders of Common Shares to purchase additional Common Shares and/or other securities of the Company.

“Rights Offering” means a rights offering, dividend distribution, or any other transaction in which the general body of holders of affected securities of the same class are treated identically on a per security basis and the exercise, conversion or exchange of the securities offered pursuant to any such transaction.

“Securities Laws” means, collectively, the applicable securities laws of each of the states, provinces and territories of Canada and the United States and the respective regulations, instruments and rules made under those securities laws, together with all applicable published policy statements, notices, blanket orders and rulings of the securities commissions or securities regulatory authorities of Canada and the United States and of each their respective states, provinces and territories.

“Share Incentive Plan” means any plan of the Company in effect from time to time pursuant to which Common Shares may be issued, or options or other securities convertible or exercisable into or exchangeable for Common Shares may be granted, to directors, officers, employees, and/or consultants, of the Company and/or its Subsidiaries, including, for greater certainty, (a) the employee stock purchase plan approved by shareholders of the Company at the annual shareholder meeting held on September 15, 2017, and (b) the amended restated omnibus incentive plan approved by shareholders of the Company at the special meeting of the shareholders held on July 30, 2018, in each case, as amended.

“Special Option” means an option or other security granted by the Company which is convertible or exercisable into or exchangeable for Common Shares for nominal or indeterminate consideration, and includes an over-allotment option or similar option granted to one or more underwriters in connection with a public offering of securities of the Company, but excludes (a) an Incentive Security, (b) a Right, and (c) the Pre-Emptive Right.

“Standard Financial Report” means financial information prepared by senior management of the Company, detailed in a form consistent with the reporting template used by the Company at the relevant time, prepared on a basis consistent with the Company’s financial statements for such period in the Disclosure Record, which will include a consolidated statement of financial position, consolidated statement of operations and consolidated statement of cash flows, each of which is substantially in the format disclosed in the Company’s publicly issued financial statements for such fiscal year in the Disclosure Record.

“Subscription Agreement” has the meaning ascribed to such term in the Recitals.

“Subsidiary” has the meaning ascribed to such term in National Instrument 45-106 – *Prospectus Exemptions*.

“**Target Number of Shares**” means that number of Common Shares that satisfies the following two conditions:

- (a) 117,208,056 Common Shares in the capital of the Company, subject to adjustment for any share dividend, share consolidation, share split, share reclassification, reorganization, amalgamation, arrangement or mergers involving the Company or any other event that affects all Common Shares in an identical manner; and
- (b) the number of Common Shares which represents a Percentage of Outstanding Common Shares equal to 28.2%.

“**Top-Up Right**” has the meaning ascribed to such term in Section 3.6(a).

“**Top-Up Right Acceptance Notice**” has the meaning ascribed to such term in Section 3.6(e).

“**Top-Up Right Notice Period**” has the meaning ascribed to such term in Section 3.6(e).

“**Top-Up Right Offer Notice**” has the meaning ascribed to such term in Section 3.6(d).

“**Top-Up Securities**” has the meaning ascribe to such term in Section 3.6(a).

“**Trademarks**” means trade or brand names, business names, trademarks, service marks, certification marks, logos, slogans, corporate names, uniform resource locators, domain names, trading styles, commercial symbols and other source and business identifiers, trade dress, distinguishing guises, tag lines, designs and general intangibles of like nature, whether or not registered or the subject of an application for registration and whether or not registrable and all goodwill associated therewith.

“**Transaction Agreements**” means this Agreement and the Subscription Agreement.

“**Triggering Event**” means the issue of Common Shares and/or Convertible Securities by the Company, whether by way of public offering or private placement and, for greater certainty, includes any issue of Common Shares on the exercise, conversion or exchange of any Special Option, but excludes any issue of Common Shares and/or Convertible Securities:

- (a) on the exercise, conversion or exchange of Convertible Securities issued prior to the date hereof, including for greater certainty, the exercise of the Warrants, or on the exercise, conversion or exchange of Convertible Securities issued after the date hereof in compliance with the terms of this Agreement;
- (b) on exercise, conversion or exchange by the CBG Group of any Convertible Securities;
- (c) pursuant to any Share Incentive Plan;
- (d) on the exercise of any Right;
- (e) in connection with *bona fide* bank debt, equipment financing or non-equity interim financing transactions with lenders to the Company;
- (f) in connection with *bona fide* acquisitions (including acquisitions of assets or rights under a license or otherwise), mergers or similar business combination transactions undertaken and completed by the Company;

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- (g) on any exercise of the Pre-Emptive Right; or
 - (h) pursuant to any stock dividend, stock split, share consolidation, share reclassification, reorganization, amalgamation, arrangement or merger involving the Company or any other similar event that affects all Common Shares in an identical manner.

“**Triggering Event Closing Date**” means the date on which a Triggering Event occurs.

“**Triggering Event Notice**” has the meaning ascribed to such term in Section 3.1(f).

“**Triggering Event Price**” means, in respect of an issue of Common Shares and/or Convertible Securities by the Company for cash consideration pursuant to a Triggering Event, the purchase price per Common Share and/or Convertible Security to be paid for such Common Shares and/or Convertible Securities by purchasers other than CBG and means, in respect of an issue of Common Shares and/or Convertible Securities for consideration other than cash consideration pursuant to a Triggering Event, the price per Common Share and/or Convertible Security, as determined by the Board acting in good faith, that would have been received by the Company had such Common Shares and/or Convertible Securities been issued for cash consideration.

“**TSX**” means the Toronto Stock Exchange.

“**Warrants**” has the meaning ascribed to such term in the Recitals.

ARTICLE 2

CORPORATE GOVERNANCE

2.1 Board Representation

- (a) As of the date of this Agreement, the Board shall consist of seven directors (the “**Board Size**”). So long as the CBG Group continues to hold at least the Target Number of Shares, the Board shall not (i) propose or resolve to change the Board Size, except where otherwise required by Applicable Law, as provided in Section 2.1(h), or with the consent of the Holder, or (ii) present a slate of Company Nominees to the shareholders of the Company for election to the Board that is greater than or fewer than the Board Size.
- (b) So long as the CBG Group continues to hold at least the Target Number of Shares, the Company covenants and agrees to nominate for election as directors of the Company at any meeting of shareholders at which directors are to be elected the persons designated as follows:
 - (i) the Chief Executive Officer of the Company, or one of the Co-Chief Executive Officers of the Company if the Company has Co-Chief Executive Officers, provided that such individual shall be Bruce Linton for so long as he is the Chief Executive Officer or the Co-Chief Executive Officer of the Company;
 - (ii) four individuals designated by the Holder in its discretion (each a “**CBG Nominee**” and collectively, the “**CBG Nominees**”); and

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- (iii) two individuals designated by the Board who are Independent, “financially literate” (within the meaning of Section 1.6 of NI 52-110 and for purposes of the rules of the TSX and the NYSE) and “resident Canadian” (as defined in the Act).
- (c) For so long as the Board Size is seven, the Holder covenants and agrees that at least one CBG Nominee shall be Independent; provided, however, that for the period beginning on the date of this Agreement and ending on the first anniversary of this Agreement, any CBG Nominee that is an employee of Constellation Brands, Inc. or any of its Subsidiaries may not be nominated for the purpose of this Section 2.1(c).
- (d) In the event the CBG Group no longer holds at least the Target Number of Shares, then for the term of this Agreement, the Holder shall be entitled to designate a number of CBG Nominees that represents its proportionate share of the number of directors comprising the Board (rounded up to the next whole number) based on the Percentage of Outstanding Common Shares beneficially owned by the CBG Group.
- (e) The Company shall (i) include the CBG Nominees in the notice of meeting, the management information circular, proxy statement and form of proxy relating to the applicable shareholder meeting as nominees of management, and (ii) solicit proxies from shareholders of the Company in favour of the election of the CBG Nominees.
- (f) Notwithstanding anything in this Agreement to the contrary, a failure by the Holder to designate any and all CBG Nominees that it is entitled to designate pursuant to this Section 2.1 at any time shall not restrict the ability of the Holder to designate such CBG Nominees at any time in the future.
- (g) If a CBG Nominee fails to be elected by the shareholders of the Company as a director of the Company, the Holder shall have the right to designate such individual as an observer to the Board (each such individual, a “**Board Observer**”). Each Board Observer shall be entitled to (i) receive notice of and to attend meetings of the Board (ii) take part in discussions and deliberations of matters brought before the Board, (iii) receive notices, consents, minutes, documents and other information and materials that are sent to members of the Board, and (iv) receive copies of any written resolutions proposed to be adopted by the Board, including any resolution as approved, each at substantially the same time and in substantially the same manner as the members of the Board, except that the Board Observer will not be entitled to vote on any matters brought before the Board. The Board Observer will not be entitled to any compensation from the Company; provided, however that all reasonable expenses of the Board Observer shall be reimbursed by the Company.
- (h) In the event that any CBG Nominee ceases to serve as a director of the Company for any reason, including the death, disability, resignation, removal or failure of a CBG Nominee to be elected at a meeting of shareholders, the Company shall cause the Board to appoint as soon as practicable a replacement CBG Nominee in accordance with this Agreement to fill the vacancy caused thereby, including any

such death, disability, resignation, removal or failure to be elected, provided that CBG remains eligible to nominate such CBG Nominee pursuant to Section 2.1(b) or Section 2.1(d). Notwithstanding Section 2.1(a), if the Company is prevented by the Act from filling a vacancy with a CBG Nominee in accordance with the foregoing sentence, the Board shall, to the maximum extent permitted by the Act, promptly resolve to increase the Board Size until the next meeting of shareholders and appoint such replacement CBG Nominee(s) to the Board.

- (i) For so long as the CBG Group continues to hold at least the Target Number of Shares, at least one CBG Nominee shall be appointed to each committee established by the Board, including, for certainty, any *ad hoc* committee, special committee, strategic advisory committee or other similarly constituted committee of the Board formed for the purposes of, among other things, reviewing, considering or evaluating regulatory issues, strategic initiatives or material transactions involving the Company and/or its Subsidiaries (provided that this obligation shall not apply to the audit committee of the Board unless at least one CBG Nominee is Independent). If no CBG Nominee is Independent, the Holder shall have the right to designate as an observer to the audit committee one CBG Nominee.
- (j) The Company shall obtain and maintain in force a directors' and officers' insurance policy, with coverage and on terms acceptable to the Board. The Company will enter into customary indemnification agreements with any directors nominated pursuant to this Agreement.
- (k) Bruce Linton shall serve as the Chair of the Board so long as he also serves as (i) Chief Executive Officer or Co-Chief Executive Officer of the Company, and (ii) a director of the Company, unless otherwise approved by unanimous resolution of the Board.

2.2 CBG Approval Right

- (a) For so long as the CBG Group continues to hold at least the Target Number of Shares, the Company shall not (either directly or indirectly through a Subsidiary) take any of the following actions without the prior written consent of CBG:
 - (i) consolidate or merge into or with another Person or enter into any other similar business combination, including pursuant to any amalgamation, arrangement, recapitalization or reorganization, other than a consolidation, merger or other similar business combination of any wholly-owned Subsidiary of the Company into or with the Company or into or with another wholly-owned Subsidiary of the Company or an amalgamation or arrangement involving a Subsidiary of the Company with a another Person in connection with an acquisition permitted or approved pursuant to Section 2.2(a)(ii);
 - (ii) acquire any shares or similar equity interests, instruments convertible into or exchangeable for shares or similar equity interests, assets, business or operations with an aggregate value of more than \$250 million, in a single transaction or a series of related transactions;

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- (iii) adopt any plan or proposal for a complete or partial liquidation, dissolution or winding up of the Company or any of its Subsidiaries (other than a liquidation, dissolution or wind-up of any such entity in connection with which all of such entity's assets are transferred to the Company and/or one or more of its Subsidiaries) or any reorganization or recapitalization of the Company or any of its Subsidiaries or commence any case, proceeding or action seeking relief under any existing or future laws relating to bankruptcy, insolvency, conservatorship or relief of debtors;
 - (iv) sell, transfer, lease, pledge or otherwise dispose of any of its or any of its Subsidiaries' assets, business or operations (in a single transaction or a series of related transactions, and excluding any sale, transfer, lease, pledge or disposition of assets, business or operations to the Company and/or one or more of its Subsidiaries) in the aggregate with a value of more than \$20 million; or
 - (v) make any changes to the Company's policy with respect to the declaration and payment of any dividends on the Common Shares, except if and to the extent that a reduction in the dividend is required by Applicable Law.
- (b) If at any time the Holder holds less than the Target Number of Shares but the Percentage of Outstanding Common Shares beneficially owned by the CBG Group is not less than 20%, the Company shall consult with CBG with respect to the matters set forth in Section 2.2(a), but CBG shall have no right to approve or deny approval of such matters.

ARTICLE 3 PRE-EMPTIVE RIGHT OF CBG

3.1 Pre-Emptive Rights

- (a) During the term of this Agreement, the Company hereby grants to CBG and/or GCILP the right to purchase, directly or indirectly by another member of the CBG Group, from time to time upon the occurrence of any Triggering Event up to such number of Common Shares and/or Convertible Securities issuable in connection with the Triggering Event on the same terms and conditions as those issuable in connection with the Triggering Event (the "**Pre-Emptive Right Securities**") which will, when added to the Common Shares beneficially owned by the CBG Group immediately prior to the Triggering Event, result in the CBG Group beneficially owning the Original Percentage after giving effect to the issue of all Common Shares to be issued or issuable (pursuant to the exercise, conversion or exchange of Convertible Securities) in connection with the Triggering Event. In the event that a Triggering Event consists of an issue of both Common Shares and Convertible Securities, the Pre-Emptive Right Securities shall be allocated to CBG and/or GCILP between Common Shares and Convertible Securities on the same *pro rata* basis as are allocated to subscribers of the Triggering Event.
- (b) In respect of each exercise of the Pre-Emptive Right, the purchase price per Pre-Emptive Right Security shall be equal to the greater of the Triggering Event Price and such price as may be prescribed by any securities regulator or stock exchange having jurisdiction over the issue of the Pre-Emptive Right Securities to CBG, GCILP or another member of the CBG Group.

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- (c) Except as otherwise specifically provided in this Article 3, each Party shall bear its own expenses incurred in connection with this Article 3 and in connection with all obligations required to be performed by each of them under this Article 3.
 - (d) The Parties shall, subject to their respective legal obligations and Applicable Law, consult with each other, and use reasonable efforts to agree upon the text of any written press release relating to this Article 3 or the transactions contemplated hereby, before issuing any such press release.
 - (e) Neither CBG nor GCILP shall be entitled to exercise the Pre-Emptive Right in respect of any offering in which the Holder exercises its registration rights under Schedule A.
 - (f) During the term of this Agreement, the Company shall provide to CBG and GCILP written notice (a “**Triggering Event Notice**”) as soon as practicable (i) following a determination by the Company to effect a Triggering Event, other than a Triggering Event that arises as a result of the exercise of a Special Option and (ii) following the exercise of a Special Option. Each Triggering Event Notice shall include the number of Pre-Emptive Right Securities which CBG and/or GCILP shall be entitled to purchase as a result of the applicable Triggering Event, a calculation demonstrating how such number was determined, the Triggering Event Price and the anticipated Triggering Event Closing Date and the terms and conditions of the Pre-Emptive Right Securities, if other than Common Shares. The Company shall also give CBG and GCILP notice as promptly as practicable following the grant of a Special Option.
 - (g) Subject to the provisions of this Agreement, the Pre-Emptive Right shall, in each instance, be exercisable by CBG and/or GCILP at any time (i) during a period of 20 days following receipt of a Triggering Event Notice in accordance with Section 3.1(f) if the gross proceeds of such Triggering Event are equal to or greater than \$90 million; and (ii) during a period of 12 days following receipt of a Triggering Event Notice in accordance with Section 3.1(f) if the gross proceeds of such Triggering Event are less than \$90 million, provided that if CBG and/or GCILP wish to exercise the Pre-Emptive Right, CBG and/or GCILP shall deliver an irrevocable notice (an “**Exercise Notice**”) in writing addressed to the Company confirming that it wishes to exercise the Pre-Emptive Right in respect of such Triggering Event, specifying the number of Pre-Emptive Right Securities that it will purchase and the member(s) of the CBG Group to whom such Pre-Emptive Right Securities are to be issued, if other than CBG or GCILP. If the Company does not receive an Exercise Notice in respect of a Triggering Event Notice within the applicable period set out above, CBG and GCILP shall be deemed to have not exercised the Pre-Emptive Right in respect of the Triggering Event to which such Triggering Event Notice relates and the Pre-Emptive Right shall be deemed to have expired in respect of such Triggering Event.

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- (h) Subject to Applicable Law, the Pre-Emptive Right Closing of the issue of the Pre-Emptive Right Securities shall occur on the Triggering Event Closing Date or such later date as the Parties may agree upon.

3.2 Exercise of Pre-Emptive Right

- (a) Each of the Parties shall use all commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done as promptly as practicable, all things necessary, proper or advisable under Applicable Law to consummate and make effective the transactions contemplated by this Article 3, including obtaining any governmental, regulatory, stock exchange or other consents, transfers, orders, qualifications, waivers, authorizations, exemptions and approvals, providing all notices and making all registrations, filings and applications necessary or desirable for the consummation of the transactions contemplated by this Article 3, including any filings with governmental or regulatory agencies and stock exchanges. The Company shall forthwith notify CBG and/or GCILP if as a condition of obtaining any applicable regulatory approvals, including securities regulatory and stock exchange approval, the purchase price must be an amount greater than the Triggering Event Price, and shall keep CBG and/or GCILP fully informed and allow CBG and/or GCILP to participate in any communications with such stock exchange regarding the exercise of CBG and/or GCILP's rights under this Article 3.
- (b) The obligation of the Company to consummate a purchase of Pre-Emptive Right Securities, as the case may be, under this Article 3 is subject to the fulfilment, prior to or at the applicable closing date, of each of the following conditions, any of which may be waived by the Company in writing:
- (i) there shall not be in effect any injunction or restraining order issued by a court of competent jurisdiction which prohibits the consummation of the transactions contemplated by this Article 3 nor shall there be any investigation or proceeding pending before any court or governmental authority seeking to prohibit the consummation of the transactions contemplated by this Article 3;
 - (ii) no Applicable Law shall have been enacted by any Governmental Authority which prohibits the consummation of the transactions contemplated by this Article 3 or makes such consummation illegal;
 - (iii) the closing of the issue and sale of the securities constituting the Triggering Event shall have occurred prior to, or shall occur concurrently with, the Pre-Emptive Right Closing;
 - (iv) any member of the CBG Group purchasing securities shall execute financing agreements, which in the case of a purchase of Pre-Emptive Right Securities shall be in the same form as the agreements being entered into by the other participants in such Triggering Event, which, for greater certainty, shall include confirmation that such member of the CBG Group is an accredited investor or its equivalent under Applicable Laws or is otherwise eligible to purchase securities of the Company pursuant to an exemption from applicable prospectus and registration requirements; and

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- (v) any stock exchange upon which the Common Shares are then listed and any other securities regulator having jurisdiction and whose approval is required, shall have approved the issue and sale of such securities.
- (c) The obligation of CBG and/or GCILP to consummate a purchase of Pre-Emptive Right Securities, as the case may be, under this Article 3 is subject to the fulfilment, prior to or at the applicable closing, of each of the following conditions, any of which may be waived by CBG and/or in writing:
- (i) there shall not be in effect any injunction or restraining order issued by a court of competent jurisdiction which prohibits the consummation of the transactions contemplated by this Article 3, nor shall there be any investigation or proceeding pending before any court or governmental authority seeking to prohibit the consummation of the transactions contemplated by this Article 3;
 - (ii) no Applicable Law shall have been enacted by any Governmental Authority which prohibits the consummation of the transactions contemplated by this Article 3 or makes such consummation illegal;
 - (iii) the closing of the issue and sale of the securities constituting the Triggering Event shall have occurred prior to, or shall occur concurrently with, the Pre-Emptive Right Closing; and
 - (iv) any stock exchange upon which the Common Shares are then listed and any other securities regulatory having jurisdiction and whose approval is required, shall have approved of the issue and sale of such securities.
- (d) At or prior to the closing of any issuance of securities to the CBG Group under this Article 3:
- (i) the Company shall deliver, or cause to be delivered, to CBG the applicable securities registered in the name of or otherwise credited to CBG or such member of the CBG Group as is designated in writing by it;
 - (ii) CBG shall deliver or cause to be delivered to the Company payment of the applicable purchase price by certified cheque or wire or other electronic funds transfer; and
 - (iii) the Parties shall deliver any documents required to evidence the requirements set out in Section 3.2(a) and Section 3.2(c).

3.3 No Obligations Unless Pre-Emptive Right Exercised

Nothing herein contained or done pursuant hereto shall obligate CBG to purchase or pay for, or shall obligate the Company to issue, the Pre-Emptive Right Securities except upon the exercise by CBG of the Pre-Emptive Right in accordance with the provisions of this Article 3 and compliance with all other conditions precedent to such issue and purchase contained in this Article 3.

3.4 No Rights As Holder of Pre-Emptive Right Securities

CBG shall not have any rights whatsoever as a holder of any of the Pre-Emptive Right Securities (including any right to receive dividends or other distributions therefrom or thereon) until CBG shall have acquired the Pre-Emptive Right Securities.

3.5 Registration Rights

The Holder shall have, and be entitled to exercise, the registration rights set forth in Schedule A.

3.6 Top-Up Securities

- (a) For so long as the CBG Group continues to hold at least the Target Number of Shares, CBG and/or GCILP shall have a right (the “**Top-Up Right**”) to subscribe for Common Shares in respect of any Top-Up Securities that the Company may, from time to time, issue after the date of this Agreement, subject to any TSX, NYSE or other stock exchange requirements as may then be applicable. The number of Common Shares that may be subscribed for by CBG and/or GCILP pursuant to the Top-Up Right shall be equal to up to the Percentage of Outstanding Common Shares expressed as a percentage of the Top-Up Securities. The term “**Top-Up Securities**” shall mean any Common Shares and/or Convertible Securities issued:
- (i) on the exercise, conversion or exchange of Convertible Securities issued prior to the date hereof or on the exercise, conversion or exchange of Convertible Securities issued after the date hereof in compliance with the terms of this Agreement, in each case, excluding any Convertible Securities owned by CBG and/or GCILP;
 - (ii) pursuant to any Share Incentive Plan;
 - (iii) on the exercise of any Right;
 - (iv) in connection with *bona fide* bank debt, equipment financing or non-equity interim financing transactions with lenders to the Company, in each case, with an equity component;
 - (v) in connection with *bona fide* acquisitions (including acquisitions of assets or rights under a license or otherwise), mergers or similar business combination transactions or joint ventures undertaken and completed by the Company; or
 - (vi) in connection with *bona fide* acquisitions (including acquisitions of assets or rights under a license or otherwise), mergers or similar business combination transactions or joint ventures or any other issuances of shares undertaken and completed by the Company set forth in Section 5.7(h) of the Disclosure Letter (as defined in the Subscription Agreement) (each, a “**Subject Acquisition**”); provided that, for the purposes of any Top-Up

Right exercised in respect of Top-Up Securities referred to in this Section 3.6(a)(vi), if such Top-Up Securities relate to a Subject Acquisition that is completed prior to the date of this Agreement, CBG and/or GCILP, as the case may be, shall be entitled to exercise its Top-Up Right in respect of such Subject Acquisitions for a period of nine months following the date of this Agreement,

in all cases, other than Pre-Emptive Right Securities.

- (b) The Top-Up Right may be exercised on a quarterly basis as set out in Section 3.6(d). Any dilution to the Percentage of Outstanding Common Shares beneficially owned by the CBG Group resulting from the issuance of Top-Up Securities during a fiscal quarter of the Company will be disregarded for purposes of determining, prior to the time CBG and/or GCILP may exercise its Top-Up Right pursuant to Section 3.6(c) and 3.6(d) in respect of the issuances of Top-Up Securities during such fiscal quarter, whether CBG and/or GCILP has maintained the required Percentage of Outstanding Common Shares pursuant to this Agreement. The Top-Up Right shall be effected through subscriptions for Common Shares by CBG and/or GCILP for a price per Common Share equal to the volume weighted average price of the Common Shares on the TSX for the five trading days preceding the delivery of the Top-Up Right Acceptance Notice by CBG and/or GCILP and shall be subject to approval by the TSX and NYSE.
- (c) In the event that any exercise of a Top-Up Right shall be subject to the approval of the Company's shareholders, the Company shall use its commercially reasonable efforts to cause the approval of such Top-Up Right at the next meeting of shareholders that is convened by the Company in order to allow CBG and/or GCILP to exercise its Top-Up Right. The Company shall solicit proxies from its shareholders for use at such meeting to obtain such approval.
- (d) Within 30 days following the end of each fiscal quarter of the Company, the Company shall send a written notice to CBG and/or GCILP (the "**Top-Up Right Offer Notice**") specifying: (i) the number of Top-Up Securities issued during such fiscal quarter; (ii) the expected use of proceeds from any exercise of the Top-Up Right by CBG and/or GCILP; (iii) the total number of the then issued and outstanding Common Shares (which shall include any securities to be issued to Persons having similar participation rights); and (iv) the Percentage of Outstanding Common Shares beneficially owned by the CBG Group (based on the last publicly reported ownership figures of the CBG Group and the number of issued and outstanding Common Shares in (iii) above) assuming CBG and/or GCILP did not exercise its Top-up Right.
- (e) CBG and/or GCILP shall have a period of 15 Business Days from the date of the Top-Up Right Offer Notice (the "**Top-Up Right Notice Period**") to notify the Company in writing (the "**Top-Up Right Acceptance Notice**") of the exercise, in full or in part, of its Top-Up Right. The Top-Up Right Acceptance Notice shall specify the number of Common Shares subscribed for the by CBG and/or GCILP pursuant to the Top-Up Right and the subscription price calculated in accordance with Section 3.2(b). If CBG and/or GCILP fails to deliver a Top-Up Right

Acceptance Notice within the Top-Up Right Notice Period, then the Top-Up Right of CBG and/or GCILP in respect of the issuances of Top-Up Securities during the applicable fiscal quarter is extinguished. If CBG and/or GCILP gives a Top-Up Right Acceptance Notice, the sale of the Top-Up Securities to CBG and/or GCILP shall be completed as soon as reasonably practicable thereafter.

- (f) The Top-Up Right shall not apply in connection with any Rights Offering by the Company.

ARTICLE 4

INFORMATION RIGHTS; INSPECTION RIGHTS

4.1 Annual and Quarterly Financial Information

The Company agrees that, with respect to any fiscal quarter or fiscal year during the term of this Agreement, the Company shall deliver to CBG as promptly as practicable: (i) drafts of the Audit Package relating to the Company's financial statements and management's discussion and analysis of financial condition and results of operations ("MD&A"), (ii) the Audit Package relating to the Company's financial statements and MD&A no later than the time such package is sent to the Company's Audit Committee and (iii) the version of the Company's financial statements and MD&A that are approved by the Company's Audit Committee for any fiscal quarter or fiscal year, including, in the case of audited annual financial statements, the opinion on the audited annual financial statements by the Company's independent certified public accountants.

4.2 Additional Information Rights

During the term of this Agreement, the Company shall deliver to CBG:

- (a) as promptly as practicable after the end of each month, but in any event within 45 days after the end of each such month, a copy of the Standard Financial Report for such month;
- (b) as promptly as practicable, but in any event at least 60 days prior to the commencement of each fiscal year of the Company, a copy of the proposed annual budget for the Company and its Subsidiaries which, for greater certainty, is consistent in terms of level of detail with the Company's proposed annual budget in prior fiscal years and which shall include a reasonably detailed capital expenditure budget and operating budget for the Company;
- (c) immediately following receipt thereof, a copy of any notice, letter, correspondence or other communication from a Governmental Authority or any litigation proceedings or filings involving the Company, in each case, in respect of the Company's potential, actual or alleged violation of any and all Laws applicable to the business, affairs and operations of the Company and its Subsidiaries anywhere in the world, and any responses by the Company in respect thereto;
- (d) immediately following delivery to the Company, any and all internal reports, consulting reports, audit reports or other reports (whether prepared internally or by third parties) related to any review, consideration or evaluation of the effectiveness of the Company's internal compliance programs and processes and controls related thereto;

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- (e) any information relating to material transactions or material expenditures of the Company; and
 - (f) such other financial and business information relating to the Company as CBG may reasonably request from the Company from time to time, including: audited and unaudited financial and other information required for the preparation of selected and summary financial data and *pro forma* financial information regarding the business of the Company for all periods required by applicable provisions of Regulations S-X and S-K promulgated under the *Securities Act of 1933*, as amended, and the *Securities Exchange Act of 1934*, as amended, and the rules and regulations thereunder and shall provide such management representation letters and shall cause the Company's outside independent public accountants to deliver such consents and comfort as are customary under applicable accounting standards, as promptly as reasonably practicable, but in no event later than 45 days after receipt of a request by CBG therefor. CBG shall be responsible for the costs and expenses incurred in the connection with such preparation, review and audit. The Company agrees that CBG may use, and the Company shall deliver such consents and shall authorize the Company's outside independent public accountants to deliver such consents as may reasonably be requested by CBG for the use of, the financial and other information provided pursuant to this Section 4.2(f), or any other financial information provided by the Company to CBG specifically for the following purposes: in any registration statement, prospectus, offering memorandum, Form 8-K or other public filing, at any time on and after the date of this Agreement.

4.3 Inspection Rights

During the term of this Agreement, the Company shall provide CBG, its designees and its representatives with reasonable access upon reasonable notice during normal business hours, to the Company's and its Subsidiaries' books and records and executive management so that CBG may conduct reasonable inspections, investigations and audits relating to the information provided by the Company pursuant to this Article 4, as well as to the internal accounting controls and operations of the Company and its Subsidiaries.

4.4 Maintenance of Internal Controls

The Company shall, and shall cause each of its Subsidiaries to: (a) make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and such Subsidiaries; and (b) devise and maintain a system of internal controls over financial reporting sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary: (A) to permit preparation of financial statements in conformity with IFRS or any other criteria applicable to such statements and (B) to maintain accountability for assets.

4.5 Confidentiality

Subject to any rights granted pursuant to any of the Transaction Agreements:

- (a) the Recipient (in the case of the CBG Group) shall not use Confidential Information for any purpose other than:
 - (i) to monitor, oversee and make decisions with respect to the CBG Group's investment in the Company (including advising the CBG Group and its outside advisors on its investment in the Company);
 - (ii) to comply with CBG's and GCILP's obligations under this Agreement;
 - (iii) to exercise any of CBG's or GCILP's rights under this Agreement;
 - (iv) in connection with the Company's financial and reporting obligations; and
 - (v) to collaborate with the Company,(collectively, the "**Purpose**").
- (b) the Recipient shall hold the Confidential Information in confidence, and shall not disclose the Confidential Information to third parties without the prior written consent of the Discloser. The Recipient shall restrict disclosure of the Confidential Information to its and its Affiliates' directors, officers, employees and Representatives who have a need to know the Confidential Information for the Purpose;
- (c) notwithstanding anything in this Section 4.5 to the contrary, no consent of the Discloser shall be required for the Recipient to disclose Confidential Information of the Discloser if such disclosure is required by Applicable Law, including, for greater certainty, the rules of any stock exchange upon which securities of the Recipient or any of its Affiliates are traded, provided that the Recipient shall use commercially reasonable efforts to give prior written notice to the Discloser and a reasonable opportunity for the Discloser to review and comment on the requisite disclosure before it is made. Further, in the event the Recipient is requested or required (including by interrogatories, subpoena or similar process) to disclose any Confidential Information of the Discloser, the Recipient shall provide the Discloser with prompt written notice of such request (if legally permitted) so the Discloser may consider whether it wishes to seek an appropriate protective order. In the absence of a protective order, the Recipient shall disclose only such Confidential Information as is legally required and shall use commercially reasonable efforts to ensure the confidentiality of any such Confidential Information that is disclosed; and
- (d) each Party's obligations under this Section 4.5 shall survive for a period of two years following the date of termination of this Agreement; provided, however, that each Party's obligations with respect to any Confidential Information that constitutes a trade secret shall continue until such Confidential Information no longer constitutes a trade secret under Applicable Law.

4.6 Privilege

The provision of any information pursuant to this Article 4 shall not be deemed a waiver of any privilege, including privileges arising under or related to the attorney-client privilege or any other applicable privileges (a “**Privilege**”).

ARTICLE 5 COVENANTS

5.1 Covenants of the Company

- (a) During the term of this Agreement, the Company hereby covenants and agrees as follows:
 - (i) the Company shall comply with:
 - (A) all Applicable Laws (other than Applicable Laws of the United States) in all material respects, including, to the extent applicable, the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws (other than Laws applicable to the United States) relating to Cannabis which are applicable to the Company’s business, affairs and operations, and, including for greater certainty, the rules of the TSX, the NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities; and
 - (B) all Applicable Laws of the United States in all respects, including, to the extent applicable, the Controlled Substances Act and all other Laws relating to Cannabis which are applicable to the Company’s business, affairs and operations in the United States, and, including for greater certainty, the rules of the TSX, the NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities;
 - (ii) the Company shall only carry on any business, affairs or operations or maintain any activities in Canada and other markets to the extent such business, affairs and operations are lawful in such markets or become lawful in such markets after the date hereof;
 - (iii) the Company shall deliver to CBG, as promptly as practicable, but in any event no later than 15 days after the end of each month, a compliance certificate executed by a senior officer of the Company, in the form attached to this Agreement as Schedule B;

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- (iv) the Company shall comply in all respects with its internal compliance programs designed to detect and prevent violations of any Applicable Laws related to the Cannabis industry and shall periodically review and update its internal compliance programs to account for any changes in Laws applicable to the Company's business, affairs or operations;
 - (v) the Company shall, on at least a quarterly basis, require and supervise internal personnel and third party consultants to perform routine audits to test the effectiveness of the Company's internal compliance programs and processes and controls related thereto;
 - (vi) the Company shall promptly notify and consult CBG in connection with: (i) any and all matters relating to any potential, actual or alleged violation of, or non-compliance with, Laws applicable to the United States; (ii) any and all material matters relating to any violations of, or non-compliance with, any Laws other than Laws applicable to the United States; and (iii) any and all matters relating to any violations of, or non-compliance with, any Laws other than Laws applicable to the United States which could reasonably be expected to result in fines or penalties against the Company or otherwise result in a material adverse effect on the Company's business, affairs and operations, and, for greater certainty, consultation for these purposes shall include the right of CBG to participate in all decisions to be made by the Company relating to whether purported or alleged violations or instances of non-compliance will be challenged and how such violations or instances of non-compliance will be remediated, provided that, for greater certainty, the Company shall make all such decisions in its discretion, acting reasonably, after having received any input provided by CBG in a timely fashion;
 - (vii) the Company shall provide and continue to provide sufficient training to employees responsible for the Company's internal compliance programs, including informing them of all Applicable Laws, including, to the extent applicable, the Controlled Substances Act, the CDSA, the Cannabis Act, if in force at the applicable time, any and all Laws prescribed by and in respect of the ACMPR and all other Laws relating to the Cannabis industry which are applicable to the Company's business, affairs and operations, and any changes thereto;
 - (viii) the Company shall, on at least an annual basis, provide CBG with a list of employees and third party consultants responsible for the Company's internal compliance programs and processes and controls related thereto, including details regarding the qualifications of such employees and third party consultants and, if requested by CBG, such further information as may be reasonably requested by CBG from time to time to demonstrate that such employees are properly trained and fully familiar with: (i) the Laws relating to the Cannabis industry which are applicable to the Company's business, affairs and operations; and (ii) the Company's internal compliance programs and processes and controls related thereto, in each case, so as to permit CBG to demonstrate due diligence and compliance with its obligations under Applicable Law in the United States;

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- (ix) upon receipt by the Company of a written notice from CBG advising the Company that: (i) the CBG Group has determined based on information not available to it as at the date of this Agreement that holding an investment in the Company could reasonably be expected to trigger a violation of, or any liability, other than any liability arising from obligations required to be performed by the CBG Group under this Agreement or the Subscription Agreement, to the CBG Group under, Applicable Law (which, for greater certainty, shall include any Laws applicable to the United States); and (ii) as a result of such determination, the CBG Group wishes to sell all of the Common Shares beneficially owned by the CBG Group on the TSX, NYSE or such other stock exchange, marketplace or trading market on which the Common Shares are listed or traded at such time, then, as soon as practicable, and no later than 9:00 a.m. (Smiths Falls time) on the fifteenth (15th) day following receipt by the Company of the written notice from CBG outlining the basis upon which CBG has reached the above referenced determination, the Company shall, through a press release or other publicly filed document (the “**Cleansing Document**”), make the Cleansing Announcement, including filing a copy of the Cleansing Document on the System for Electronic Document Analysis and Retrieval;
- (x) the head office of the Company shall be located in Smiths Falls, Ontario, unless otherwise approved by unanimous resolution of the Board; and
- (xi) for so long as the CBG Group continues to hold at least the Target Number of Shares, the Company shall not implement or adopt any shareholder rights plan without the prior written consent of CBG.
- (b) The Company hereby grants to the CBG Group, effective upon the termination of this Agreement, a limited, non-exclusive, worldwide, royalty-bearing, perpetual, non-revocable and irrevocable license granting all of the rights contemplated by Section 7.1 of the Commercialization Agreement (as in effect prior to its termination), provided that the definition of “Company IP” in Section 1.1 thereof shall be replaced in its entirety with:
- “**Company IP**” means (a) any and all Intellectual Property (i) owned or Controlled by the Company or any of its Affiliates as of November 2, 2017 or (ii) made, conceived, developed, acquired, created or reduced to practice by or for the Company or any of its Affiliates between November 2, 2017 and the date of termination or expiration of this Agreement, whether independently or in collaboration with a Third Party or with GCILP pursuant to Article 2 of this Agreement, in each case, under the foregoing clauses (i) and (ii), that is necessary or useful to Commercialize Beverage Products (collectively, the “**Company Background IP**”) or (b) GCILP Improvements made to the Company Background IP by any member of the GCILP Group between November 2, 2017 and the termination or expiration of this Agreement; provided, however, all Company Trademarks and GCILP Group Trademarks shall be excluded from the definition of Company IP.”.

5.2 Covenants of CBG

- (a) For a period commencing on the date of this Agreement and ending on the earlier of (A) the date on which all Warrants have been exercised by CBG, and (B) the expiry or termination of the Warrants, the CBG Group shall not, directly or indirectly, acquire Common Shares: (i) on the TSX, the NYSE or any other stock exchange, marketplace or trading market on which the Common Shares are then listed; or (ii) through private agreement transactions with existing holders of Common Shares. For greater certainty, nothing in this Section 5.2(a) shall in any way prevent or restrict CBG from making a take-over bid or tender offer in respect of the Company in accordance with applicable Securities Laws, provided that for a period commencing on the date of this Agreement and ending nine months thereafter, CBG shall not, and shall cause the CBG Group not to, make a take-over bid or tender offer in respect of the Company for a price per Common Share of less than \$54.00.
- (b) CBG hereby acknowledges and agrees that it is aware that applicable Securities Laws prohibit any Person who has material non-public information concerning the Company or a proposed transaction involving the Company from purchasing or selling securities of the Company or from communicating such information to any other Person, and CBG covenants to comply, at all times, with such applicable Securities Laws.
- (c) For a period commencing on the date of this Agreement and ending on the termination or expiration of this Agreement, the CBG Group shall not, without the consent of the Board, engage in any lending or short selling of Common Shares or trading involving the use of equity equivalent derivatives in respect of Common Shares.

5.3 Cannabis Business

- (a) For so long as the CBG Group holds at least the Target Number of Shares:
 - (i) CBG Group will use the Company as its exclusive strategic vehicle for the development, manufacture, commercialization, sale and distribution of Cannabis products of any kind anywhere in the world; and
 - (ii) CBG will, and will cause the CBG Group to present exclusively to the Company all Cannabis Opportunities that, in the reasonable determination of CBG, fit within the long-term business and strategic objectives of the Company and that have been made available to the CBG Group.
- (b) Until the latest of: (i) the date the CBG Group no longer holds at least the Target Number of Shares, (ii) the date that is 12 months following a Cleansing Date if the Cleansing Document was filed as a result of a change in Applicable Law (and not, for certainty, in respect of, in connection with or as a result of a violation or contravention of Applicable Law by the Company), and (iii) the date that is the earlier of (A) 12 months following the date of termination of this Agreement and (B) the date on which the CBG Group ceases to beneficially own any Common Shares or Convertible Securities, CBG will, and will cause the CBG Group to:
 - (i) not pursue any such Cannabis Opportunities on its own behalf and for its own benefit without the Company's prior consent;

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- (ii) not, directly or indirectly, in any capacity whatsoever, participate or engage directly or indirectly in a Competing Business anywhere in the world;
 - (iii) permit its name or any trade name, trade mark or other branding owned or controlled by it to be used in connection with any Competing Business;
 - (iv) not enter into any type of developmental, strategic, marketing, manufacturing, commercialization, sale or distribution relationship with respect to Cannabis products anywhere in the world with any Person (other than the Company and/or one or more of the Company's Subsidiaries); and
 - (v) not invest in, own or acquire any part of, lend to or provide any other form of financial or commercial assistance or guarantee to any Competing Business.

Notwithstanding any provision of this Agreement to the contrary, nothing contained in this Agreement shall (1) restrict in any way the CBG Group's ability to engage and/or direct lobbyists, and/or undertake activities relating to governmental and regulatory affairs and relations, and activities relating to environmental, social, corporate governance and corporate social responsibility matters, or (2) prohibit the CBG Group from acquiring or owning:

- (x) 5% or less of the equity or debt securities of any Person whose securities are traded on any stock exchange, securities exchange, marketplace or trading market provided that (I) such acquisition is in the nature of a portfolio investment undertaken in connection with asset management activities and which is not part of an investment strategy directed at acquiring and holding direct investments in Competing Businesses, (II) CBG Group's investment is in the nature of a passive investment, and (III) in respect of such acquisition, CBG does not have board representation, board observer rights or other approval, veto or information rights;
- (y) any business so long as 10% or less of the total annual revenue attributable to such business as of the date such business is acquired by the CBG Group relates to a Competing Business; or
- (z) any business (in this paragraph, the "**Acquired Business**"): (A) the primary purpose of which is neither the sale of Cannabis nor Cannabis-related products, and (B) in respect of which more than 10% of the total annual revenue attributable to the Acquired Business as of the date the Acquired Business is acquired by the CBG Group relates to a Competing Business, so long as the applicable CBG Group member negotiates in good faith with the Company the sale of the Acquired Business' Competing Business to the Company (whether or not any such sale is consummated),

(collectively, “**Permitted Exceptions**”).

For purposes of this Section 5.3, “**Competing Business**” means a business that is substantially similar to or directly and materially competitive with the business carried on by the Company.

ARTICLE 6

TERMINATION; SURVIVAL

6.1 Termination

Subject to Section 6.2, the term of this Agreement shall commence on the date hereof and shall continue in force until the earliest to occur of:

- (a) the date on which the CBG Group holds less than 33,000,000 Common Shares;
- (b) the date on which this Agreement is terminated by the mutual consent of the Parties;
- (c) in the event of a Claim brought by the Company, a court of competent jurisdiction having finally determined (after CBG or GCILP, as the case may be, having had a reasonable opportunity to cure such breach, after prior written notice of such breach by the Company and all appeal rights having expired or all time periods for appeal having expired without appeals having been taken) that CBG or GCILP has breached Section 4.5, 5.2(a) or 5.3 of this Agreement, and such breach constitutes a material breach of this Agreement, and, as a consequence of such breach, ordered the termination of this Agreement;
- (d) in the event of a Claim brought by a member of the CBG Group, a court of competent jurisdiction having finally determined (after the Company having had a reasonable opportunity to cure such breach, after prior written notice of such breach by CBG and all appeal rights having expired or all time periods for appeal having expired without appeals having been taken) that the Company has breached Article 2, Article 3, Article 4 or Section 5.1 of this Agreement, and such breach constitutes a material breach of this Agreement, and, as a consequence of such breach, ordered the termination of this Agreement;
- (e) by the Company by notice to CBG if at any time (A) the CBG Group no longer holds at least the Target Number of Shares, (B) the provisions of Section 5.3(b) do not then apply to restrict the business or activities of the CBG Group, and (C) the CBG Group has engaged in the conduct (other than Permitted Exceptions) referred to in clauses (i) to (v) of Section 5.3(b) for a period of at least 30 consecutive days following receipt by CBG of a notification from the Company of the CBG Group’s having engaged in such conduct.

6.2 Survival

Notwithstanding Section 6.1 of this Agreement, Section 4.5, Section 5.1(b), Section 5.2(a), Section 5.2(b), Section 5.3(b), this Section 6.2, Article 7 and the indemnification provided for under Article 3 of Schedule A shall survive the expiration or other termination of this Agreement and shall remain in full force and effect, provided, however, that Section 5.3(b) shall not survive the termination of this Agreement pursuant to Section 6.1(d).

ARTICLE 7
GENERAL PROVISIONS

7.1 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein irrespective of the choice of Laws principles.

7.2 Notices

All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 7.2):

if to CBG or GCILP:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564
Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8
Attention: Emmanuel Pressman and James R. Brown

if to the Company:

1 Hershey Drive
Smiths Falls, Ontario K7A 0A8
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

LaBarge Weinstein LLP
515 Legget Drive, Suite 800
Ottawa, Ontario K2K 3G4
Attention: Deborah Weinstein

7.3 Expenses

Except as otherwise specifically provided in this Agreement, each Party shall bear any costs and expenses incurred in connection with exercising its rights and performing its obligations under this Agreement.

7.4 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Applicable Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

7.5 Entire Agreement

This Agreement (including the Schedules hereto), the Subscription Agreement and any Ancillary Agreements constitute the entire agreement of the Parties with respect to the subject matter of this Agreement and supersede all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matter of this Agreement.

7.6 Assignment; No Third-Party Beneficiaries

- (a) Any member of the CBG Group (including, for greater certainty, CBG) may assign this Agreement to any other member of the CBG Group, including any member to whom Common Shares are transferred (whereupon such transferee shall be deemed to become a Holder in respect of such Common Shares), provided, however that such transferor must remain party hereto in respect of any Common Shares, as applicable, remaining held by it. Except as aforesaid, this Agreement shall not be assigned by any Party hereto without the prior written consent of the other Party.
- (b) Except as provided in Article 3 of Schedule A with respect to indemnification, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.7 Amendment; Waiver

No provision of this Agreement may be amended or modified except by a written instrument signed by all the Parties. No waiver by any Party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by either Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

7.8 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

7.9 Rules of Construction

Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs and Schedules to this Agreement unless otherwise specified; (c) the word “including” and words of similar import shall mean “including, without limitation,”; (d) provisions shall apply, when appropriate, to successive events and transactions; (e) the headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (f) a reference to a statute includes all regulations and rules made pursuant to the statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule; and (g) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

7.10 Currency

All references in this Agreement to “dollars” or “\$” are expressed in Canadian currency, unless otherwise specifically indicated.

7.11 Further Assurances

Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties may reasonably require from time to time for the purpose of giving effect to the Transaction Agreements and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of the Transaction Agreements.

7.12 Public Disclosure

The Company shall provide prior notice to CBG of any public disclosure that it proposes to make which includes the name of any member of the CBG Group, together with a draft copy of such disclosure; provided that, except as required by Applicable Law, in no circumstance shall any public disclosure of the Company or any of its Affiliates include the name of any member of the CBG Group without CBG's prior written consent, in its sole discretion. The foregoing requirements shall not apply in respect of any public disclosure naming a member of the CBG Group using language previously approved by CBG in writing within the same fiscal year.

7.13 Counterparts

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above.

CBG HOLDINGS LLC

By: _____
Name:
Title:

**GREENSTAR CANADA INVESTMENT LIMITED
PARTNERSHIP, by its general partner, GREENSTAR
CANADA INVESTMENT CORPORATION**

By: _____
Name:
Title:

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

Amended and Restated Investor Rights Agreement

SCHEDULE A
REGISTRATION RIGHTS

1. Definitions

For purposes of this Schedule A:

“**bought deal**” means a public offering of securities as described in the definition of “bought deal agreement” in Section 7.1 of National Instrument 44-101 – *Short Form Prospectus Distributions*;

“**Demand Notice**” has the meaning ascribed thereto in Section 2.1(a);

“**Demand Registration**” has the meaning ascribed thereto in Section 2.1(a);

“**Distribution**” means a distribution of Common Shares to the public by way of a Prospectus under Securities Laws in one or more of the Qualifying Provinces or a Registration Statement in the United States, excluding any distribution of Common Shares relating to: (a) employee benefit plans, equity incentive plans or dividend reinvestment plans; or (b) the acquisition or merger after the date hereof by the Company or any of its Subsidiaries of or with any other businesses;

“**Holder’s Expenses**” has the meaning ascribed thereto in Section 2.5;

“**Indemnified Party**” has the meaning ascribed thereto in Section 3.4;

“**Indemnifying Party**” has the meaning ascribed thereto in Section 3.4;

“**Minimum Price**” has the meaning ascribed thereto in Section 2.1(f);

“**Piggy-Back Notice**” has the meaning ascribed thereto in Section 2.2;

“**Piggy-Back Registration**” has the meaning ascribed thereto in Section 2.2;

“**Prospectus**” means a “prospectus”, as such term is used in National Instrument 41-101 – *General Prospectus Requirements*, including all amendments and supplements thereto;

“**Qualifying Provinces**” means, collectively, all of the Provinces of Canada except Québec;

“**Registrable Securities**” means: (a) any Common Shares held by the Holder; (b) any Common Shares issuable upon the exercise, conversion or exchange of any of the Company’s securities, in each case, to the extent exercisable, convertible or exchangeable, held by the Holder, and (c) all Common Shares directly or indirectly issued or issuable with respect to the securities referred to in paragraphs (a) and (b) above by way of share dividend or share split or in connection with a share consolidation, recapitalization, merger, amalgamation, arrangement or other similar transaction with respect to the Common Shares;

“**Registration Statement**” means a registration statement filed with the SEC pursuant to the U.S. Securities Act;

“**SEC**” means the U.S. Securities and Exchange Commission;

“**Securities Act**” means the *Securities Act* (Ontario), and any successor to such statute, as it may, from time to time, be amended and in effect;

“**Securities Regulators**” means, collectively, the securities commissions or other securities regulatory authorities in each of the Qualifying Provinces;

“**Shares**” means the Common Shares and any other shares in the capital of the Company;

“**underwriter**” and all terms which are derivatives thereof shall be deemed to include “best efforts agent” and all terms which are derivatives thereof, as appropriate;

“**U.S. Prospectus**” means the prospectus forming a part of the Registration Statement;

“**U.S. Securities Act**” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**Underwriters’ Cutback**” has the meaning ascribed thereto in Section 2.3(a); and

“**Valid Business Reason**” has the meaning ascribed thereto in Section 2.1(c)(iii).

2. Registration Rights

2.1 Demand Registration Rights

- (a) During the term of this Agreement, at any time and from time to time from and after the date hereof, the Holder may, subject to the limitations of this Article 2, require the Company to file a Prospectus under applicable Securities Laws and/or a Registration Statement under the U.S. Securities Act and take such other steps as may be necessary to facilitate a secondary offering in one or more of the Qualifying Provinces and/or the United States of all or any portion of the Registrable Securities held by the Holder (a “**Demand Registration**”), by giving written notice of such Demand Registration to the Company (the “**Demand Notice**”); provided, however, that, subject to Sections 2.3 and 2.4, if the Holder delivers a Demand Registration pursuant to this Section 2.1 to sell more than 33% of its Registrable Securities, then the Company shall, in its sole discretion, have the right to require the sale by the Holder of all of its Registrable Securities pursuant to such Demand Registration.
- (b) The Company shall, subject to the limitations of this Article 2 and applicable Securities Laws, use commercially reasonable efforts to as expeditiously as reasonably practicable, but in any event no more than 45 days after the Company’s receipt of the Demand Notice, prepare and file a preliminary Prospectus under applicable Securities Laws and/or a Registration Statement under the U.S. Securities Act, as applicable, and promptly thereafter take such other steps as may be necessary in order to effect the Distribution in one or more of the Qualifying Provinces of all or any portion (as may be reduced pursuant to Section 2.3) of the Registrable Securities of the Holder requested to be included in such Demand Registration. The Parties shall cooperate in a timely manner in connection with any such Distribution and the procedures set forth in Section 2.6 shall apply to such Distribution.

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- (c) The Company shall not be obliged to effect a Demand Registration:
- (i) within a period of three months after the date of completion of a previous Demand Registration;
 - (ii) during a regularly scheduled black-out period in which insiders of the Company are restricted from trading in securities of the Company under the insider trading policy or any other applicable policy of the Company; or
 - (iii) in the event the Board reasonably determines in its good faith judgment that either: (A) the effect of the filing of a Prospectus or a Registration Statement, as applicable, would impede the ability of the Company to consummate a pending or proposed material financing, acquisition, corporate reorganization, merger or other material transaction involving the Company or would have a material adverse effect on the business of the Company and its Subsidiaries (taken as a whole); or (B) there exists at the time material non-public information relating to the Company the disclosure of which would be detrimental to the Company (each of (A) and (B) being, a “**Valid Business Reason**”), then in either case, the Company’s obligations under this Section 2.1 shall be deferred for a period of not more than 90 days from the date of receipt of the Demand Notice; provided, however, that (i) the Company shall give written notice to the Holder: (x) of its determination to postpone filing of the Prospectus and/or Registration Statement, as applicable, and, subject to compliance by the Company with applicable Securities Laws, of the facts giving rise to the Valid Business Reason and (y) of the time at which it determines the Valid Business Reason to no longer exist; and (ii) the Company shall not qualify or register any securities offered by the Company for its own account during such period,

provided, however, that if the Holder provides notice to the Company advising the Company that the CBG Group has determined based on information not available to it as at the date of this Agreement that holding an investment in the Company could reasonably be expected to trigger a violation of, or any liability, other than any liability arising from obligations required to be performed by the CBG Group under this Agreement or the Subscription Agreement, to the CBG Group under, Applicable Law (which, for greater certainty, shall include any Laws applicable to the United States), or could otherwise be reasonably expected to have an adverse effect on the CBG Group or any of its businesses, which notice outlines the basis upon which the CBG Group has reached the above referenced determination, then the Holder shall have the immediate right to exercise a Demand Registration pursuant to this Section 2.1 and to sell all of its Registrable Securities without any of the limitations or constraints on the Holder set forth in this Section 2.1; provided that in the event the Board reasonably determines in its good faith judgment that there is a Valid Business Reason, then the Company’s obligations under this Section 2.1 shall be deferred for a period of not more than 15 days from the date of receipt of such notice from the Holder; provided, however, that (i) the Company shall give written notice to the Holder: (x) of its determination to postpone filing of the Prospectus and/or the Registration Statement, as applicable, and, subject to compliance by the Company with applicable Securities Laws, of the facts giving rise to the Valid Business Reason and (y) of the time within such 15 day period at which it determines the Valid Business Reason to no longer exist; and (ii) the Company shall not qualify or register any securities offered by the Company for its own account during such 15 day period.

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- (d) A Demand Notice shall:
- (i) specify the number of Registrable Securities that the Holder intends to offer and sell;
 - (ii) express the intention of the Holder to offer or cause the offering of such Registrable Securities;
 - (iii) describe the nature or methods of the proposed offer and sale thereof, the Qualifying Provinces in which such offer will be made, and whether such offer will be made in the United States;
 - (iv) contain the undertaking of the Holder to provide all such information regarding its holdings and the proposed manner of distribution thereof as may be required in order to permit the Company to comply with all Securities Laws; and
 - (v) specify whether such offer and sale will be made by an underwritten offering.
- (e) In the case of an underwritten public offering initiated pursuant to this Section 2.1, the Company shall have the right to select the managing underwriter or underwriters to effect the Distribution in connection with such Demand Registration, provided, however, that such selection shall also be satisfactory to the Holder, acting reasonably. The Company shall have the right to retain counsel of its choice to assist it in fulfilling its obligations under this Article 2.
- (f) The Company shall be entitled to include Common Shares which are not Registrable Securities in any Demand Registration. Notwithstanding the foregoing, if the managing underwriter or underwriters shall impose a limitation on the number or kind of securities which may be included in any such Distribution because, in its reasonable judgment, the inclusion of securities requested to be included in such offering exceeds the number of securities which can be sold in an orderly manner in such offering within a price range reasonably acceptable to the Holder (the “**Minimum Price**”), then the Holder shall be obligated to include in such Distribution such portion of the Common Shares that have been requested to be included in such Distribution as is determined in good faith by such managing underwriter or underwriters in the priority provided for in Section 2.3(a).
- (g) In the case of an underwritten Demand Registration, the Holder and its representatives may participate in the negotiation of the terms of any underwriting agreement. Such participation in, and the Company’s completion of, the underwritten Demand Registration is conditional upon each of the Holder and the Company agreeing that the terms of any underwriting agreement are satisfactory to it, in its reasonable discretion.

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- (h) The Company shall not sell, offer to sell, announce any intention to sell, grant any option for the sale of, or otherwise dispose of any Shares or securities convertible into Shares other than pursuant to the Share Incentive Plan and any other Convertible Securities outstanding as of the date of this Agreement, or acquire securities of the Company, whether for its own account or for the account of another securityholder, from the date of a Demand Notice until the date of the closing of the sale of the Registrable Securities in accordance with a Demand Registration (unless the Holder withdraws its request for qualification of its Registrable Securities pursuant to such Demand Registration in accordance with Section 2.4(a)).

2.2 Piggy-Back Registration Rights

During the term of this Agreement, if, at any time and from time to time from and after the date hereof, the Company proposes to make a Distribution for its own account, the Company shall, at that time, promptly give the Holder written notice (the “**Piggy-Back Notice**”) of the proposed Distribution. Upon the written request of the Holder to the Company given within five Business Days after receipt of the Piggy-Back Notice that the Holder wishes to include a specified number of the Registrable Securities in the Distribution, the Company shall cause the Registrable Securities requested to be qualified or registered, as applicable, by the Holder to be included in the Distribution (a “**Piggy-Back Registration**”), and the procedures set forth in Section 2.6 shall apply. Subject to Sections 2.3 and 2.4, if the Holder exercises its right pursuant to this Section 2.2 to sell more than 33% of its Registrable Securities, then the Company shall, in its sole discretion, have the right to require the sale by the Holder of all of its Registrable Securities pursuant to such Piggy-Back Registration.

2.3 Underwriters’ Cutback

- (a) If, in connection with a Demand Registration or a Piggy-Back Registration, the managing underwriter or underwriters shall impose a limitation on the number or kind of securities which may be included in any such Distribution because, in its reasonable judgment, the inclusion of securities requested to be included in such offering exceeds the number of securities which can be sold in an orderly manner in such offering within the Minimum Price (an “**Underwriters’ Cutback**”), then the Company shall be obligated to include in such Distribution such securities as is determined in good faith by such managing underwriter or underwriters in the following priority:
- (i) first, such Registrable Securities requested to be qualified by the Holder; and
 - (ii) second, if there are any additional securities that may be underwritten at no less than the Minimum Price after allowing for the inclusion of all of the Registrable Securities required under (i) above, such additional securities offered by the Company for its own account, provided that, if any additional securities requested to be qualified by the Company are not otherwise included in the Distribution, such additional securities that are not so included will be included in an over-allotment option which will be granted to the underwriters in connection with such Distribution for such amount of additional securities requested to be qualified by the Company that were not otherwise included in such Distribution.

2.4 Withdrawal of Registrable Securities

- (a) The Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Demand Registration or Piggy-Back Registration pursuant to Section 2.1 or Section 2.2 by giving written notice to the Company of its request to withdraw; provided, however, that:
 - (i) such request shall be made in writing prior to the execution of the enforceable bought deal letter or underwriting agreement with respect to such Distribution; and
 - (ii) such withdrawal shall be irrevocable and, after making such withdrawal, the Holder shall no longer have any right to include its Registrable Securities in the Distribution pertaining to which such withdrawal was made.
- (b) Provided that the Holder withdraws all of its Registrable Securities from a Demand Registration or a Piggy-Back Registration in accordance with Section 2.4(a) prior to the filing of a preliminary Prospectus or a Registration Statement, the Holder shall be deemed to not have participated in or requested such Demand Registration or a Piggy-Back Registration, as applicable.
- (c) Notwithstanding Section 2.4(a)(i), if the Holder withdraws its request for inclusion of its Registrable Securities from a Demand Registration or Piggy-Back Registration at any time after having learned of a material adverse change in the condition, business or prospects of the Company, the Holder shall not be deemed to have participated in or requested such Demand Registration or Piggy-Back Registration.
- (d) Notwithstanding the foregoing, if the Company postpones the filing of a Prospectus or a Registration Statement pursuant to Section 2.1(c)(iii) and if the Holder, at any time prior to receiving written notice that the Valid Business Reason for such postponement no longer exists, advises the Company in writing that it has determined to withdraw its request for a Demand Registration, then such Demand Registration and the request therefor shall be deemed to be withdrawn and such request shall be deemed not to have been made for purposes of determining whether the Holder exercised its right to a Demand Registration.

2.5 Expenses

All expenses (other than (a) fees and disbursements of legal counsel to the Holder; and (b) underwriters' discounts and commissions, if any, which shall be borne by the Holder (the "**Holder's Expenses**")), incurred in connection with a Demand Registration or Piggy-Back Registration pursuant to Section 2.1 or Section 2.2, as applicable, including, (i) Securities Regulators, SEC, FINRA, and stock exchange registration, listing and filing fees relating to the

Registrable Securities, (ii) fees and expenses of compliance with Securities Laws and the U.S. Securities Act, (iii) printing and copying expenses, (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show and marketing activities, (vi) fees and disbursements of counsel to the Company, (vii) fees and disbursements of all independent public accountants (including the expenses of any audit and/or “comfort” letter) and fees and expenses of any other special experts retained by the Company, (viii) translation expenses, and (ix) any other fees and disbursements of underwriters customarily paid by issuers or sellers of securities (but excluding the Holder’s Expenses), shall be borne by the Company; provided, however, that the Holder shall be required to reimburse the Company for any reasonable out-of-pocket expenses incurred by the Company in connection with a Demand Registration if the Demand Registration is subsequently withdrawn at the request of the Holder, unless the Holder withdraws such request after having learned of a material adverse change in the condition, business or prospects of the Company which is unknown to the Holder at the time of its request for a Demand Registration.

2.6 Registration Procedures

- (a) In connection with the Demand Registration and Piggy-Back Registration obligations pursuant to Sections 2.1 and 2.2, the Company shall use commercially reasonable efforts to effect the qualification and/or registration, as applicable, for the offer and sale or other disposition or Distribution of Registrable Securities of the Holder in one or more of the Qualifying Provinces and/or the United States, as directed by the Holder, and in furtherance thereof, the Company shall as expeditiously as possible:
 - (i) but in any event within 45 days after the Company’s receipt of the Demand Notice, prepare and file in the English language with the Securities Regulators a preliminary Prospectus and/or with the SEC a Registration Statement, as applicable, and, promptly thereafter, a final Prospectus under and in compliance with the applicable Securities Laws, relating to the applicable Demand Registration or Piggy-Back Registration, including all exhibits, financial statements and such other related documents required by the Securities Regulators and the SEC to be filed therewith, and use its commercially reasonable efforts to cause such Prospectus to be receipted and/or such Registration Statement to be declared effective by the SEC; and the Company shall furnish to the Holder and the managing underwriters or underwriters, if any, copies of such preliminary Prospectus and final Prospectus and/or Registration Statement, as applicable, and any amendments or supplements in the form filed with the Securities Regulators or the SEC, promptly after the filing of such preliminary Prospectus and final Prospectus and/or such Registration Statement and the preliminary and final U.S. Prospectus, and any amendments or supplements thereto;
 - (ii) prepare and file with the Securities Regulators and/or the SEC such amendments and supplements to the preliminary Prospectus and final Prospectus and/or the Registration Statement, as applicable, as may be necessary to complete the Distribution of all such Registrable Securities and as required under the Securities Act and the U.S. Securities Act or under any applicable provisions of Securities Laws and the U.S. Securities Act;

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- (iii) notify the Holder and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing, as soon as practicable after notice thereof is received by the Company: (A) when the preliminary Prospectus and final Prospectus and/or the Registration Statement, as applicable, or any amendment thereto has been filed or been receipted or declared effective, and furnish to the Holder and managing underwriter or underwriters, if any, copies thereof, (B) of any request by the Securities Regulators or the SEC for amendments to the preliminary Prospectus or the final Prospectus or the Registration Statement or for additional information; (C) of the issuance by the Securities Regulators or the SEC of any stop order or cease trade order relating to the Prospectus or the Registration Statement or any order preventing or suspending the use of any preliminary Prospectus or final Prospectus or the Registration Statement or the initiation or threatening of any proceedings for such purposes; and (D) of the receipt by the Company of any notification with respect to the suspension of the qualification or registration of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;
 - (iv) promptly notify the Holder and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the preliminary Prospectus or final Prospectus or the Registration Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement therein (in the case of the preliminary Prospectus or final Prospectus in light of the circumstances under which they were made) when such preliminary Prospectus or final Prospectus was delivered or the Registration Statement was declared effective by the SEC not misleading, fails to constitute full, true and plain disclosure of all material facts regarding the Registrable Securities when such preliminary Prospectus or final Prospectus was delivered or the Registration Statement was declared effective by the SEC or if for any other reason it shall be necessary during such time period to amend or supplement the preliminary Prospectus or the final Prospectus or the Registration Statement in order to comply with Securities Laws or the U.S. Securities Act and, in either case, as promptly as practicable, prepare and file with the Securities Regulators and/or the SEC, as applicable, and furnish to the Holder and the managing underwriter or underwriters, if any, a supplement or amendment to such preliminary Prospectus or final Prospectus or the Registration Statement which shall correct such statement or omission or effect such compliance;
 - (v) use commercially reasonable efforts to obtain the withdrawal of any stop order, cease trade order or other order against the Company or affecting the securities of the Company suspending the use of any preliminary Prospectus or final Prospectus or the Registration Statement or suspending the qualification or registration of any Registrable Securities covered by such Prospectus or Registration Statement, or the initiation or the threatening of any proceedings for such purposes;

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- (vi) furnish to the Holder and each underwriter or underwriters, if any, without charge, one executed copy and as many conformed copies as they may reasonably request, of the preliminary Prospectus and final Prospectus and/or the Registration Statement and preliminary U.S. Prospectus and final U.S. Prospectus, as applicable, including financial statements and schedules and all documents incorporated therein by reference, and provide the Holder and its counsel with a reasonable opportunity to review and provide comments to the Company on the preliminary Prospectus and final Prospectus and/or the Registration Statement;
 - (vii) deliver to the Holder and the underwriter or underwriters, if any, without charge, as many commercial copies of the preliminary Prospectus and the final Prospectus and/or the preliminary U.S. Prospectus and final U.S. Prospectus, as applicable, and any amendment or supplement thereto as such Persons may reasonably request (it being understood that the Company consents to the use of the preliminary Prospectus and the final Prospectus and/or the preliminary U.S. Prospectus and final U.S. Prospectus, as applicable, or any amendment or supplement thereto by the Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such preliminary Prospectus and the final Prospectus and/or such preliminary U.S. Prospectus and/or final U.S. Prospectus or any amendment or supplement thereto) and such other documents as the Holder may reasonably request in order to facilitate the disposition of the Registrable Securities by such Person;
 - (viii) on or prior to the date on which a receipt is issued for the preliminary Prospectus or final Prospectus by the applicable Securities Regulators, use commercially reasonable efforts to qualify, and cooperate with the Holder, the managing underwriter or underwriters, if any, and their respective counsel in connection with the qualification of, such Registrable Securities for offer and sale under the Securities Laws of each of the Qualifying Provinces, as applicable, as any such Person or underwriter reasonably requests in writing, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;
 - (ix) in connection with any underwritten offering enter into customary agreements, including an underwriting agreement with the underwriter or underwriters, such agreements to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions and indemnification provisions and/or agreements substantially consistent with Article 3, but in any event, which agreements shall contain provisions for the indemnification by the underwriter or

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- underwriters in favour of the Company with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Prospectus and/or the Registration Statement included in reliance upon and in conformity with written information furnished to the Company by any underwriter in writing;
- (x) as promptly as practicable after filing with the Securities Regulators or the SEC any document which is incorporated by reference into the preliminary Prospectus or final Prospectus or the Registration Statement, provide copies of such document to the Holder and its counsel and to the managing underwriters or underwriters, if any;
 - (xi) file, and to not withdraw, a notice declaring its intention to be qualified to file a short form prospectus as soon as permitted by applicable Securities Laws;
 - (xii) use its commercially reasonable efforts to obtain a customary legal opinion, in the form and substance as is customarily given by external company counsel in securities offerings, addressed to the Holder and the underwriters, if any, and such other Persons as the underwriting agreement may reasonably specify, and a customary “comfort letter” from the Company’s auditor and/or the auditors of any financial statements included or incorporated by reference in a preliminary Prospectus or final Prospectus and/or the Registration Statement;
 - (xiii) furnish to the Holder and the managing underwriter or underwriters, if any, and such other Persons as the Holder may reasonably specify, such corporate certificates, satisfactory to the Holder acting reasonably, as are customarily furnished in securities offerings, and, in each case, covering substantially the same matters as are customarily covered in such documents in the relevant jurisdictions and such other matters as the Holder may reasonably request;
 - (xiv) provide and cause to be maintained a transfer agent and registrar for such Common Shares not later than the date a receipt is issued for the final Prospectus by the applicable Securities Regulators or the date that the Registration Statement is declared effective by the SEC and use its best efforts to cause all Common Shares covered by such Final Prospectus and/or such Registration Statement to be listed on each securities exchange or automated quotation system on which similar securities issued by the Company are then listed;
 - (xv) participate in such marketing efforts as the Holder or managing underwriter or underwriters, if any, determine are reasonably necessary, such as “roadshows”, institutional investor meetings and similar events; and

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- (xvi) take such other actions and execute and deliver such other documents as may be reasonably necessary to give full effect to the rights of the Holder under the Agreement.
- (b) The Company may require the Holder to furnish to the Company such information regarding the Distribution of such Registrable Securities and such other information relating to the Holder and its beneficial ownership of Common Shares as the Company may from time to time reasonably request in writing in order to comply with applicable Securities Laws in each jurisdiction in which a Demand Registration or Piggy-Back Registration is to be effected and the U.S. Securities Act. The Holder agrees to furnish such information to the Company and to cooperate with the Company as necessary to enable the Company to comply with the provisions of the Agreement and applicable Securities Laws and the U.S. Securities Act. The Holder shall promptly notify the Company when the Holder becomes aware of the happening of any event (insofar as it relates to the Holder or information provided by the Holder in writing for inclusion in the applicable preliminary Prospectus or final Prospectus and/or Registration Statement) as a result of which the preliminary Prospectus or Final Prospectus or the Registration Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement therein (in the case of the preliminary Prospectus or final Prospectus in light of the circumstances under which they were made) when such preliminary Prospectus or final Prospectus was delivered or when such Registration Statement was declared effective by the SEC not misleading or, if for any other reason it shall be necessary during such time period to amend or supplement the preliminary Prospectus or the final Prospectus or the Registration Statement in order to comply with Securities Laws or the U.S. Securities Act. In addition, the Holder shall, if required under applicable Securities Laws, execute any certificate forming part of a preliminary Prospectus or a final Prospectus to be filed with the applicable Securities Regulators.
- (c) In connection with any underwritten offering in connection with a Demand Registration or a Piggy-Back Registration, the Holder shall enter into customary agreements, including an underwriting agreement with the underwriter or underwriters, such agreements to contain such representations and warranties by the Holder and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions and indemnification provisions and/or agreements substantially consistent with Article 3, but in any event, which agreements shall contain provisions for the indemnification by the underwriter or underwriters in favour of the Holder with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Prospectus or the Registration Statement included in reliance upon and in conformity with written information furnished to the Company by the underwriter in writing.

3. Due Diligence; Investigation

3.1 Preparation; Reasonable Investigation

In connection with the preparation and filing of any Prospectus or Registration Statement in connection with a Demand Registration or Piggy-Back Registration as herein contemplated, the Company shall give the Holder, the underwriter or underwriters of such Distribution, if any, and their respective counsel, auditors and other representatives, the opportunity to fully participate in the preparation of such documents and each amendment thereof or supplement thereto, and shall insert therein such material furnished to the Company in writing, which in the reasonable judgment of the Company and its counsel should be included, and shall give each of them such reasonable and customary access to the Company's books and records and such reasonable and customary opportunity to discuss the business of the Company with its officers and auditors, and to conduct all reasonable and customary due diligence which the Holder and the underwriters or underwriter, if any, and their respective counsel may reasonably require in order to conduct a reasonable investigation in order to enable such underwriters to execute any certificate required to be executed by them in Canada for inclusion in such documents, provided that the Holder and the underwriters agree to maintain the confidentiality of such information.

3.2 Indemnification by the Company

In connection with any Demand Registration and/or Piggy-Back Registration, the Company shall indemnify and hold harmless the Holder and its Affiliates and each of their respective directors, officers, employees and agents, shareholders, limited partners and underwriters, from and against any loss (excluding loss of profits), liability, claim, damage and expense whatsoever (including reasonable legal fees and expenses), including any amounts paid in settlement of any investigation, order, litigation, proceeding or claim, joint or several, incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Prospectus or Registration Statement, or any amendment or supplement thereto, including all documents incorporated therein by reference, or any omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or as incurred, arising out of or based upon any failure to comply with applicable Securities Laws or the U.S. Securities Act (other than any failure to comply with applicable Securities Laws or the U.S. Securities Act by the Holder or underwriter); provided that the Company shall not be liable under this Section 3.2 for any settlement of any action effected without its written consent, which consent shall not be unreasonably withheld or delayed; provided further that the indemnity provided for in this Section 3.2, in respect of the Holder shall not apply to any loss, liability, claim, damage or expense to the extent incurred, arising out of or based upon any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Holder or underwriter for use in the Prospectus or the Registration Statement. Any amounts advanced by the Company to an Indemnified Party pursuant to this Section 3.2 as a result of such losses shall be returned to the Company if it is finally determined by a court in a judgment not subject to appeal or final review that such Indemnified Party was not entitled to indemnification by the Company.

3.3 Indemnification by the Holder

- (a) In connection with any Demand Registration and/or Piggy-Back Registration, the Holder shall indemnify and hold harmless the Company and each of its directors, officers, employees, agents and shareholders from and against any loss (excluding loss of profits), liability, claim, damage and expense whatsoever (including reasonable legal fees and expenses), including any amounts paid in settlement of any investigation, order, litigation, proceeding or claim, joint or several, as incurred, arising out of or based on any untrue statement or omission of a material fact, or alleged untrue statement or omission of a material fact, made or required to be made in the Prospectus or the Registration Statement, as applicable, included in reliance upon and in conformity with written information furnished to the Company by the Holder for use in the Prospectus or Registration Statement or as incurred, arising out of or based upon any failure to comply with applicable Securities Laws or the U.S. Securities Act (other than any failure to comply with applicable Securities Laws or the U.S. Securities Act by the Company), including, for greater certainty, for any amounts paid pursuant to Section 3.2; provided that the Holder shall not be liable under this Section 3.3(a) for any settlement of any action effected without its written consent, which consent shall not be unreasonably withheld or delayed; provided further that the indemnity provided for in this Section 3.3(a) shall not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission contained in any Prospectus or Registration Statement relating to a Demand Registration and/or Piggy Back Registration if the Company or any underwriter failed to send or deliver a copy of the Prospectus or the U.S. Prospectus, as applicable, to the Person asserting such losses, liabilities, claims, damages or expenses on or prior to the delivery of written confirmation of any sale of securities covered thereby to such Person in any case where such Prospectus or U.S. Prospectus corrected such untrue statement or omission. Any amounts advanced by the Holder to an Indemnified Party pursuant to this Section 3.3(a) as a result of such losses shall be returned to the Holder if it is finally determined by a court in a judgment not subject to appeal or final review that such Indemnified Party was not entitled to indemnification by the Holder.
- (b) Notwithstanding any provision of this Agreement or any other agreement, in connection with any Demand Registration or any Piggy-Back Registration, in no event shall the Holder be liable for indemnification or contribution hereunder for an amount greater than the lesser of: (i) the net sales proceeds actually received by the Holder; and (ii) the Holder's proportionate share of any such liability based on the net sales proceeds actually received by the Holder and the aggregate net sales proceeds of the Distribution, except in the case of fraud or wilful misconduct by the Holder.

3.4 Defence of the Action by the Indemnifying Parties

Each party entitled to indemnification under this Article 3 (the “**Indemnified Party**”) shall give notice to the party required to provide indemnification (the “**Indemnifying Party**”) promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, but the omission to so notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party pursuant to the provisions of this Article 3 except to the extent of the damage or prejudice suffered by such delay in notification. The Indemnifying Party shall assume the defence of such action, including the employment of counsel to be chosen by the Indemnifying Party to the reasonable satisfaction of the Indemnified Party, and the payment of expenses. The Indemnified Party shall have the right to employ its own counsel in any such case, but the legal fees and expenses of such counsel shall be at the expense of the Indemnified Party, unless the employment of such counsel is authorized in writing by the Indemnifying Party in connection with the defence of such action, or the Indemnifying Party shall not have employed counsel to take charge of the defence of such action or the Indemnified Party reasonably concludes, based on the opinion of counsel, that there may be defences available to it or them which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defence of such action on behalf of the Indemnified Party), in any of which events the reasonable fees and expenses shall be borne by the Indemnifying Party, provided, further, that in no event shall the Indemnifying Party be required to pay the expenses of more than one law firm as counsel for all Indemnified Parties pursuant to this sentence. No Indemnifying Party, in the defence of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

3.5 Contribution

If the indemnification provided for in Section 3.2 or Section 3.3, as applicable, is unavailable to a party that would have been an Indemnified Party under Section 3.2 or Section 3.3, as applicable, in respect of any losses, liabilities, claims, damages and expenses referred to herein, then each party that would have been an Indemnifying Party hereunder shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such losses, liabilities, claims, damages and expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and such Indemnified Party on the other hand in connection with the statement or omission which resulted in such losses, liabilities, claims, damages and expenses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or such Indemnified Party and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, no Person guilty of misrepresentation within the meaning of applicable Securities Laws and the U.S. Securities Act shall be entitled to contribution from any Person who was not guilty of misrepresentation. The amount paid or payable by a party under this Section 3.5 as a result of the losses, liabilities, claims, damages and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. The Company and the Holder agree that it would not be just and equitable if contribution pursuant to this Section 3.5 were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above in this Section 3.5.

3.6 Holder is Trustee

The Company hereby acknowledges and agrees that, with respect to this Article 3, the Holder is contracting on its own behalf and as agent for the other Indemnified Parties referred to in this Article 3. In this regard, the Holder shall act as trustee for such Indemnified Parties of the covenants of the Company under this Article 3 with respect to such Indemnified Parties and accepts these trusts and shall hold and enforce those covenants on behalf of such Indemnified Parties.

3.7 Company is Trustee

The Holder hereby acknowledges and agrees that, with respect to this Article 3, the Company is contracting on its own behalf and as agent for the other Indemnified Parties referred to in this Article 3. In this regard, the Company shall act as trustee for such Indemnified Parties of the covenants of the Holders under this Article 3 with respect to such Indemnified Parties and accepts these trusts and shall hold and enforce those covenants on behalf of such Indemnified Parties.

3.8 Delay of Registration

The Holder shall have no right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Schedule A.

4. Limitations on Subsequent Registration Rights

The Company shall not, without the prior written consent of the Holder, enter into any agreement with any holder or prospective holder of the Company's securities that grants such holder or prospective holder rights to include securities of the Company in any Prospectus under applicable Securities Laws or any Registration Statement under the U.S. Securities Act, unless: (a) such rights are either pro rata with, or subordinated to, the rights granted to the Holder under this Agreement on terms reasonably satisfactory to the Holder; and (b) the Holder maintains its first priority right in connection with an Underwriters' Cutback as contemplated by Section 2.3(a).

SCHEDULE B
COMPLIANCE CERTIFICATE

To: CBG Holdings LLC (“CBG”)

Ladies and Gentlemen:

Reference is made to that certain Amended and Restated Investor Rights Agreement dated ●, 2018 (as amended, restated, extended, supplemented or otherwise modified in writing, the “**Agreement**”), by and between CBG and Canopy Growth Corporation (the “**Company**”).

The undersigned responsible officer hereby certifies as of the date hereof that he/she is the ● of the Company, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to CBG on behalf of the Company, and that:

1. The Company is in compliance:
 - (i) in all material respects, with all laws and regulations applicable to the Company’s business, affairs and operations anywhere in the world (other than the United States), including, to the extent applicable, the *Controlled Drugs and Substances Act* (Canada), those laws and regulations prescribed by and in respect of the *Access to Cannabis for Medical Purposes Regulations* issued under the *Controlled Drugs and Substances Act* (Canada), S.C. 2018, c.16, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, as amended from time to time and as the same may come into force, and, including for greater certainty, the rules of the TSX, NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities; and
 - (ii) in all respects, with all laws and regulations applicable to the Company’s business, affairs and operations in the United States, including, to the extent applicable, the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq, and, including for greater certainty, the rules of the TSX, NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.
2. The Company is in compliance with its internal compliance programs in all material respects. Such internal compliance programs have been periodically reviewed and updated to account for any changes in the laws and regulations applicable to the business, affairs and operations of the Company. In addition, the Company has provided any and all internally prepared or third-party consultant prepared audit reports related to a review of the effectiveness of the Company’s compliance program and processes and controls related to thereto.
3. The Company has not received any communication from any regulator, governmental entity or other agency since the date of the last Compliance Certificate. If the Company has received any communication from any regulator, governmental entity or other agency, it has notified CBG and provided written copies of all such correspondence and any responses by the Company thereto.

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4. The Company has performed and observed each covenant and condition of the Agreement, applicable to it, and, since the date of the last Compliance Certificate has not been in and is not currently in breach of any such covenant or condition.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of, ● 20●.

CANOPY GROWTH CORPORATION

By: _____

Name:

Title:

EXHIBIT B
FORMS OF WARRANT CERTIFICATE

Form of Tranche A Warrant Certificate

(see attached)

Exhibit B-1

**TRANCHE A
COMMON SHARE PURCHASE WARRANT**

**UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS
SECURITY MUST NOT TRADE THE SECURITY BEFORE ●, 2019.¹**

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO CANOPY GROWTH CORPORATION (THE “CORPORATION”), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER IF AVAILABLE OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

**WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION**

Warrant Certificate Number:

20● – A-1

Number of Warrants:

88,472,861

Date:

●, 20●2

¹ Note: Four months and one day after the date of this Warrant Certificate.

² Note: Date on which this Warrant Certificate is issued to the Holder.

THIS CERTIFIES THAT, for value received, CBG Holdings LLC (the “**Holder**”) is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. Defined Terms

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

“**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Capital Reorganization**” has the meaning ascribed to such term in Section 8(a)(iv).

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

“**Control**” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and

- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Current Market Price**” means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

“**Exercise Price**” means \$50.40.

“**Expiry Time**” means 5:00 p.m. (Toronto time) on ●.³

“**NYSE**” means the New York Stock Exchange.

“**Person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

“**Rights Offering**” has the meaning ascribed to such term in Section 8(a)(ii).

“**Rights Period**” has the meaning ascribed to such term in Section 8(a)(ii).

“**Special Distribution**” has the meaning ascribed to such term in Section 8(a)(iii).

“**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”.

“**Trading Day**” means a day on which the TSX is open for business.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**U.S. Person**” means “U.S. person” as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means United States Securities Act of 1933, as amended.

“**Warrants**” means the tranche A Common Share purchase warrants represented by this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate are fully vested and are immediately exercisable by the Holder at any time and from time to time, commencing on the date hereof and prior to the Expiry Time.

³ Note: The third anniversary of the date of this Warrant Certificate.

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant. In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

6. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

7. Covenants and Representations of the Company

The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;

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- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
 - (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

8. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
 - (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,(any of such events in subsections (A), (B), (C) and (D) above being called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:
 - (A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
 - (B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:
- (A) the numerator of which shall be the aggregate of:
- (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 8(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 8(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:

- (A) shares of the Company of any class other than Common Shares;
- (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
- (C) evidences of indebtedness of the Company; or
- (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (1) the numerator of which shall be the difference between:
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and

II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and

- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 8(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(iv) If at any time during the Adjustment Period there shall occur:

- (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
- (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
- (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

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- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 8(a)(i) or 8(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 8(a) of this Warrant Certificate:
- (i) subject to the following sections of this Section 8(b), any adjustment made pursuant to Section 8(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;
 - (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 8(b)(ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 8(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);
 - (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 8(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;
 - (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;

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- (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 8 of this Warrant Certificate if (subject to TSX and NYSE approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
- (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 8(a) hereof, the Company may defer, until the occurrence of such event:
- (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
- (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;
- provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.
- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 8(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.
- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 8; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a "take-over bid", "tender offer" or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification,

redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

9. U.S. Registration

This Warrant and the Common Shares issuable upon exercise of this Warrant have not been and will not be registered under the U.S. Securities Act or under state securities laws of any state in the United States. Accordingly, this Warrant may not be transferred or exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and, if required by the Company, the holder of this Warrant has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect, as applicable.

10. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 8 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

11. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

12. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.

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- (b) In case the Company, pursuant to Section 12(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

13. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

14. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

15. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

16. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term "Holder" shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule "B". For greater certainty, the Warrants represented by this Warrant Certificate are not transferrable except as described in this Section 16 or with the prior written consent of the Company.

17. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

18. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 18):

- (a) if to the Holder at:
c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564
Attention: General Counsel
and with a copy (which shall not constitute notice) to:
Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8
Attention: Emmanuel Pressman and James R. Brown
- (b) if to the Company at:
1 Hershey Drive,
Smiths Falls, ON K7A 0A8
Attention: Chief Executive Officer
with a copy (which shall not constitute notice) to:
LaBarge Weinstein LLP
515 Legget Drive, Suite 800
Ottawa, ON K2K 3G4
Attention: Deborah Weinstein

19. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

20. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

SCHEDULE "A"

SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the "**Company**").

The undersigned hereby exercises the right to acquire _____ Common Shares of the

Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

(Please check the **ONE** box applicable):

- ☐ A. The undersigned holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (iv) did not execute or deliver this exercise form in the United States.
- ☐ B. The undersigned holder (i) purchased the Warrants for its own account or the account of another "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**"); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; (iii) each of it and such other person, if any, was an Accredited Investor on the date the Warrants were acquired and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in connection with the acquisition of the Warrants remain true and correct on the date hereof.
- ☐ C. The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance reasonably satisfactory to the Company) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(if required)

(Signature of Warrantholder)

Print full name

Print full address

Note:

The undersigned holder understands that unless Box A above is checked, the certificate representing the Common Shares issuable upon exercise of the Warrants will bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. Certificates representing such Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked. If Box C is checked, any opinion tendered must be in form and substance reasonably satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrant should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

If Box B or Box C is checked, any certificate representing the Common Shares issued upon exercise of this Warrant will bear an applicable United States restrictive legend.

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form.

If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

SCHEDULE “B”

TRANSFER FORM

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of Canopy Growth Corporation (the “**Company**”) registered in the name of the undersigned on the register of the Company maintained therefor, and hereby irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books maintained by the Company with full power of substitution.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a “U.S. person” (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”)) or a person within the United States unless the Warrants are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words “Signature Guarantee”, or “Signature Medallion Guaranteed” or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

Form of Tranche B Warrant Certificate

(see attached)

Exhibit B-2

**TRANCHE B
COMMON SHARE PURCHASE WARRANT**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE ●, 2019.¹

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO CANOPY GROWTH CORPORATION (THE “CORPORATION”), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER IF AVAILABLE OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

**WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION**

Warrant Certificate Number:

20● – B-1

Number of Warrants:

51,272,592

Date:

●, 20●²

¹ Note: Four months and one day after the date of this Warrant Certificate.

² Note: Date on which this Warrant Certificate is issued to the Holder.

THIS CERTIFIES THAT, for value received, CBG Holdings LLC (the “**Holder**”) is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. Defined Terms

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

“**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Capital Reorganization**” has the meaning ascribed to such term in Section 8(a)(iv).

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

“**Control**” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and

(c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust; and the words “ **Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Current Market Price**” means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

“**Exercise Price**” means, at the time of exercise, the Current Market Price.

“**Expiry Time**” means 5:00 p.m. (Toronto time) on ●.3

“**NYSE**” means the New York Stock Exchange.

“**Person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

“**Rights Offering**” has the meaning ascribed to such term in Section 8(a)(ii).

“**Rights Period**” has the meaning ascribed to such term in Section 8(a)(ii).

“**Special Distribution**” has the meaning ascribed to such term in Section 8(a)(iii).

“**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”.

“**Trading Day**” means a day on which the TSX is open for business.

“**Tranche A Warrants**” means the 91,662,953 Common Share purchase warrants represented by the tranche A warrant certificate issued by the Company to the Holder on the date hereof.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**U.S. Person**” means “U.S. person” as defined in Rule 902(k) of Regulation S under the U.S.

Securities Act.

“**U.S. Securities Act**” means United States Securities Act of 1933, as amended.

“**Warrants**” means the tranche B Common Share purchase warrants represented by this Warrant Certificate.

3 Note: The third anniversary of the date of this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate shall vest and become immediately exercisable once all Tranche A Warrants have been exercised in accordance with their terms, and shall remain exercisable by the Holder, in whole or in part at any time, and from time to time, thereafter and prior to the Expiry Time.

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant. In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

6. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

7. Covenants and Representations of the Company The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;
- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
- (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

8. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
 - (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,(any of such events in subsections (A), (B), (C) and (D) above being called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:
 - (A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and

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- (B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (A) the numerator of which shall be the aggregate of:

- (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
- (2) the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

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- (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 8(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 8(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:

- (A) shares of the Company of any class other than Common Shares;
- (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
- (C) evidences of indebtedness of the Company; or
- (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

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- (1) the numerator of which shall be the difference between:
- I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and
- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 8(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iv) If at any time during the Adjustment Period there shall occur:
- (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
 - (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
 - (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder

would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 8(a)(i) or 8(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 8(a) of this Warrant Certificate:
 - (i) subject to the following sections of this Section 8(b), any adjustment made pursuant to Section 8(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;
 - (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 8(b)(ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 8(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);
 - (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 8(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;

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- (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;
- (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 8 of this Warrant Certificate if (subject to TSX and NYSE approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
- (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 8(a) hereof, the Company may defer, until the occurrence of such event:
- (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
- (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;
- provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.
- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 8(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.
- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 8; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into

another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a “take-over bid”, “tender offer” or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification, redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

9. U.S. Registration

This Warrant and the Common Shares issuable upon exercise of this Warrant have not been and will not be registered under the U.S. Securities Act or under state securities laws of any state in the United States. Accordingly, this Warrant may not be transferred or exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and, if required by the Company, the holder of this Warrant has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect, as applicable.

10. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 8 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

11. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

12. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.
- (b) In case the Company, pursuant to Section 12(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

13. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

14. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

15. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

16. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term "Holder" shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule "B". For greater certainty, the Warrants represented by this Warrant Certificate are not transferrable except as described in this Section 16 or with the prior written consent of the Company.

17. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

18. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 18):

- (a) if to the Holder at:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

- (b) if to the Company at:

1 Hershey Drive,
Smiths Falls, ON K7A 0A8
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

LaBarge Weinstein LLP
515 Legget Drive, Suite 800
Ottawa, ON K2K 3G4
Attention: Deborah Weinstein

19. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

20. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

SCHEDULE "A"

SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the "**Company**").

The undersigned hereby exercises the right to acquire _____ Common Shares of the Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

(Please check the **ONE** box applicable):

- ☐ A. The undersigned holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (iv) did not execute or deliver this exercise form in the United States.
- ☐ B. The undersigned holder (i) purchased the Warrants for its own account or the account of another "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**"); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; (iii) each of it and such other person, if any, was an Accredited Investor on the date the Warrants were acquired and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in connection with the acquisition of the Warrants remain true and correct on the date hereof.
- ☐ C. The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance reasonably satisfactory to the Company) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this ____ day of _____, 20____.

Signature Guaranteed
(if required)

(Signature of Warrantholder)

Print full name

Print full address

Note:

The undersigned holder understands that unless Box A above is checked, the certificate representing the Common Shares issuable upon exercise of the Warrants will bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. Certificates representing such Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked. If Box C is checked, any opinion tendered must be in form and substance reasonably satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrant should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

If Box B or Box C is checked, any certificate representing the Common Shares issued upon exercise of this Warrant will bear an applicable United States restrictive legend.

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form.

If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

SCHEDULE “B”

TRANSFER FORM

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of Canopy Growth Corporation (the “**Company**”) registered in the name of the undersigned on the register of the Company maintained therefor, and hereby irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books maintained by the Company with full power of substitution.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a “U.S. person” (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”)) or a person within the United States unless the Warrants are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words “Signature Guarantee”, or “Signature Medallion Guaranteed” or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

EXHIBIT C
FORM OF ADMINISTRATIVE SERVICES AGREEMENT

(see attached)

Exhibit C-1

ADMINISTRATIVE SERVICES AGREEMENT

●, 2018

ADMINISTRATIVE SERVICES AGREEMENT

THIS ADMINISTRATIVE SERVICES AGREEMENT (the “**Agreement**”) is made and entered into as of ●, 2018 (the “**Effective Date**”) by and between Canopy Growth Corporation, a corporation existing under the laws of Canada (the “**Company**”), and Constellation Brands, Inc. a corporation existing under the laws of the State of Delaware (the “**Service Provider**”).

RECITALS

- A. CBG Holdings LLC, an affiliate of CBI, (the “**Purchaser**”) and the Company have entered into a subscription agreement dated August 14, 2018 (the “**Subscription Agreement**”) pursuant to which the Purchaser has agreed to make an equity investment in the Company.
- B. From and after the completion of the transactions contemplated by the Subscription Agreement, the Company desires to have the Service Provider provide, or cause its affiliates to provide, the Company or its affiliates with certain administrative services with respect to the operation of the business of the Company, and the Service Provider desires to provide or cause to be provided, such services, on the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises, mutual covenants, agreements, representations and warranties contained in this Agreement, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Specific Definitions. The following terms shall have the meanings set forth below:

- (a) “**affiliate**” has the meaning given to it in the *Canada Business Corporations Act*;
- (b) “**Bankruptcy Event**” with respect to a party shall occur upon an involuntary proceeding or filing in bankruptcy or similar proceeding against such party seeking its reorganization, liquidation or the appointment of a receiver, trustee or liquidator for it or for all or substantially all of its assets, whereupon such proceeding shall not be dismissed within thirty (30) days after the filing thereof, or if such party shall (i) apply for or consent in writing to the appointment of a receiver, trustee or liquidator of itself or all or substantially all of its assets, (ii) bring a voluntary proceeding or filing or admit in writing its inability to pay its debts as they become due, (iii) make a general assignment for the benefit of creditors, (iv) bring a proceeding or filing seeking reorganization or an arrangement with creditors or seeking to take advantage of any insolvency law, or (v) participate in a proceeding or filing admitting to the material allegations of such a proceeding or filing against it in any bankruptcy, reorganization, insolvency proceedings or any similar proceedings;
- (c) “**CBG Group**” means, collectively, the Purchaser, Greenstar Canada Investment Limited Partnership, the Service Provider and its subsidiaries;

(d) “**Intellectual Property**” means any and all intellectual property rights, whether registered or not, owned, licensed, used or held by either the Service Provider or the Company, or their respective affiliates, as the context requires;

(e) “**Percentage of Outstanding Common Shares**” means the percentage equal to the quotient obtained when (i) the aggregate number of issued and outstanding Common Shares beneficially owned by the CBG Group, or over which the CBG Group exercises control or direction (including, for the purposes of this calculation, Convertible Securities owned by the CBG Group or over which the CBG Group exercises control or direction) is divided by (ii) the aggregate number of issued and outstanding Common Shares (including, for the purposes of this calculation, Convertible Securities owned by the CBG Group or over which the CBG Group exercises control or direction), in each case, as at the time of calculation and, for avoidance of doubt otherwise on a non-diluted basis.

(f) “**Person**” has the meaning given to it in the Subscription Agreement;

(g) “**Services**” has the meaning given to it in Section 2.1(a);

(h) “**Statement of Work**” means one or more statements of work in the form attached hereto as **Exhibit A** entered into from time to time between the Company and the Service Provider pursuant to Section 2.1 of this Agreement; and

(i) “**Target Number of Shares**” means that number of Common Shares that satisfies the following two conditions:

(i) 117,208,056 Common Shares in the capital of the Company, subject to adjustment for any share dividend, share consolidation, share split, share reclassification, reorganization, amalgamation, arrangement or mergers involving the Company or any other event that affects all Common Shares in an identical manner; and

(ii) the number of Common Shares which represents a Percentage of Outstanding Common Shares equal to 28.2%.

Section 2. Services.

2.1 Services.

(a) Subject to the terms and conditions set out in this Agreement, the Service Provider and the Company shall negotiate in good faith and in a commercially reasonable manner and time frame and mutually agree those services to be provided, from time to time, by the Service Provider or its affiliates to the Company or any of its affiliates, which services shall be described in one or more Statements of Work (as any such Statement of Work may be modified during the Term in accordance with this Agreement) (collectively, the “**Services**”).

(b) The parties may modify the Services provided by the Service Provider in a Statement of Work by entering into a Change Order (as defined in Section 4 of the form of Statement of Work attached hereto as **Exhibit A**). Any Services modified by a Change Order will constitute Services under this Agreement and be subject in all respects to the provisions of this Agreement as if fully set forth in the applicable Statement of Work.

(c) If the Company requires the provision of additional services by the Service Provider that are not contemplated by a prior Statement of Work and are outside the scope of work that would otherwise be addressed by such Statement of Work (as modified by any Change Order), the parties shall negotiate in good faith and in a commercially reasonable manner and time frame to mutually agree those additional services, which additional services shall be described in, and become the subject of, a new Statement of Work.

(d) Notwithstanding anything in this Agreement, the Services shall not include, and the Service Provider shall not be required to take, any action to enforce or prosecute the collection of any debt owed on account of products shipped to the Company's customers under this Agreement, owed on amounts invoiced by the Service Provider to the Company's customer under this Agreement, or otherwise owed to the Company for any reason. In the provision of the Services, the Service Provider will not provide or be deemed to be providing any legal, financial statement certification, tax filings, audit services, and foreign currency purchases. Without limiting the generality of the foregoing, the Services shall not obligate the Service Provider to provide financing or funding, make any capital investment or similar expense or provide engineering or construction services.

2.2 Standard of Service.

(a) Warranty. In performing the Services, the Service Provider shall (i) provide the same level of service and use the same degree of diligence and care as such Service Provider's personnel provided and used in performing services of the same kind or nature as the Services for such Service Provider's own account prior to the date hereof with respect to such Service, or (ii) in the case of any services of the same kind or nature as the Services not provided by such Service Provider for such Service Provider's own account prior to the date hereof, a reasonable degree of diligence and care; in each case subject to the provisions of the applicable Statement of Work. If the Company notifies the Service Provider of its failure to meet this standard of performance for the Services, the parties shall use commercially reasonable efforts to (i) cooperate to develop a remedial plan and (ii) rectify the failure of performance.

(b) Compliance with Law. The Service Provider warrants and covenants that all Services to be performed by the Service Provider and any of its affiliates shall be performed in compliance in all material respects with all applicable laws.

(c) Compliance with Policies and Procedures. Each of the Company and the Service Provider, as their respective affiliates, shall comply in all material respects with all applicable and documented policies and procedures of the other party in connection with the Services provided to the Company hereunder.

(d) Alternative. Notwithstanding anything to the contrary contained in this Agreement, if the Service Provider reasonably believes it is unable to provide a Service (i) because of a failure to obtain necessary consents, licenses, sublicenses or approvals, (ii) because the provision of such Service would violate, breach or cause a default under any contract to which the Service Provider or any of its affiliates is a party or would violate, or risk violating, any applicable laws, or (iii) due to causes which are outside its reasonable control as determined under Section 7.3,

the parties hereto shall cooperate and negotiate in good faith to determine the best alternative approach. Until such alternative approach is found or the problem is otherwise resolved to the satisfaction of the parties hereto, the Service Provider shall use its commercially reasonable efforts to continue providing the Service, unless the provision of such Service would violate, breach or cause a default under any contract to which the Service Provider or any of its affiliates is a party or would violate, or risk violating, any applicable laws. To the extent an alternative approach agreed upon by the parties requires payments in excess of the charges included in the applicable Statement of Work, the Company shall be responsible for such excess.

(e) Modification of Services. The Service Provider reserves the right to substitute, replace, upgrade or otherwise modify any or all of its Services set forth in any Statement of Work, so long as such substitution, replacement, upgrade or modification does not materially affect such Services and is undertaken in a non-discriminatory fashion towards the Company as part of overall changes in the manner in which the Service Provider provides such services to itself and its own affiliates generally.

(f) Use of Services. The Service Provider shall be required to provide Services only to the Company and its affiliates. The Company shall not, and shall not permit any third parties to, resell any Services to any Person whatsoever.

2.3 Cooperation. Each of the parties hereto will use its commercially reasonable efforts to cooperate with each other in all matters relating to the provision and receipt of the Services. Each party further agrees and acknowledges that the Service Provider may not be able to provide, or cause to be provided, certain Services unless (a) certain data and information is provided to the Service Provider, (b) the Company has all necessary rights, licenses, contracts and permits needed to receive the Services without violating applicable law or the rights of any third party, and (c) certain actions are taken by the Company, as requested by the Service Provider and within a reasonable time prior to the commencement of Services. The Service Provider shall have no obligation under this Agreement to the extent that the Service Provider (a) cannot provide, or cause to be provided, Services due to the Company failing to timely deliver to the Service Provider any data or information or failing to timely take any action requested by the Service Provider, that is necessary for the Service Provider to provide, or cause to be provided, Services or (b) does not receive access to the Company's properties, books, records and employees necessary to permit the Service Provider to perform its obligations hereunder.

2.4 No Other Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, AND WITHOUT LIMITING THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THE SUBSCRIPTION AGREEMENT, NEITHER THE COMPANY NOR THE SERVICE PROVIDER IS MAKING ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND, AND THE COMPANY AND THE SERVICE PROVIDER EXPRESSLY DISCLAIM ANY AND ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Section 3. Fees and Payment.

3.1 Fees. The fee (the "**Fee**") charged for any Service hereunder of the type set forth on **Exhibit B** will be equal to Service Provider's fully loaded cost to perform such Service calculated in accordance with Generally Accepted Accounting Principles in the United States and CBI's accounting policies (the "**Cost**"). With regard to any Service provided hereunder that is not of the type set forth on **Exhibit B**, the Fee shall be equal to Service Provider's Cost plus a mark-up not to exceed standards of the Organisation for Economic Co-operation and Development.

3.2 Payment. In consideration for the provision of each of the Services, the Company shall pay to the Service Provider the amounts set forth for such Service on the applicable Statement of Work. The Service Provider shall provide the Company with a monthly invoice for fees due for the Services. Each invoice received pursuant to this Agreement shall be paid by electronic funds transfer or other immediately available funds within 30 days of the date on which such invoice is received or such earlier date as is indicated in the applicable Statement of Work.

3.3 Taxes. The parties agree that the Services set forth on all Statements of Work are exclusive of all taxes, including value-added, sales or use, or withholding taxes, that may be imposed (regardless of the party hereto on whom imposed) on the provision of or payment for the Services hereunder, and that the Company shall be liable for and shall pay any and all such taxes required to be collected by the Service Provider. The parties shall cooperate and use their respective commercially reasonable efforts to assist the other in entering into such arrangements as the other may reasonably request in order to minimize, to the extent lawful and feasible, the payment or assessment of any taxes in connection with the transactions contemplated by this Agreement; *provided that* nothing in this Section 3.2 shall obligate either party to cooperate with, or assist, the other party in any arrangement proposed by such other party that would have a material or unreimbursed detrimental effect on such first party or any of its affiliates.

Section 4. Ownership of Intellectual Property and Data.

4.1 Company Data. The Company shall own all right, title and interest in and to any data, information, records, reports and other deliverables originally provided by the Company (the “**Service Data**”). The Service Provider hereby assigns to the Company any and all right, title or interest in copyrights that the Service Provider may have or acquire in or to any the Service Data.

4.2 Ownership and Use of Intellectual Property.

(a) Neither this Agreement nor any Services performed hereunder shall cause, or be deemed to cause, the assignment or transfer of title or any ownership right or interest of any kind whatsoever in or to any Intellectual Property of the Service Provider or the Company to the other party.

(b) Except as may otherwise be agreed in writing by the Company, the Service Provider shall not use, and shall not permit any of its affiliates to use, any trademarks, trade names, trade dress, service marks, word marks, design marks, internet domain names, logos, copyrights or other Intellectual Property owned, licensed, used or held by the Company or any of its affiliates.

(c) The Company will have sole and exclusive right, title and interest world-wide in and to all Intellectual Property created, made, conceived or contributed to other Company Intellectual Property by the Service Provider or its affiliates in the course of the performance of the Services, which right, title and interest will continue after termination of this Agreement.

(d) The Service Provider hereby agrees to assign to the Company, without the need for any further remuneration or consideration, all right, title and interest that the Service

Provider or any of its affiliates may have in and to the Intellectual Property that the Service Provider or any of its affiliates may have by virtue of having created, made or conceived such Intellectual Property or having contributed to any Company Intellectual Property, in whole or in part, in the course of the performance of the Services for the Company. The Service Provider hereby waives all moral rights that the Service Provider may have with respect to the Intellectual Property, and the Company may in its sole discretion assign the benefit of such waiver of moral rights. The Service Provider agrees not to exercise such moral rights against any third parties without the express written consent of the Company and agrees that the above-noted waiver may be invoked by any person authorized by the Company to use and/or modify the Intellectual Property.

(e) The Service Provider will execute and deliver to the Company whenever requested by the Company, any and all further documents and assurances that the Company may deem necessary or expedient to effect the purposes and intent of the assignment and waiver set out herein. If the Service Provider refuses or fails to execute any further documents and assurances whenever requested by the Company, this Agreement shall form a power of attorney granting to the Company the right to execute and deliver on the Service Provider's behalf, all such further documents and assurances that the Company may deem necessary or expedient to effect the purposes and intent of the assignment and waiver set out herein on the Service Provider's behalf.

Section 5. Indemnification.

5.1 Indemnity. The parties agree as follows:

(a) The Company acknowledges that the Service Provider is providing such Services solely as an accommodation to the Company. As such, the Company agrees to indemnify, defend, and hold the Service Provider harmless from and against any damages related to any claim by a third party arising out of or relating to, whether directly or indirectly, the Service Provider's performance of the Services required to be delivered by it, except to the extent caused by the Service Provider's, or that of any of its affiliates, gross negligence or intentional misconduct in performing such Services.

(b) The Service Provider agrees to indemnify, defend, and hold the Company harmless from and against any damages related to any claim by a third party arising out of or relating to, whether directly or indirectly, performance of the Services by the Service Provider or any of its affiliates, but only to the extent caused by or relating to, directly or indirectly, the Service Provider's, or that of any of its affiliates, gross negligence or intentional misconduct in performing the Services.

5.2 Limitation. IN NO EVENT WHATSOEVER SHALL A PARTY OR ANY OF ITS AFFILIATES OR RELATED PARTIES BE LIABLE TO THE OTHER PARTY OR ANY OF ITS AFFILIATES OR RELATED PARTIES, OR SUCCESSORS OR ASSIGNS, FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, PUNITIVE OR SPECIAL LOSSES, DAMAGES, COSTS OR EXPENSES OF ANY KIND RELATING IN ANY WAY TO THE SERVICES, OR OTHERWISE RELATING TO THIS AGREEMENT OR TO ANY ACTS OR OMISSIONS ON THE PART OF SUCH PARTY IN CONNECTION HERewith (INCLUDING LOST PROFITS OR THE USE OF OR LOSS OF USE OF ANY OF THE

PRODUCTS OR OTHER PROPERTY, WHETHER OR NOT SUCH PARTY HAS BEEN MADE AWARE OF THE POTENTIAL FOR ANY SUCH LIABILITY), UNLESS AWARDED PURSUANT TO INDEMNIFIED CLAIMS MADE BY A THIRD PARTY UNDER SECTION 5.1. IN NO CASE OTHER THAN THE SERVICE PROVIDER'S, OR THAT OF ANY OF ITS AFFILIATES, INTENTIONAL MISCONDUCT OR GROSS NEGLIGENCE SHALL THE SERVICE PROVIDER'S LIABILITY FOR DAMAGES UNDER THIS AGREEMENT, REGARDLESS OF THE TYPE OF DAMAGES, FORM OF ACTION OR THE THEORY OF LIABILITY, EXCEED IN THE AGGREGATE THE AMOUNT PAID TO THE SERVICE PROVIDER UNDER THIS AGREEMENT.

Section 6. Confidentiality and Personal Information. Each party shall keep confidential all the terms of this Agreement and all information received from the other party regarding the Services (including personal information received from the other party), including any information received with respect to products of the other party, and to use and disclose such information only for the purposes set forth in this Agreement unless: (i) otherwise agreed to in writing by the party from which such information was received; (ii) required to be disclosed by a governmental order or applicable law; or (iii) the party receiving such information can demonstrate that the information: (A) was publicly known at the time of disclosure to it, or has become publicly known through no act of such party; or (B) was rightfully received from a third party without a duty of confidentiality. Notwithstanding the foregoing, the Service Provider will not be prohibited from disclosing the mere fact that it is performing Services under this Agreement. All personal information received from the other party shall be maintained in accordance with applicable laws.

Section 7. Term.

7.1 Duration. Subject to earlier termination pursuant to Section 7.2, the term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until the date that all Services have been terminated as specified in the applicable Statement of Work (the "**Term**"), provided that the provision of any Service under this Agreement and the term of the provision of such Service is as specified in the applicable Statement of Work.

7.2 Early Termination. This Agreement, either in its entirety or in respect of one or more Services being provided to the Company or any of its affiliates under a Statement of Work for those Services, may be terminated prior to the expiry of the Term under any of the following circumstances:

(a) The Company may terminate such Services, in whole or in part, by delivering a written notice thereof to the Service Provider at least thirty (30) days before the effective date of early termination, unless the applicable Statement of Work requires otherwise in respect of such Services.

(b) The Company may terminate such Services, in whole or in part, on at least thirty (30) days prior written notice to the Service Provider, in the event that the CBG Group no longer holds the Target Number of Shares.

(c) Either party may terminate this Agreement in the case of a material breach of this Agreement by the other party if such other party has not cured such material breach within thirty (30) days after receipt of notice thereof sent by the terminating party; *provided that* a failure of the Company to pay an invoice in accordance with Section 3.1 is deemed to be a material breach for purposes of this Agreement and if such material breach is due to a failure of the Company to pay an invoice in accordance with Section 3.1, the Service Provider may terminate this Agreement if such invoice has not been paid within fifteen (15) days of delivery of notice sent by the Service Provider.

(d) Either party may terminate this Agreement forthwith upon written notice to the other party if a Bankruptcy Event has occurred with respect to non-terminating party.

(e) Either party may terminate this Agreement forthwith upon written notice to the other party if such other party takes any corporate action for its winding up, dissolution or liquidation.

7.3 Force Majeure. Other than for payment of money when due, in the event the performance of the Service Provider's duties or obligations hereunder is interrupted or interfered with by reason of any cause beyond its reasonable control including fire, weather, natural disaster, war, terrorism, riots or civil disturbances, acts of civil or military authorities, strike or labor disruption, loss or disruption of power, act of God, boycott, embargo, shortage or unavailability of supplies or labor, malfunction or destruction of equipment, or governmental law, regulation or edict (collectively, the "**Force Majeure Events**"), the Service Provider shall not be deemed to be in default of this Agreement by reason of its non-performance due to such Force Majeure Event, but shall give notice to the Company of the Force Majeure Event with a reasonable time following the occurrence of any Force Majeure Event.

7.4 Effect of Termination.

(a) Upon any expiration or valid termination of this Agreement, in addition to any other rights or remedies of the parties under this Agreement or applicable law, (i) the Service Provider shall promptly cease all Services, (ii) each of the parties shall promptly return all Confidential Information received from the other party in connection with this Agreement, and

(iii) the parties' respective rights and obligations under Section 2.3, Section 3, Section 5, Section 6, Section 7.4 and Section 12 shall survive. Should this Agreement or any Statement of Work be terminated with respect to any particular Service only, this Section 7.4 shall apply with respect only to that particular Service for which such termination has been exercised, and all other rights and obligations under this Agreement shall continue in full force and effect.

(b) Upon any expiration or valid termination of this Agreement, any Statement of Work or any Service provided under this Agreement or Statement of Work, the parties shall cooperate to ensure the orderly transition of the records, data and any other information to the other party, as required related to such terminated Services.

Section 8. Relationship Between the Parties. The relationship between the parties, including their respective personnel, established under this Agreement is that of independent contractors and no party shall be deemed an employee, agent, partner or joint venture of or with the other party. The Service Provider shall be solely responsible for any employment-related taxes, insurance premiums or other employment benefits respecting its personnel's performance of any Services under this Agreement. Subject to the Service Provider's and its affiliates' confidentiality and other obligations hereunder and under the Subscription Agreement, the Company agrees to afford the Service Provider reasonable access to its properties, books, records and employees to the extent necessary to permit the Service Provider to perform its obligations hereunder.

Section 9. Contract Management. Each party agrees to communicate only with ● (in the case of the Company) and ● (in the case of the Service Provider) with respect to this Agreement and the Services to be provided under this Agreement, or such other individual or individuals as may be designated in writing by the party (each a “**Services Manager**”). The Services Manager may be an employee or an outside consultant engaged by the party hereto. Without the prior written consent of the other party’s Services Manager, no party shall contact any officer, director, agent, employee or other representative of the other party concerning this Agreement or any of the Services.

Section 10. Records and Employee Access.

10.1 Access to Records. Service Provider shall use commercially reasonable efforts to create and maintain full and accurate books and records in connection with its provision of the Services, and upon reasonable notice from the other party shall make available for inspection and copy by such other party’s employees or agents such records during reasonable business hours. The Service Provider may, but shall not be required to, maintain records under this Agreement following the termination of this Agreement except as required by applicable Laws.

10.2 Tax Audit. The parties hereto will cooperate with each other in making such information available as reasonably necessary in the event of a tax audit, whether in Canada, the United States or any other country or region.

Section 11. Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given if personally delivered or sent by registered or certified mail, return receipt requested, postage prepaid, reputable overnight courier and addressed to the intended recipient as set forth below:

If to the Company:

Canopy Growth Corporation
1 Hershey Drive
Smiths Falls, Ontario K7A 0A8
Attn: ●

If to the Service Provider:

Constellation Brands, Inc.
207 High Point Drive, Building 100
Victor, New York 14564
Attn: ●

Any notice delivered or transmitted to a party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a business day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a business day then the notice shall be deemed to have been given and received on the next business day. Any party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other party notice in the manner set forth in this Section.

Section 12. Miscellaneous.

12.1 Fees and Expenses. Each party shall be solely responsible for payment of any and all legal, accounting or other fees and expenses incurred by them or on their behalf pursuant to the transactions contemplated by this Agreement.

12.2 Entire Agreement. This Agreement, including all Statements of Work and the other documents and instruments required to be delivered pursuant hereto and thereto contain all of the agreements of the parties with respect to the matters contained herein, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the parties in connection with the subject matter of this Agreement, including all Statements of Work, and the other documents and instruments required to be delivered pursuant hereto and thereto except as specifically set forth herein and therein and in any document or instrument required to be delivered pursuant hereto or thereto.

12.3 Amendments. No provision of this Agreement may be amended or modified in any manner whatsoever except by an agreement in writing signed by duly authorized representatives of each of the parties.

12.4 Successors. The terms, covenants and conditions of this Agreement shall be binding upon and shall inure to the benefit of the heirs, executors, administrators and permitted successors and assigns of the respective parties.

12.5 Assignment. No party may assign (by operation of law or otherwise) this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, the Service Provider shall be permitted to assign this Agreement, in whole or in part, to any affiliate.

12.6 Choice of Laws. Any and all claims or controversies arising out of or relating to parties rights and responsibilities under this Agreement or the transaction contemplated hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to its principles of conflicts of laws, and shall be tried and litigated only in the Ontario Superior Court of Justice in the City of Toronto. Each party hereby irrevocably submits to the personal and exclusive jurisdiction of such courts and waives the right to assert the doctrine of "*forum non conveniens*" or to otherwise object to jurisdiction or venue to the extent any proceeding is brought in accordance with or arising out of or relating to this Agreement.

12.7 Counterparts. This Agreement may be signed by the parties in different counterparts and the signature pages combined to create a document binding on all parties. A fax or electronic copy of this Agreement showing the signatures of each of the parties, or, when taken together, multiple fax or electronic copies of this Agreement showing the signatures of each of the parties, respectively, where such signatures do not appear on the same copy, will constitute an original copy of this Agreement requiring no further execution.

12.8 Waiver. Each of the Company or the Service Provider may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any

inaccuracies in the representations and warranties of the other party contained herein, or (c) waive compliance with any of the agreements or conditions of the other contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. A waiver of any breach of this Agreement by any party shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision of this Agreement, and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. The failure of a party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

12.9 Exhibits. The Exhibits (and any annex thereto) attached hereto are incorporated herein by reference as if set out herein in full.

12.10 Parties in Interest. Nothing in this Agreement, express or implied, is intended to provide any rights or remedies to any Person other than the parties and their respective successors and permitted assigns, if any.

12.11 Currency. References to dollars, \$, C\$ or Canadian Dollars shall be to lawful currency of Canada and references to US\$ or US Dollars shall be to lawful currency of the United States of America.

12.12 Invalidity. In the event that any one or more of the provisions contained in this Agreement or in any other document or instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument.

12.13 Certain Interpretive Matters. In this Agreement, unless the context otherwise requires: (i) words of the masculine or neuter gender shall include the masculine and/or feminine gender, and words in the singular number or in the plural number shall each include the singular number or the plural number; (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity; (iii) reference to any agreement (including this Agreement) or other contract or any document means such agreement, contract or document as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof; (iv) all amounts in this Agreement are stated and shall be paid in United States dollars unless specifically otherwise provided; (v) the word "or" is not exclusive; (vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding or succeeding such term; (vii) relative to the determination of any period of time, "from" means "from and including," "to" means "to but excluding" and "through" means "through and including;" (viii) "hereto", "herein", "hereof", "hereinafter" and similar expressions refer to this Agreement in its entirety, and not to any particular Article, Section, paragraph or other part of this Agreement; (ix) reference to any "Article" or "Section" means the corresponding Article(s) or Section(s) of this Agreement; (x) the descriptive headings of Articles, Sections, paragraphs and other parts of this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement or any of the terms or provisions hereof; (xi) reference to any law or order, means (A) such law or order as amended, modified, codified, supplemented or re-enacted, in whole or in part, and in effect from time to time; and (B) any comparable successor laws or orders; and (xii) any contract, instrument, insurance policy, certificate or other document defined or referred to in this Agreement means such contract, instrument, insurance policy, certificate or other document as from time to time amended.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered on behalf of the parties as of the date first herein above written.

CANOPY GROWTH CORPORATION

By: _____
Name: _____
Title: _____

CONSTELLATION BRANDS, INC.

By: _____
Name: _____
Title: _____

Administrative Services Agreement

EXHIBIT A

STATEMENT OF WORK ("SOW")

Addresses and contacts for notices under this SOW:

Canopy Growth Corporation

Contact:

Address:

Phone number:

Fax number:

E-mail:

Constellation Brands, Inc.

Contact:

Address:

Phone number:

Fax number:

E-mail:

Agreed and accepted:

Canopy Growth Corporation

By: _____

Name:

Title:

Date:

Constellation Brands, Inc.

By: _____

Name:

Title:

Date:

Term:

SOW Effective Date: •

SOW Expiration Date: •

This Statement of Work ("**SOW**") is incorporated by reference into and subject to the terms and conditions of the administrative services agreement entered into between Canopy Growth Corporation (the "**Company**") and Constellation Brands, Inc. (the "**Service Provider**") dated August •, 2018 (the "**Administrative Services Agreement**"), and is made as of the ____ day of •, 20• between the Company and the Service Provider and will form a part of the Administrative Services Agreement. Capitalized terms used but not otherwise defined in this SOW will have the respective meanings ascribed to them in the Administrative Services Agreement. If there is any conflict between this SOW and the Administrative Services Agreement, the Administrative Services Agreement will prevail.

SECTION 1 SOW Services

- (a) **Overview.** This Section 1 describes the details of the Services to be provided by the Service Provider covered by this SOW (collectively, the “SOW Services”).
- (b) **Description of SOW Services.**

The Service Provider will provide the following SOW Services:

-
- (c) **Performance metrics (if any).**

-

SECTION 2 Term and Termination

- (a) **Term.** This SOW begins on the SOW Effective Date and ends on the SOW Expiration Date.
- (b) **Early termination:** •

SECTION 3 Changes to SOW

Subject to the terms and conditions of the Administrative Services Agreement, changes to this SOW will be memorialized (i) in the form attached as Annex 1 (a “**Change Order**”) which will be signed by the parties to this SOW, or (ii) in a written amendment to this SOW that will be effective when signed by the parties to this SOW.

[Remainder of this page is intentionally left blank.]

Annex 1

Change Order

Date requested:	[insert details]	Change number:	[insert details]
Change Number			
Title of request:	[insert details]	Requested by:	[insert details]

This Change Order amends the Statement of Work referenced as Exhibit No. __ (the “**SOW**”) to Exhibit B of the Administrative Services Agreement dated August ●, 2018 between Canopy Growth Corporation and Constellation Brands, Inc. (the “**Administrative Services Agreement**”). This Change Order is effective on and after **[insert month, date, year]**. This Change Order is subject to all of the terms and conditions in the SOW and the Administrative Services Agreement. The parties agree as follows:

Change requested in: (Check all that apply)

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> Specifications | <input type="checkbox"/> Deliverables |
| <input type="checkbox"/> Schedules | <input type="checkbox"/> Services |
| <input type="checkbox"/> Other | |

Affected Section #s of SOW, or name of other document:

Description of change:

Reason for change:

Change(s) to SOW:

Section #

Original language:

Replacing/supplementing language:

Canopy Growth Corporation approval

Print name/Title _____

Signature_____ Date

Constellation Brands, Inc. approval

Print name/Title _____

Signature_____ Date

EXHIBIT B

SERVICES PROVIDED AT COST

Certain management and administrative services as deemed appropriate by the parties from time to time, which may include, but are not limited to:

1. Finance – including payroll, accounts receivable, accounts payable, budgeting, forecasting, financial analysis and planning, and treasury activities including cash management, foreign currency hedging, investment strategy and other similar activities.
2. General administrative – including data entry, word processing, office management and other similar activities.
3. Corporate and Public Relations – including planning and executing public relations programs or corporate communications policies, distribution of internal and external corporate communications and other similar activities.
4. Meeting Coordination Travel Planning – including coordinating travel activities, negotiating airline, rental car, and hotel contracts, providing a system for reservations and ticket purchases and other similar activities.
5. Accounting and auditing – including gathering information used to prepare financial statements, maintaining accounting records, preparing statutory financial statements, performing operational and financial audits and other similar activities.
6. Tax Services – including preparation of local country tax filing, overseeing audits conducted by tax authorities, providing tax advice to comply with local tax laws, reviewing local country tax provisions and other similar activities.
7. Staffing, Recruiting and Training – including coordinating with temporary employment agencies and management of the recruiting process, establishing and maintaining employee files, administering compensation and benefits policies, developing and implementing plans regarding career development, job evaluation and other similar activities.
8. Information technology (IT) services – including supporting computer systems in connection with operations, accounting, customer service, human resources, payroll and email, formulating guidelines with respect to use of IT systems, maintaining and repairing systems, providing telecommunications facilities, providing technical assistance and training on existing systems, maintaining and testing existing computer databases and other similar activities.
9. Legal Services – general services performed by in-house legal counsel, including but not limited to drafting, negotiating and review of contracts and agreements, representation and advocacy before courts, administrative agencies, arbitrators or legislatures, preparing advice in respect to structuring and reorganization, acquisition and divestment transactions and maintaining local corporate books and records and other similar activities.

-
10. Insurance Claims Management – includes securing insurance coverage for general product and workers compensation liability, property loss, business interruption and other business risks, coordinating with third party insurers and other similar activities.
 11. Purchasing – including planning and executing procurement of services and material pursuant to company standard for support functions, and other similar activities.
 12. Premiums for Unemployment, Disability and Workers Compensation – including processing unemployment insurance premiums, disability premiums and workers compensation premiums.
 13. Health, Safety, Environmental and Regulatory Affairs – including but not limited to developing company health, safety, and environmental standards, monitoring compliance with such standards, and training affected personnel, gathering information and preparing documentation relating to eligibility for or compliance with laws and regulations governing contracts, licenses and permits, gathering information, verifying data and preparing documentation relating to compliance with laws and regulations governing financial and securities institutions and financial and real estate transactions. Examining and verifying correctness of, or establishing authenticity of records. Providing security services (e.g. executive protection or global headquarters security). Providing common health risk management systems development, clinical services, industrial hygiene, alcohol and drug testing services (laboratory analysis done by third parties), and advice to business management on health issues. Providing guidance on support operations, integrity management support implementation, coaching and conducting operations integrity management assessments, development and implementation of safety behavior based programs, and incident reporting and accident investigations. Providing strategies, resources, and training for effective crisis preparedness and response.
 14. Statistical Assistance – compiling data for use in statistical studies and preparation of required governmental reports.
 15. Training and Employee Development – including but not limited to assisting in training of personnel including assessing development and training needs, creating and conducting internal development and training programs and communicating training opportunities to personnel. Arranging for management training on employment law compliance, employer liability avoidance, interviewing, hiring, terminations, promotions, performance reviews, safety and sexual harassment. Developing and implementing plans regarding career-development succession. Developing and implementing a job evaluation process including procedures and forms.
 16. Employee Benefits – Including but not limited to developing and implementing employee compensation and benefits including healthcare, life insurance, 401(k) profit sharing, workers compensation, unemployment, dental, employee incentive compensation and employee assistance programs. Providing benchmarking studies for compensation and other benefit programs. Providing guidance and direction to employees regarding elections for benefits, applications for benefits and receipt of benefits (including providing assistance to employees in completing all necessary forms). Arranging annual benefit enrollment meetings and employee benefit seminars. Processing employee benefits inquiries and complaints and reconciling billing issues. Coordinating with hospitals, physicians, insurers, employees, and beneficiaries to facilitate proper and complete utilization of benefits for all employees.

EXHIBIT D
FORM OF TERMINATION AGREEMENT

(see attached)

Exhibit D-1

TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT is made as of ●, 2018 between Greenstar Canada Investment Limited Partnership, a limited partnership existing under the laws of the Province of British Columbia (“**GCILP**”), and Canopy Growth Corporation., a corporation existing under the federal laws of Canada (“**CG**”).

RECITALS:

- A. On November 2, 2017, GCILP and CG entered into a commercialization agreement (the “**Commercialization Agreement**”) to record the manner in which GCILP and CG were to work together to Commercialize certain Beverage Products and to grant one another certain rights with respect to Beverage Products and Other Products.
- B. On the date hereof, CG issued to CBG Holdings LLC, an affiliate of GCILP, on a private placement basis, pursuant to a subscription agreement dated August 14, 2018 (the “**Subscription Agreement**”): (i) 104,500,000 common shares in the capital of GP (the “**Common Shares**”); and (ii) 139,745,453 common share purchase warrants representing the right to purchase up to 139,745,453 Common Shares (the “**Warrants**”), for an aggregate purchase price of C\$5,078,700,000 (the “**Investment**”).
- C. It is a condition to the closing of the Investment that GCILP and CG enter into this Termination Agreement for the purpose of terminating the Commercialization Agreement.
- D. Capitalized terms not otherwise defined in this Termination Agreement have the meanings ascribed to them in the Commercialization Agreement.

THEREFORE, the parties agree as follows:

- 1. The Commercialization Agreement is hereby terminated pursuant to Section 10.1(b) thereof, and shall have no further force and effect, effective the date hereof.
- 2. Subject to the terms of Section 5.1(b) of the Amended and Restated Investor Rights Agreement being entered into between GCILP, CG and CGB Holdings Inc. on or about the date hereof in connection with the Investment and despite any terms to the contrary set forth in the Commercialization Agreement, including Sections 7.1(b), 10.2 and 10.3 thereof, GCILP and CG specifically agree that the only terms of the Commercialization Agreement that shall survive the termination thereof shall be: Section 2.1(d) (*Grant of License to Company Group of GCILP Licensed IP*) and Section 8 (*Confidentiality*). All other rights and obligations of the parties under the Commercialization Agreement shall end upon termination.
- 3. This Termination Agreement enures to the benefit of and is binding upon the parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.
- 4. This Termination Agreement may be executed by the parties in counterparts and may be executed and delivered by electronic transmission and all such counterparts and electronic copies together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have executed this Agreement.

**GREENSTAR CANADA INVESTMENT
LIMITED PARTNERSHIP**, by its general partner,
**GREENSTAR CANADA
INVESTMENT CORPORATION**

By: _____
Name:
Title:

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

[Termination of Commercialization Agreement]

EXHIBIT E
FORM OF COMPLIANCE CERTIFICATE

To: CBG Holdings LLC (the “**Purchaser**”)

Ladies and Gentlemen:

Reference is made to that certain Subscription Agreement dated August 14, 2018 (as amended, restated, extended, supplemented or otherwise modified in writing, the “**Agreement**”), by and between the Purchaser and Canopy Growth Corporation (the “**Company**”).

The undersigned responsible officer hereby certifies as of the date hereof that he/she is the ● of the Company, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to the Purchaser on behalf of the Company, and that:

1. The Company is in compliance with:
 - (i) in all material respects, with all laws and regulations applicable to the Company’s business, affairs and operations anywhere in the world (other than the United States), including, to the extent applicable, the *Controlled Drugs and Substances Act* (Canada), those laws and regulations prescribed by and in respect of the *Access to Cannabis for Medical Purposes Regulations* issued under the *Controlled Drugs and Substances Act* (Canada), Bill C-45 “*An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*”, as amended from time to time and as the same may come into force, and, including for greater certainty, the rules of the TSX and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities; and
 - (ii) in all respects, with all laws and regulations applicable to the Company’s business, affairs and operations in the United States, including, to the extent applicable, the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq., and, including for greater certainty, the rules of the TSX and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.
2. The Company is in compliance with its internal compliance programs in all material respects. Such internal compliance programs have been periodically reviewed and updated to account for any changes in the laws and regulations applicable to the business, affairs and operations of the Company. In addition, the Company has provided any and all internally prepared or third-party consultant prepared audit reports related to a review of the effectiveness of the Company’s compliance program and processes and controls related to thereto.
3. The Company has not received any communication from any regulator, Governmental Authority or other agency since the date of the last Compliance Certificate. If the Company has received any communication from any regulator, Governmental Authority or other agency, it has notified the Purchaser and provided written copies of all such correspondence and any responses by the Company thereto.

Exhibit E-1

-
4. The Company has performed and observed each covenant and condition of the Agreement, applicable to it, and, since the date of the last Compliance Certificate has not been in and is not currently in breach of any such covenant or condition.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of, ● 20●.

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

Exhibit E-2

EXHIBIT F
FORM OF APPROVAL RESOLUTION

BE IT RESOLVED as an ordinary resolution that:

1. The issuance of 104,500,000 common shares in the capital of the Company (“**Common Shares**”) and 139,745,453 warrants to purchase Common Shares (“**Warrants**”), including the issuance of up to 139,745,453 Common Shares, from time to time, on exercise of outstanding Warrants, to CBG Holdings LLC (“**CBG**”) (or its affiliates or permitted assignees), which issuance could materially affect control of the Company, pursuant to a private placement transaction, in each case, subject to the terms and conditions of the subscription agreement between CBG and the Company dated August 14, 2018, as the same may be amended, supplemented or otherwise modified in accordance with the terms therein (the “**Subscription Agreement**”), and the performance by the Company of its obligations thereunder, all as more particularly described in the management information circular dated ●, 2018 of the Company accompanying the notice of meeting, as it may be amended, modified or supplemented in accordance with the Subscription Agreement, is hereby authorized and approved (the “**Investment**”).
2. The Subscription Agreement and transactions contemplated thereby, actions of the directors of the Company in approving the Subscription Agreement, and actions of the directors and officers of the Company in executing and delivering the Subscription Agreement, and any amendments, modifications or supplements thereto, are hereby ratified, authorized and approved.
3. The entry into the investor rights agreement between the Company, CBG (or its affiliate or permitted assignee) and Greenstar Canada Investment Limited Partnership (the “**Investor Rights Agreement**”), and the performance by the Company of its obligations thereunder, including, for certainty, the issuance of Common Shares, Warrants and any other securities thereunder, whether debt or equity, and whether convertible or exercisable into or exchangeable for common shares, or otherwise, pursuant to the “Pre-Emptive Right”, the “Top-Up Right” or otherwise (each as described in the Investor Rights Agreement); are hereby authorized and approved.
4. The entry into the administrative services agreement between the Company and Constellation Brands Inc. (or its affiliate or permitted assignee) (the “**Administrative Services Agreement**”) and the performance by the Company of its obligations thereunder, and the receipt of services by the Company from Constellation Brands Inc. and its affiliates thereunder, is authorized and approved.
5. Upon closing of the transactions described in the Subscription Agreement (the “**Closing**”) and subject to the conditions set forth in the Investor Rights Agreement, the following persons be and are hereby elected directors of the Corporation to hold the position until the next annual meeting of shareholders of the Corporation or until his or her successor is duly elected or appointed in accordance with the by-laws and the applicable provisions of the Investor Rights Agreement: Bruce Linton, John Bell, Peter Stringham, William Newlands, David Klein, Judy Schmeling [and ●] as directors of the Company. For greater certainty, upon the Closing, any directors of the Corporation other than the foregoing individuals shall be removed as directors of the Corporation.

-
6. Any officer or director (each an “**Authorized Signatory**”) be and is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such Authorized Signatories determine may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.
 7. Subject to the terms and conditions of the Subscription Agreement, notwithstanding the foregoing approvals, the directors of the Corporation be and are hereby authorized not to proceed with the Investment and the transactions contemplated by the Subscription Agreement.

Exhibit F-2

**SECOND AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT**

dated April 18, 2019

between

CBG HOLDINGS LLC

and

GREENSTAR CANADA INVESTMENT LIMITED PARTNERSHIP

and

CANOPY GROWTH CORPORATION

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**SECOND AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT**

THIS SECOND AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT, dated April 18, 2019 (this “**Agreement**”), is made by and between CBG Holdings LLC, a limited liability company existing under the Laws of the State of Delaware (“**CBG**”), Greenstar Canada Investment Limited Partnership (“**GCILP**”), a limited partnership existing under the laws of the Province of British Columbia and Canopy Growth Corporation, a corporation existing under the federal Laws of Canada (the “**Company**”).

RECITALS

- A. On November 2, 2017, GCILP and the Company entered into an investor rights agreement (the “**Original Investor Rights Agreement**”) to record their agreement as to the manner in which the Company’s affairs would be conducted and to grant to GCILP certain rights with respect to its beneficial ownership of Common Shares (as defined below).
- B. On November 1, 2018, (1) the Company issued to CBG, on a private placement basis, pursuant to a subscription agreement dated August 14, 2018 (the “**Subscription Agreement**”): (i) 104,500,000 Common Shares; and (ii) 139,745,453 common share purchase warrants representing the right to purchase up to 139,745,453 Common Shares, for an aggregate purchase price of C\$5,078,700,000 (the “**Investment**”); and (2) the Company, CBG and GCILP entered into an amended and restated investor rights agreement for the purpose of amending and restating the Original Investor Rights Agreement in its entirety, with effect upon the completion of the Investment (the “**Amended and Restated Investor Rights Agreement**”).
- C. The Company proposes to undertake certain potential transactions and, in connection with the consideration of such transactions, CBG, GCILP and the Company wish to enter into this Agreement for the purpose of further amending and restating the Amended and Restated Investor Rights Agreement in its entirety, with effect upon and from the date of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Certain Defined Terms

The following capitalized terms used in this Agreement shall have the meanings set forth below:

“**Act**” means the *Canada Business Corporations Act*.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date of the Amended and Restated Investor Rights Agreement.

“**Agreement**” has the meaning ascribed to such term in the Preamble.

“**Amended and Restated Investor Rights Agreement**” has the meaning ascribed to such term in the Recitals.

“**Ancillary Agreements**” means all agreements, certificates and other instruments delivered pursuant to this Agreement.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law and/or (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, the “**Law**”) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Audit Package**” means all materials prepared for and delivered to the Company’s Audit Committee relating to the approval of the Company’s annual and quarterly financial statements and MD&A.

“**Board**” means the board of directors of the Company from time to time.

“**Board Size**” has the meaning ascribed to such term in Section 2.1(a).

“**Board Observer**” has the meaning ascribed to such term in Section 2.1(g).

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Cannabis**” and “**cannabis**” means (i) all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material, trichomes, oil and extracts from cannabis (including cannabinoid or terpene extracts from the cannabis plant), and (ii) biologically or synthetically synthesized analogs of cannabinoids extracted from the cannabis plant using micro-organisms, including but not limited to (A) cannabis and marijuana, as defined pursuant to Applicable Law, including the Cannabis Act and (B) Industrial Hemp as defined in the Industrial Hemp Regulations issued under the Cannabis Act or other Applicable Law.

“**Cannabis Act**” means S.C. 2018, c.16, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, as amended from time to time.

“Cannabis Opportunity” means a business opportunity relating to marketing, manufacturing, development, preparation for sale, offering for sale, leasing or distributing products containing Cannabis or other equipment, accessories, goods or products the primary purpose of which is related, or following closing of the opportunity would relate, to marketing, manufacturing, development, preparation for sale, offering for sale, sale, distribution, storage or use of Cannabis, including but not limited to:

- (a) all retail, production, marketing, data analysis, or any service related to Cannabis or any Cannabis related equipment, accessory, good or products;
- (b) any research, design, development, manufacture, testing, analysis, storage, warehousing, use, transportation, distribution, branding, marketing, advertising, sale, offering for sale or resale, importation, exportation or lease of Cannabis or related Cannabis related equipment, accessory, good or products; or
- (c) licensing or sub-licensing of intellectual property relating to Cannabis or for use in connection with any of the foregoing.

“CBG” has the meaning ascribed to such term in the Preamble.

“CBG Group” means, collectively, CBG, GCILP, and Constellation Brands, Inc. and its Subsidiaries.

“CBG Nominee” has the meaning ascribed to such term in Section 2.1(b)(ii).

“Claim” means any cause of action, action, claim, demand, lawsuit, audit, proceeding or arbitration, including, for greater certainty, any proceeding or investigation by a Governmental Authority.

“Cleansing Announcement” means a public announcement which shall: (a) be prepared by the Company in consultation with CBG; (b) contain the Cleansing Information; and (c) be generally disclosed to the marketplace in accordance with Section 5.1(a)(ix).

“Cleansing Date” means the date on which a Cleansing Document is filed.

“Cleansing Document” has the meaning ascribed to such term in Section 5.1(a)(ix).

“Cleansing Information” means any and all material non-public information relating to the Company or any of its Subsidiaries that: (a) has been provided to the CBG Group and/or the CBG Nominees; and (b) would, without a Cleansing Announcement, prevent the CBG Group from trading its Common Shares under Applicable Laws.

“Commercialization Agreement” means the Commercialization Agreement dated November 2, 2017 between GCILP and the Company, whether or not terminated, expired, or in full force and effect.

“Common Share” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“Company” has the meaning ascribed to such term in the Preamble.

“Company Nominees” means, in respect of a meeting of the shareholders of the Company at which directors are to be elected, such individuals presented by management of the Company to its shareholders for election as directors at such meeting, including, for the avoidance of doubt, each of the CBG Nominees.

“Confidential Information” means any and all information about the Discloser or any of its Affiliates which is furnished by it or any of its Representatives to the Recipient or any of its Affiliates, whenever furnished and regardless of the manner in which it is furnished (orally, in writing, electronically, etc.) and includes all Information, including information regarding the business and affairs of the Discloser and its Affiliates, their plans, strategies, operations, financial information (whether historical or forecasted), business methods, systems, practices, analyses, compilations, forecasts, studies, designs, processes, procedures, formulae, improvements, trade secrets and other documents and information prepared or furnished by the Discloser, an Affiliate of the Discloser or any of their Representatives; provided, however, that Confidential Information shall not include, and no obligation under Section 4.5 shall be imposed on, information that: (a) was known by or in the Recipient’s possession before disclosure by or on behalf of the Discloser; (b) is or becomes generally known within either Party’s industry other than as a result of a breach of this Agreement by the Recipient, its Affiliates or their Representatives; (c) is or becomes available to the Recipient or its Affiliates on a non-confidential basis from a third party, provided that such third party is not and was not prohibited from disclosing such information; or (d) is independently developed by the Recipient or its Affiliates without reference to or use of the Confidential Information of the Discloser. Specific aspects or details of Confidential Information shall not be deemed to be within the public domain or in the possession of the Recipient merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the Recipient. Further, any combination of Confidential Information shall not be considered in the public domain or in the possession of the Recipient merely because individual elements of such Confidential Information are in the public domain or in the possession of the Recipient unless the combination and its principles are in the public domain or in the possession of the Recipient.

“Control” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and
- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Controlled Substances Act**” means the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq.

“**Convertible Security**” means a security of the Company that is convertible or exercisable into or exchangeable for Common Shares, but excludes (a) an Incentive Security, (b) a Special Option, (c) a Right, and (d) the Pre-Emptive Right.

“**Discloser**” means the Party or its Affiliate that discloses its Confidential Information to the other Party or its Affiliate (provided that providing information directly to an Affiliate of a Party shall be deemed to be a provision of such information to such Party).

“**Disclosure Record**” means all documents publicly filed by the Company on the System for Electronic Document Analysis and Retrieval (SEDAR) under applicable Securities Laws.

“**Exercise Notice**” has the meaning ascribed to such term in Section 3.1(h). “**GCILP**” has the meaning ascribed to such term in the Preamble.

“**Governmental Authority**” means:

- (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);
- (b) any domestic or foreign agency, authority, ministry, department, regulatory authority, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government, including: (i) Health Canada and other applicable regulatory authorities with oversight of the Cannabis industry and any business or operations within the Cannabis industry generally; (ii) the United States Alcohol and Tobacco Tax and Trade Bureau; and (iii) the United States Department of Justice;
- (c) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and/or
- (d) the TSX, the NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.

“**Holder**” means CBG or any other Person designated by CBG from time to time.

“IFRS” means International Financial Reporting Standards applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles in Canada.

“Incentive Security” means an option or other security of the Company convertible or exercisable into or exchangeable for Common Shares granted pursuant to any Share Incentive Plan.

“Independent”, in reference to an individual board nominee, means that such individual is “independent” within the meaning of sections 1.4 and 1.5 of NI 52-110 and for purposes of the rules of the TSX and the rules of the NYSE.

“Information” means: (a) know-how (including trade secrets and other unpatented or unpatentable proprietary or confidential information, systems or procedures); (b) computer software, inventions, designs and other industrial or intellectual property of any nature whatsoever; (c) any information of a scientific, technical, or business nature; (d) pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data and stability data; (e) process, horticultural and development information, results and data; (f) research, developmental, and demonstration work; (g) data and data files; and (h) all other information, methods, processes, formulations and formulae. Information: (x) may be embodied in or on any media, including hardware, software and/or documentation; (y) includes inventions, insofar as such inventions do not fall within the definition of Intellectual Property Rights; and (z) may include elements of public or non-proprietary information, provided that the compilation of such public or non-proprietary information with or without other proprietary information results in such compilation being considered as proprietary to the Person compiling such information.

“Intellectual Property Rights” means all intellectual property rights as recognized under the Applicable Laws of Canada, the United States of America and other countries or jurisdictions, including rights in and to Patents, Trademarks, copyrights, industrial designs and other intellectual property, and shall include all applications or registrations, including any renewals and extensions thereof and amendments thereto, and rights to apply in any or all countries of the world for such registrations and applications, rights to bring a Claim, at law or in equity or otherwise, for any past, present and/or future infringement, violation or misappropriation, rights and privileges arising under Applicable Laws and other industrial or intellectual property rights of the same or similar effect or nature in any jurisdiction relating to the foregoing throughout the world and all goodwill associated therewith.

“Investment” has the meaning ascribed to such term in the Recitals.

“MD&A” has the meaning ascribed to such term in Section 4.1.

“Merger Security” means any Common Share, Convertible Security, exchange right, call option, contractual right or obligation or other instrument of, or in respect of, the Company issuable in connection with an MSO Merger.

“MSO Merger” means a conditional acquisition (including an acquisition of assets, securities, exchange rights or rights under a license or otherwise), merger, arrangement, reorganization or similar business combination transaction or joint venture that does not involve the issuance or

delivery of Common Shares and/or Convertible Securities until satisfaction of certain conditions to the acquisition, merger, arrangement, reorganization or similar business combination transaction or joint venture but may involve the issuance of an exchange right, call option, contractual right or obligation or other instrument of the Company that is not a Common Share or Convertible Security.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**NYSE**” means the New York Stock Exchange.

“**Order**” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“**Original Percentage**” means the percentage equivalent to the quotient obtained when (a) the aggregate number of issued and outstanding Common Shares beneficially owned by the CBG Group is divided by (b) the aggregate number of issued and outstanding Common Shares, in each case, immediately prior to a Triggering Event, and, for the avoidance of doubt, such calculation shall be made on a non-diluted basis and shall not include Common Shares underlying unexercised Convertible Securities, including the Warrants.

“**Parties**” means CBG, GCILP, the Company and any other person that becomes a Party hereto pursuant to Section 7.6, and a “**Party**” means any one of them.

“**Patents**” means: (a) patent applications and issued patents therefor and equivalent rights under the *Patent Act* (Canada) and the *Patent Act* (United States), including (i) utility models, originals, provisionals, divisionals, reissues, renewals, re-examinations, continuations, continuations-in-part, continuing prosecution applications, requests for continuing examinations and extensions and applications for the foregoing; and (ii) patent applications and issued patents for plant patents; (b) applications and issued registrations for plant varieties, including applications and registrations under the *Plant Variety Protection Act* (United States) and the *Plant Breeders’ Rights Act* (Canada); (c) national and multinational counterparts of such patent and plant varietal applications and issued patents or registrations applied for or registered in any and all countries of the world; (d) all rights to apply in any or all countries of the world for such applications and issued patents or registrations including all rights provided by multinational treaties or conventions for any of the foregoing; and (e) inventions and plant varieties described in any such applications and issued patents or registrations, including those that are included in any claim, capable of being reduced to a claim or could have been included as a claim in any such pending patent applications and issued patents.

“**Percentage of Outstanding Common Shares**” means the percentage equal to the quotient obtained when (i) the aggregate number of issued and outstanding Common Shares beneficially owned by the CBG Group, or over which the CBG Group exercises control or direction (including, for the purposes of this calculation, Convertible Securities owned by the CBG Group or over which the CBG Group exercises control or direction) is divided by (ii) the aggregate number of issued and outstanding Common Shares (including, for the purposes of this calculation, Convertible Securities owned by the CBG Group or over which the CBG Group exercises control or direction), in each case, as at the time of calculation and, for avoidance of doubt otherwise on a non-diluted basis.

“Permitted Exceptions” has the meaning ascribed to such term in Section 5.3.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Pre-Emptive Right” means the right of CBG to purchase the Pre-Emptive Right Securities from the Company in accordance with Article 3.

“Pre-Emptive Right Closing” means the closing from time to time of the issue of the Pre-Emptive Right Securities under the Pre-Emptive Right.

“Pre-Emptive Right Securities” has the meaning ascribed to such term in Section 3.1(a).

“Privilege” has the meaning ascribed to such term in Section 4.6.

“Purpose” has the meaning ascribed to such term in Section 4.5(a).

“Recipient” means the Party or its Affiliate that receives Confidential Information from the other Party or its Affiliate (provided that the receipt of information by an Affiliate of a Party shall be deemed to be the receipt of such information by such Party).

“Representatives” means a Party’s and its Affiliates’ lawyers, independent accountants, financial advisors or other agents, bankers or rating agencies.

“Right” means a right granted by the Company to all holders of Common Shares to purchase additional Common Shares and/or other securities of the Company.

“Rights Offering” means a rights offering, dividend distribution, or any other transaction in which the general body of holders of affected securities of the same class are treated identically on a per security basis and the exercise, conversion or exchange of the securities offered pursuant to any such transaction, but which excludes, for greater certainty, the issuance or delivery of a Merger Security.

“Securities Laws” means, collectively, the applicable securities laws of each of the states, provinces and territories of Canada and the United States and the respective regulations, instruments and rules made under those securities laws, together with all applicable published policy statements, notices, blanket orders and rulings of the securities commissions or securities regulatory authorities of Canada and the United States and of each their respective states, provinces and territories.

“Share Incentive Plan” means any plan of the Company in effect from time to time pursuant to which Common Shares may be issued, or options or other securities convertible or exercisable into or exchangeable for Common Shares may be granted, to directors, officers, employees, and/or consultants, of the Company and/or its Subsidiaries, including, for greater certainty, (a) the employee stock purchase plan approved by shareholders of the Company at the annual shareholder meeting held on September 15, 2017, and (b) the amended restated omnibus incentive plan approved by shareholders of the Company at the special meeting of the shareholders held on July 30, 2018, in each case, as amended.

“Special Option” means an option or other security granted by the Company which is convertible or exercisable into or exchangeable for Common Shares for nominal or indeterminate consideration, and includes an over-allotment option or similar option granted to one or more underwriters in connection with a public offering of securities of the Company, but excludes (a) an Incentive Security, (b) a Right, (c) the Pre-Emptive Right, and (d) the issuance or delivery of a Merger Security.

“Standard Financial Report” means financial information prepared by senior management of the Company, detailed in a form consistent with the reporting template used by the Company at the relevant time, prepared on a basis consistent with the Company’s financial statements for such period in the Disclosure Record, which will include a consolidated statement of financial position, consolidated statement of operations and consolidated statement of cash flows, each of which is substantially in the format disclosed in the Company’s publicly issued financial statements for such fiscal year in the Disclosure Record.

“Subscription Agreement” has the meaning ascribed to such term in the Recitals.

“Subsidiary” has the meaning ascribed to such term in National Instrument 45-106 – *Prospectus Exemptions*.

“Target Number of Shares” means that the number of Common Shares and/or Convertible Securities beneficially owned by the CBG Group satisfies the following two conditions:

- (a) a minimum of 117,208,056 Common Shares in the capital of the Company, subject to adjustment for any share dividend, share consolidation, share split, share reclassification, reorganization, amalgamation, arrangement or merger involving the Company or any other event that affects all Common Shares in an identical manner; and
- (b) the number of Common Shares and/or Convertible Securities which represents a Percentage of Outstanding Common Shares equal to 28.2% (and only for the purpose of this part (b) of the definition of “Target Number of Shares”, the unexercised Tranche B Warrants shall be excluded from the calculation of Percentage of Outstanding Common Shares).

“Top-Up Right” has the meaning ascribed to such term in Section 3.6(a).

“Top-Up Right Acceptance Notice” has the meaning ascribed to such term in Section 3.6(e).

“Top-Up Right Notice Period” has the meaning ascribed to such term in Section 3.6(e).

“Top-Up Right Offer Notice” has the meaning ascribed to such term in Section 3.6(d)

“Top-Up Securities” has the meaning ascribe to such term in Section 3.6(a).

“Trademarks” means trade or brand names, business names, trademarks, service marks, certification marks, logos, slogans, corporate names, uniform resource locators, domain names, trading styles, commercial symbols and other source and business identifiers, trade dress, distinguishing guises, tag lines, designs and general intangibles of like nature, whether or not registered or the subject of an application for registration and whether or not registrable and all goodwill associated therewith.

“Tranche B Warrants” means the 51,272,592 Warrants represented by the Tranche B Common Share Purchase Warrant dated November 1, 2018 issued by the Company to CBG, as the same may be amended or amended and restated from time to time (including, for the avoidance of doubt, amendments, if any, of such Tranche B Warrants into a tranche B amended and restated common share purchase warrant and a tranche C common share purchase warrant, in which case this term shall include such tranche B amended and restated common share purchase warrant and such tranche C common share purchase warrant).

“Transaction Agreements” means this Agreement and the Subscription Agreement.

“Triggering Event” means the issue of any one or more of (a) Common Shares and/or (b) Convertible Securities, in each case by the Company, whether by way of public offering and/or private placement, and, for greater certainty, includes any issue of Common Shares on the exercise, conversion or exchange of any Special Option, but excludes any issue of Common Shares and/or Convertible Securities:

- (a) on the exercise, conversion or exchange of Convertible Securities issued prior to the date of the Amended and Restated Investor Rights Agreement, including for greater certainty, the exercise of the Warrants, or on the exercise, conversion or exchange of Convertible Securities issued after the date of the Amended and Restated Investor Rights Agreement in compliance with the terms of this Agreement;
- (b) on exercise, conversion or exchange by the CBG Group of any Convertible Securities;
- (c) pursuant to any Share Incentive Plan;
- (d) on the exercise of any Right;
- (e) in connection with *bona fide* bank debt, equipment financing or non-equity interim financing transactions with lenders to the Company;
- (f) in connection with *bona fide* acquisitions (including acquisitions of assets or rights under a license or otherwise), mergers or similar business combination transactions undertaken and completed by the Company;
- (g) on any exercise of the Pre-Emptive Right; or
- (h) pursuant to any stock dividend, stock split, share consolidation, share reclassification, reorganization, amalgamation, arrangement or merger involving or in respect of the Company or any other similar event that affects all holders of Common Shares in an identical manner.

For greater certainty, the issuance or delivery of a Merger Security is not considered to be a Triggering Event.

“**Triggering Event Closing Date**” means the date on which a Triggering Event occurs.

“**Triggering Event Notice**” has the meaning ascribed to such term in Section 3.1(f).

“**Triggering Event Price**” means, in respect of an issue or delivery of Common Shares and/or Convertible Securities by the Company for cash consideration pursuant to a Triggering Event, the purchase price per Common Share and/or Convertible Security to be paid for such Common Share and/or Convertible Security by purchasers other than CBG and/or GCILP, and means, in respect of an issue of Common Shares and/or Convertible Securities for consideration other than cash consideration pursuant to a Triggering Event, the price per Common Share and/or Convertible Security, as determined by the Board acting in good faith, that would have been received by the Company had such Common Share and/or Convertible Security been issued for cash consideration.

“**TSX**” means the Toronto Stock Exchange.

“**Warrants**” means, collectively, the 139,745,453 common share purchase warrants representing the right to purchase up to 139,745,453 Common Shares issued by the Company to CBG pursuant to the Investment.

ARTICLE 2 CORPORATE GOVERNANCE

2.1 Board Representation

- (a) As of the date of the Amended and Restated Investor Rights Agreement, the Board shall consist of seven directors (the “**Board Size**”). So long as the CBG Group continues to hold at least the Target Number of Shares, the Board shall not (i) propose or resolve to change the Board Size, except where otherwise required by Applicable Law, as provided in Section 2.1(h), or with the consent of the Holder, or (ii) present a slate of Company Nominees to the shareholders of the Company for election to the Board that is greater than or fewer than the Board Size.
- (b) So long as the CBG Group continues to hold at least the Target Number of Shares, the Company covenants and agrees to nominate for election as directors of the Company at any meeting of shareholders at which directors are to be elected the persons designated as follows:
 - (i) the Chief Executive Officer of the Company, or one of the Co-Chief Executive Officers of the Company if the Company has Co-Chief Executive Officers, provided that such individual shall be Bruce Linton for so long as he is the Chief Executive Officer or the Co-Chief Executive Officer of the Company;
 - (ii) four individuals designated by the Holder in its discretion (each a “**CBG Nominee**” and collectively, the “**CBG Nominees**”); and

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- (iii) two individuals designated by the Board who are Independent, “financially literate” (within the meaning of Section 1.6 of NI 52-110 and for purposes of the rules of the TSX and the NYSE) and “resident Canadian” (as defined in the Act).
- (c) For so long as the Board Size is seven, the Holder covenants and agrees that at least one CBG Nominee shall be Independent; provided, however, that for the period beginning on the date of the Amended and Restated Investor Rights Agreement and ending on November 1, 2019, any CBG Nominee that is an employee of Constellation Brands, Inc. or any of its Subsidiaries may not be nominated for the purpose of this Section 2.1(c).
- (d) In the event the CBG Group no longer holds at least the Target Number of Shares, then for the term of this Agreement, the Holder shall be entitled to designate a number of CBG Nominees that represents its proportionate share of the number of directors comprising the Board (rounded up to the next whole number) based on the Percentage of Outstanding Common Shares beneficially owned by the CBG Group.
- (e) The Company shall (i) include the CBG Nominees in the notice of meeting, the management information circular, proxy statement and form of proxy relating to the applicable shareholder meeting as nominees of management, and (ii) solicit proxies from shareholders of the Company in favour of the election of the CBG Nominees in a manner no less favourable than the manner in which the Company supports other nominees for election at any such meeting.
- (f) Notwithstanding anything in this Agreement to the contrary, a failure by the Holder to designate any and all CBG Nominees that it is entitled to designate pursuant to this Section 2.1 at any time shall not restrict the ability of the Holder to designate such CBG Nominees at any time in the future.
- (g) If a CBG Nominee fails to be elected by the shareholders of the Company as a director of the Company, the Holder shall have the right to designate such individual as an observer to the Board (each such individual, a “**Board Observer**”). Each Board Observer shall be entitled to (i) receive notice of and to attend meetings of the Board (ii) take part in discussions and deliberations of matters brought before the Board, (iii) receive notices, consents, minutes, documents and other information and materials that are sent to members of the Board, and (iv) receive copies of any written resolutions proposed to be adopted by the Board, including any resolution as approved, each at substantially the same time and in substantially the same manner as the members of the Board, except that the Board Observer will not be entitled to vote on any matters brought before the Board. The Board Observer will not be entitled to any compensation from the Company; provided, however that all reasonable expenses of the Board Observer shall be reimbursed by the Company.

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- (h) In the event that any CBG Nominee ceases to serve as a director of the Company for any reason, including the death, disability, resignation, removal or failure of a CBG Nominee to be elected at a meeting of shareholders, the Company shall cause the Board to appoint as soon as practicable a replacement CBG Nominee in accordance with this Agreement to fill the vacancy caused thereby, including any such death, disability, resignation, removal or failure to be elected, provided that CBG remains eligible to nominate such CBG Nominee pursuant to Section 2.1(b) or Section 2.1(d). Notwithstanding Section 2.1(a), if the Company is prevented by the Act from filling a vacancy with a CBG Nominee in accordance with the foregoing sentence, the Board shall, to the maximum extent permitted by the Act, promptly resolve to increase the Board Size until the next meeting of shareholders and appoint such replacement CBG Nominee(s) to the Board.
 - (i) For so long as the CBG Group continues to hold at least the Target Number of Shares, at least one CBG Nominee shall be appointed to each committee established by the Board, including, for certainty, any *ad hoc* committee, special committee, strategic advisory committee or other similarly constituted committee of the Board formed for the purposes of, among other things, reviewing, considering or evaluating regulatory issues, strategic initiatives or material transactions involving the Company and/or its Subsidiaries (provided that this obligation shall not apply to the audit committee of the Board unless at least one CBG Nominee is Independent). If no CBG Nominee is Independent, the Holder shall have the right to designate as an observer to the audit committee one CBG Nominee.
 - (j) The Company shall obtain and maintain in force a directors' and officers' insurance policy, with coverage and on terms acceptable to the Board. The Company will enter into customary indemnification agreements with any directors nominated pursuant to this Agreement.
 - (k) Bruce Linton shall serve as the Chair of the Board so long as he also serves as (i) Chief Executive Officer or Co-Chief Executive Officer of the Company, and (ii) a director of the Company, unless otherwise approved by unanimous resolution of the Board.

2.2 CBG Approval Right

- (a) For so long as the CBG Group continues to hold at least the Target Number of Shares, the Company shall not (either directly or indirectly through a Subsidiary) take any of the following actions without the prior written consent of CBG:
 - (i) consolidate or merge into or with another Person or enter into any other similar business combination, including pursuant to any amalgamation, arrangement, recapitalization or reorganization, other than a consolidation, merger or other similar business combination of any wholly-owned Subsidiary of the Company into or with the Company or into or with another wholly-owned Subsidiary of the Company or an amalgamation or arrangement involving a Subsidiary of the Company with a another Person in connection with an acquisition permitted or approved pursuant to Section 2.2(a)(ii);

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- (ii) acquire any shares or similar equity interests, instruments convertible into or exchangeable for shares or similar equity interests, assets, businesses or operations with an aggregate value of more than \$250 million, in a single transaction or a series of related transactions;
 - (iii) adopt any plan or proposal for a complete or partial liquidation, dissolution or winding up of the Company or any of its Subsidiaries (other than a liquidation, dissolution or wind-up of any such entity in connection with which all of such entity's assets are transferred to the Company and/or one or more of its Subsidiaries) or any reorganization or recapitalization of the Company or any of its Subsidiaries or commence any case, proceeding or action seeking relief under any existing or future laws relating to bankruptcy, insolvency, conservatorship or relief of debtors;
 - (iv) sell, transfer, lease, pledge or otherwise dispose of any of its or any of its Subsidiaries' assets, business or operations (in a single transaction or a series of related transactions, and excluding any sale, transfer, lease, pledge or disposition of assets, business or operations to the Company and/or one or more of its Subsidiaries) in the aggregate with a value of more than \$20 million; or
 - (v) make any changes to the Company's policy with respect to the declaration and payment of any dividends on the Common Shares, except if and to the extent that a reduction in the dividend is required by Applicable Law.
- (b) If at any time the Holder holds less than the Target Number of Shares but the Percentage of Outstanding Common Shares beneficially owned by the CBG Group is not less than 20%, the Company shall consult with CBG with respect to the matters set forth in Section 2.2(a), but CBG shall have no right to approve or deny approval of such matters.

ARTICLE 3 PRE-EMPTIVE RIGHT OF CBG

3.1 Pre-Emptive Rights

- (a) During the term of this Agreement, the Company hereby grants to CBG and/or GCILP the right to purchase, directly or indirectly by another member of the CBG Group, from time to time upon the occurrence of any Triggering Event up to such number of Common Shares and/or Convertible Securities issuable or deliverable in connection with the Triggering Event on the same terms and conditions as those issuable in connection with the Triggering Event (the "**Pre-Emptive Right Securities**") which will, when added to the Common Shares beneficially owned by the CBG Group immediately prior to the Triggering Event, result in the CBG Group beneficially owning the Original Percentage after giving effect to the issue of all Common Shares to be issued or issuable (pursuant to the exercise, conversion or exchange of Convertible Securities) in connection with the Triggering Event. In the event that a Triggering Event consists of an issuance or

delivery of both Common Shares and Convertible Securities, the Pre-Emptive Right Securities shall be allocated to CBG and/or GCILP between Common Shares and Convertible Securities on the same *pro rata* basis as are allocated to subscribers or participants in respect of the Triggering Event.

- (b) In respect of each exercise of the Pre-Emptive Right, the purchase price per Pre-Emptive Right Security shall be equal to the greater of the Triggering Event Price and such price as may be prescribed by any securities regulator or stock exchange having jurisdiction over the issue of the Pre-Emptive Right Securities to CBG, GCILP or another member of the CBG Group.
- (c) Except as otherwise specifically provided in this Article 3, each Party shall bear its own expenses incurred in connection with this Article 3 and in connection with all obligations required to be performed by each of them under this Article 3.
- (d) The Parties shall, subject to their respective legal obligations and Applicable Law, consult with each other, and use reasonable efforts to agree upon the text of any written press release relating to this Article 3 or the transactions contemplated hereby, before issuing any such press release.
- (e) Neither CBG nor GCILP shall be entitled to exercise the Pre-Emptive Right in respect of any offering in which such Holder exercises its registration rights under Schedule A.
- (f) During the term of this Agreement, the Company shall provide to CBG and GCILP written notice (a “**Triggering Event Notice**”) as soon as practicable: (i) following a determination by the Company to effect a Triggering Event, other than a Triggering Event that arises as a result of the exercise of a Special Option and (ii) following the exercise of a Special Option.
- (g) Each Triggering Event Notice shall include the number of Pre-Emptive Right Securities which CBG and/or GCILP shall be entitled to purchase as a result of the applicable Triggering Event, a calculation demonstrating how such number was determined, the Triggering Event Price and the anticipated Triggering Event Closing Date and the terms and conditions of the Pre-Emptive Right Securities, if other than Common Shares. The Company shall also give CBG and GCILP notice as promptly as practicable following the grant of a Special Option.
- (h) Subject to the provisions of this Agreement, the Pre-Emptive Right shall, in each instance, be exercisable by CBG and/or GCILP at any time (i) during a period of 20 days following receipt of a Triggering Event Notice in accordance with Section 3.1(f) if the gross proceeds of such Triggering Event are equal to or greater than \$90 million; or (ii) during a period of 12 days following receipt of a Triggering Event Notice in accordance with Section 3.1(f) if the gross proceeds of such Triggering Event are less than \$90 million, provided that if CBG and/or GCILP wish to exercise the Pre-Emptive Right, CBG and/or GCILP shall deliver an irrevocable notice (an “**Exercise Notice**”) in writing addressed to the Company confirming that it wishes to exercise the Pre-Emptive Right in respect of such Triggering Event, specifying the number of Pre-Emptive Right Securities that it

will purchase and the member(s) of the CBG Group to whom such Pre-Emptive Right Securities are to be issued, if other than CBG or GCILP. If the Company does not receive an Exercise Notice in respect of a Triggering Event Notice within the applicable period set out above, CBG and GCILP shall be deemed to have not exercised the Pre-Emptive Right in respect of the Triggering Event to which such Triggering Event Notice relates and the Pre-Emptive Right shall be deemed to have expired in respect of such Triggering Event.

- (i) Subject to Applicable Law, the Pre-Emptive Right Closing of the issue of the Pre-Emptive Right Securities shall occur on the Triggering Event Closing Date or such later date as the Parties may agree upon.

3.2 Exercise of Pre-Emptive Right

- (a) Each of the Parties shall use all commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done as promptly as practicable, all things necessary, proper or advisable under Applicable Law to consummate and make effective the transactions contemplated by this Article 3, including obtaining any governmental, regulatory, stock exchange or other consents, transfers, orders, qualifications, waivers, authorizations, exemptions and approvals, providing all notices and making all registrations, filings and applications necessary or desirable for the consummation of the transactions contemplated by this Article 3, including any filings with governmental or regulatory agencies and stock exchanges. The Company shall forthwith notify CBG and/or GCILP if as a condition of obtaining any applicable regulatory approvals, including securities regulatory and stock exchange approval, the purchase price must be an amount greater than the Triggering Event Price, and shall keep CBG and/or GCILP fully informed and allow CBG and/or GCILP to participate in any communications with such stock exchange regarding the exercise of CBG and/or GCILP's rights under this Article 3.
- (b) The obligation of the Company to consummate a purchase of Pre-Emptive Right Securities, as the case may be, under this Article 3 is subject to the fulfilment, prior to or at the applicable closing date, of each of the following conditions, any of which may be waived by the Company in writing:
 - (i) there shall not be in effect any injunction or restraining order issued by a court of competent jurisdiction which prohibits the consummation of the transactions contemplated by this Article 3 nor shall there be any investigation or proceeding pending before any court or governmental authority seeking to prohibit the consummation of the transactions contemplated by this Article 3;
 - (ii) no Applicable Law shall have been enacted by any Governmental Authority which prohibits the consummation of the transactions contemplated by this Article 3 or makes such consummation illegal;

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- (iii) the closing of the issue and sale of the securities constituting the Triggering Event shall have occurred prior to, or shall occur concurrently with, the Pre-Emptive Right Closing;
 - (iv) any member of the CBG Group purchasing securities shall execute financing agreements, as applicable, which in the case of a purchase of Pre-Emptive Right Securities shall be in the same form as the agreements being entered into by the other participants in such Triggering Event, which, for greater certainty, shall include confirmation that such member of the CBG Group is an accredited investor or its equivalent under Applicable Laws or is otherwise eligible to purchase securities of the Company pursuant to an exemption from applicable prospectus and registration requirements; and
 - (v) any stock exchange upon which the Common Shares are then listed and any other securities regulator having jurisdiction and whose approval is required, shall have approved the issue and sale of such securities.
- (c) The obligation of CBG and/or GCILP to consummate a purchase of Pre-Emptive Right Securities, as the case may be, under this Article 3 is subject to the fulfilment, prior to or at the applicable closing, of each of the following conditions, any of which may be waived by CBG and/or GCILP in writing:
- (i) there shall not be in effect any injunction or restraining order issued by a court of competent jurisdiction which prohibits the consummation of the transactions contemplated by this Article 3, nor shall there be any investigation or proceeding pending before any court or governmental authority seeking to prohibit the consummation of the transactions contemplated by this Article 3;
 - (ii) no Applicable Law shall have been enacted by any Governmental Authority which prohibits the consummation of the transactions contemplated by this Article 3 or makes such consummation illegal;
 - (iii) the closing of the issue and sale of the securities constituting the Triggering Event shall have occurred prior to, or shall occur concurrently with, the Pre-Emptive Right Closing; and
 - (iv) any stock exchange upon which the Common Shares are then listed and any other securities regulatory authority having jurisdiction and whose approval is required, shall have approved of the issue and sale of such securities and if such approval, or any other approval under Applicable Law, is required, the Company shall use its commercially reasonable efforts to obtain such approval.

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- (d) At or prior to the closing of any issuance of securities to the CBG Group under this Article 3:
- (i) the Company shall deliver, or cause to be delivered, to CBG the applicable securities registered in the name of or otherwise credited to CBG or such member of the CBG Group as is designated in writing by it;
 - (ii) CBG shall deliver or cause to be delivered to the Company payment of the applicable purchase price by certified cheque or wire or other electronic funds transfer; and
 - (iii) the Parties shall deliver any documents required to evidence the requirements set out in Section 3.2(a) and Section 3.2(c).

3.3 No Obligations Unless Pre-Emptive Right Exercised

Nothing herein contained or done pursuant hereto shall obligate CBG and/or GCILP to purchase or pay for, or shall obligate the Company to issue, the Pre-Emptive Right Securities except upon the exercise by CBG and/or GCILP of the Pre-Emptive Right in accordance with the provisions of this Article 3 and compliance with all other conditions precedent to such issue and purchase contained in this Article 3.

3.4 No Rights As Holder of Pre-Emptive Right Securities

CBG shall not have any rights whatsoever as a holder of any of the Pre-Emptive Right Securities (including any right to receive dividends or other distributions therefrom or thereon) until CBG shall have acquired the Pre-Emptive Right Securities.

3.5 Registration Rights

The Holder shall have, and be entitled to exercise, the registration rights set forth in Schedule A.

3.6 Top-Up Securities

- (a) For so long as the CBG Group continues to hold at least the Target Number of Shares, CBG and/or GCILP shall have a right (the “**Top-Up Right**”) to subscribe for Common Shares in respect of any Top-Up Securities that the Company may, from time to time, issue after the date of the Amended and Restated Investor Rights Agreement, subject to any TSX, NYSE or other stock exchange requirements as may then be applicable. In the event that the approval of the TSX, NYSE or other stock exchange is required in order to exercise a Top-Up Right, the Company shall use its commercially reasonable efforts to obtain such approval. The number of Common Shares that may be subscribed for by CBG and/or GCILP pursuant to the Top-Up Right shall be equal to up to the Percentage of Outstanding Common Shares expressed as a percentage of the Top-Up Securities. The term “**Top-Up Securities**” shall mean any Common Shares and/or Convertible Securities issued:
 - (i) on the exercise, conversion or exchange of Convertible Securities issued prior to the date of the Amended and Restated Investor Rights Agreement or on the exercise, conversion or exchange of Convertible Securities issued after the date of the Amended and Restated Investor Rights Agreement in compliance with the terms of this Agreement, in each case, excluding any Convertible Securities owned by CBG and/or GCILP;

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- (ii) pursuant to any Share Incentive Plan;
 - (iii) on the exercise of any Right;
 - (iv) in connection with *bona fide* bank debt, equipment financing or non-equity interim financing transactions with lenders to the Company, in each case, with an equity component;
 - (v) in connection with *bona fide* acquisitions (including acquisitions of assets or rights under a license or otherwise), mergers, MSO Mergers, arrangements, reorganizations or similar business combination transactions or joint ventures undertaken and completed by the Company, including Common Shares issued on conversion, exercise or exchange of a Merger Security; or
 - (vi) in connection with *bona fide* acquisitions (including acquisitions of assets or rights under a license or otherwise), mergers or similar business combination transactions or joint ventures or any other issuances of shares undertaken and completed by the Company set forth in Section 5.7(h) of the Disclosure Letter (as defined in the Subscription Agreement) (each, a “**Subject Acquisition**”); provided that, for the purposes of any Top-Up Right exercised in respect of Top-Up Securities referred to in this Section 3.6(a)(vi), if such Top-Up Securities relate to a Subject Acquisition that is completed prior to the date of the Amended and Restated Investor Rights Agreement, CBG and/or GCILP, as the case may be, shall be entitled to exercise its Top-Up Right in respect of such Subject Acquisitions for a period of nine months following the date of the Amended and Restated Investor Rights Agreement, in all cases, other than Pre-Emptive Right Securities.
- (b) The Top-Up Right may be exercised on a quarterly basis as set out in Section 3.6(d). Any dilution to the Percentage of Outstanding Common Shares beneficially owned by the CBG Group resulting from the issuance of Top-Up Securities during a fiscal quarter of the Company will be disregarded for purposes of determining, prior to the time CBG and/or GCILP may exercise its Top-Up Right pursuant to Section 3.6(c) and 3.6(d) in respect of the issuances of Top-Up Securities during such fiscal quarter, whether CBG and/or GCILP has maintained the required Percentage of Outstanding Common Shares pursuant to this Agreement.

The Top-Up Right shall be effected through subscriptions for Common Shares by CBG and/or GCILP for a price per Common Share equal to the volume weighted average price of the Common Shares on the TSX for the five trading days preceding the delivery of the Top-Up Right Acceptance Notice by CBG and/or GCILP and shall be subject to approval by the TSX and NYSE.

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- (c) In the event that any exercise of a Top-Up Right shall be subject to the approval of the Company's shareholders, the Company shall use its commercially reasonable efforts to cause the approval of such Top-Up Right at the next meeting of shareholders that is convened by the Company in order to allow CBG and/or GCILP to exercise its Top-Up Right. The Company shall solicit proxies from its shareholders for use at such meeting to obtain such approval.
- (d) Within 30 days following the end of each fiscal quarter of the Company, the Company shall send a written notice to CBG and/or GCILP (the "**Top-Up Right Offer Notice**") specifying: (i) the number of Top-Up Securities issued during such fiscal quarter; (ii) the expected use of proceeds from any exercise of the Top-Up Right by CBG and/or GCILP; (iii) the total number of the then issued and outstanding Common Shares (which shall include any securities to be issued to Persons having similar participation rights); and (iv) the Percentage of Outstanding Common Shares beneficially owned by the CBG Group (based on the last publicly reported ownership figures of the CBG Group and the number of issued and outstanding Common Shares in (iii) above) assuming CBG and/or GCILP did not exercise its Top-up Right.
- (e) CBG and/or GCILP shall have a period (the "**Top-Up Right Notice Period**") of either:
- (i) 15 Business Days from the date of the Top-Up Right Offer Notice if the exercise of the Top-Up Right would result in CBG and/or GCILP purchasing Common Shares with a value of less than \$1 billion; and
 - (ii) 60 days from the date of the Top-Up Right Offer Notice if the exercise of the Top-Up Right would result in CBG and/or GCILP purchasing Common Shares with a value of at least \$1 billion,

to notify the Company in writing (the "**Top-Up Right Acceptance Notice**") of the exercise, in full or in part, of its Top-Up Right. The Top-Up Right Acceptance Notice shall: (i) specify (A) the number of Common Shares subscribed for by CBG and/or GCILP pursuant to the Top-Up Right; and (B) the subscription price calculated in accordance with Section 3.6(b); and (ii) include a covenant from CBG and/or GCILP to deliver to the Company in accordance with the provisions of this Section 3.6(e) an amount equal to the subscription price calculated in accordance with Section 3.6(b) per Common Share multiplied by the aggregate number of Common Shares subscribed for by CBG and/or GCILP pursuant to the Top-Up Right. If CBG and/or GCILP fails to deliver a Top-Up Right Acceptance Notice within the Top-Up Right Notice Period, then the Top-Up Right of CBG and/or GCILP in respect of the issuances of Top-Up Securities during the applicable fiscal quarter is extinguished. If CBG and/or GCILP gives a Top-Up Right Acceptance Notice, the sale of the Top-Up Securities to CBG and/or GCILP shall be completed as soon as reasonably practicable thereafter; provided, however that for the exercise of a Top-Up Right that would result in CBG and/or GCILP purchasing Common Shares with a value of at least \$1 billion, the sale of the Top-Up Securities to CBG and/or GCILP shall be completed no more than 270 days from the date of the Top-Up Right Offer Notice.

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- (f) The Top-Up Right shall not apply in connection with any Rights Offering by the Company.

ARTICLE 4

INFORMATION RIGHTS; INSPECTION RIGHTS

4.1 Annual and Quarterly Financial Information

The Company agrees that, with respect to any fiscal quarter or fiscal year during the term of this Agreement, the Company shall deliver to CBG as promptly as practicable: (i) drafts of the Audit Package relating to the Company's financial statements and management's discussion and analysis of financial condition and results of operations ("MD&A"), (ii) the Audit Package relating to the Company's financial statements and MD&A no later than the time such package is sent to the Company's Audit Committee and (iii) the version of the Company's financial statements and MD&A that are approved by the Company's Audit Committee for any fiscal quarter or fiscal year, including, in the case of audited annual financial statements, the opinion on the audited annual financial statements by the Company's independent certified public accountants.

4.2 Additional Information Rights

During the term of this Agreement, the Company shall deliver to CBG:

- (a) as promptly as practicable after the end of each month, but in any event within 45 days after the end of each such month, a copy of the Standard Financial Report for such month;
- (b) as promptly as practicable, but in any event at least 60 days prior to the commencement of each fiscal year of the Company, a copy of the proposed annual budget for the Company and its Subsidiaries which, for greater certainty, is consistent in terms of level of detail with the Company's proposed annual budget in prior fiscal years and which shall include a reasonably detailed capital expenditure budget and operating budget for the Company;
- (c) immediately following receipt thereof, a copy of any notice, letter, correspondence or other communication from a Governmental Authority or any litigation proceedings or filings involving the Company, in each case, in respect of the Company's potential, actual or alleged violation of any and all Laws applicable to the business, affairs and operations of the Company and its Subsidiaries anywhere in the world, and any responses by the Company in respect thereto;
- (d) immediately following delivery to the Company, any and all internal reports, consulting reports, audit reports or other reports (whether prepared internally or by third parties) related to any review, consideration or evaluation of the effectiveness of the Company's internal compliance programs and processes and controls related thereto;

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- (e) any information relating to material transactions or material expenditures of the Company; and
 - (f) such other financial and business information relating to the Company as CBG may reasonably request from the Company from time to time, including: audited and unaudited financial and other information required for the preparation of selected and summary financial data and *pro forma* financial information regarding the business of the Company for all periods required by applicable provisions of Regulations S-X and S-K promulgated under the *Securities Act of 1933*, as amended, and the *Securities Exchange Act of 1934*, as amended, and the rules and regulations thereunder and shall provide such management representation letters and shall cause the Company's outside independent public accountants to deliver such consents and comfort as are customary under applicable accounting standards, as promptly as reasonably practicable, but in no event later than 45 days after receipt of a request by CBG therefor. CBG shall be responsible for the costs and expenses incurred in the connection with such preparation, review and audit. The Company agrees that CBG may use, and the Company shall deliver such consents and shall authorize the Company's outside independent public accountants to deliver such consents as may reasonably be requested by CBG for the use of, the financial and other information provided pursuant to this Section 4.2(f), or any other financial information provided by the Company to CBG specifically for the following purposes: in any registration statement, prospectus, offering memorandum, Form 8-K or other public filing, at any time on and after the date of the Amended and Restated Investor Rights Agreement.

4.3 Inspection Rights

During the term of this Agreement, the Company shall provide CBG, its designees and its representatives with reasonable access upon reasonable notice during normal business hours, to the Company's and its Subsidiaries' books and records and executive management so that CBG may conduct reasonable inspections, investigations and audits relating to the information provided by the Company pursuant to this Article 4, as well as to the internal accounting controls and operations of the Company and its Subsidiaries.

4.4 Maintenance of Internal Controls

The Company shall, and shall cause each of its Subsidiaries to: (a) make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and such Subsidiaries; and (b) devise and maintain a system of internal controls over financial reporting sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary: (A) to permit preparation of financial statements in conformity with IFRS or any other criteria applicable to such statements and (B) to maintain accountability for assets.

4.5 Confidentiality

Subject to any rights granted pursuant to any of the Transaction Agreements:

- (a) the Recipient (in the case of the CBG Group) shall not use Confidential Information for any purpose other than:
 - (i) to monitor, oversee and make decisions with respect to the CBG Group's investment in the Company (including advising the CBG Group and its outside advisors on its investment in the Company);
 - (ii) to comply with CBG's and GCILP's obligations under this Agreement;
 - (iii) to exercise any of CBG's or GCILP's rights under this Agreement;
 - (iv) in connection with the Company's financial and reporting obligations; and
 - (v) to collaborate with the Company,(collectively, the "**Purpose**").
- (b) the Recipient shall hold the Confidential Information in confidence, and shall not disclose the Confidential Information to third parties without the prior written consent of the Discloser. The Recipient shall restrict disclosure of the Confidential Information to its and its Affiliates' directors, officers, employees and Representatives who have a need to know the Confidential Information for the Purpose;
- (c) notwithstanding anything in this Section 4.5 to the contrary, no consent of the Discloser shall be required for the Recipient to disclose Confidential Information of the Discloser if such disclosure is required by Applicable Law, including, for greater certainty, the rules of any stock exchange upon which securities of the Recipient or any of its Affiliates are traded, provided that the Recipient shall use commercially reasonable efforts to give prior written notice to the Discloser and a reasonable opportunity for the Discloser to review and comment on the requisite disclosure before it is made. Further, in the event the Recipient is requested or required (including by interrogatories, subpoena or similar process) to disclose any Confidential Information of the Discloser, the Recipient shall provide the Discloser with prompt written notice of such request (if legally permitted) so the Discloser may consider whether it wishes to seek an appropriate protective order. In the absence of a protective order, the Recipient shall disclose only such Confidential Information as is legally required and shall use commercially reasonable efforts to ensure the confidentiality of any such Confidential Information that is disclosed; and
- (d) each Party's obligations under this Section 4.5 shall survive for a period of two years following the date of termination of this Agreement; provided, however, that each Party's obligations with respect to any Confidential Information that constitutes a trade secret shall continue until such Confidential Information no longer constitutes a trade secret under Applicable Law.

4.6 Privilege

The provision of any information pursuant to this Article 4 shall not be deemed a waiver of any privilege, including privileges arising under or related to the attorney-client privilege or any other applicable privileges (a “**Privilege**”).

ARTICLE 5 COVENANTS

5.1 Covenants of the Company

- (a) During the term of this Agreement, the Company hereby covenants and agrees as follows:
 - (i) the Company shall comply with:
 - (A) all Applicable Laws (other than Applicable Laws of the United States) in all material respects, including, to the extent applicable, the Cannabis Act and all other Laws (other than Laws applicable to the United States) relating to Cannabis which are applicable to the Company’s business, affairs and operations, and, including for greater certainty, the rules of the TSX, the NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities; and
 - (B) all Applicable Laws of the United States in all respects, including, to the extent applicable, the Controlled Substances Act and all other Laws relating to Cannabis which are applicable to the Company’s business, affairs and operations in the United States, and, including for greater certainty, the rules of the TSX, the NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities;
 - (ii) the Company shall only carry on any business, affairs or operations or maintain any activities in Canada and other markets to the extent such business, affairs and operations are lawful in such markets or become lawful in such markets after the date of the Amended and Restated Investor Rights Agreement;
 - (iii) the Company shall deliver to CBG, as promptly as practicable, but in any event no later than 15 days after the end of each month, a compliance certificate executed by a senior officer of the Company, in the form attached to this Agreement as Schedule B;
 - (iv) the Company shall comply in all respects with its internal compliance programs designed to detect and prevent violations of any Applicable Laws related to the Cannabis industry and shall periodically review and update its internal compliance programs to account for any changes in Laws applicable to the Company’s business, affairs or operations;

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- (v) the Company shall, on at least a quarterly basis, require and supervise internal personnel and third party consultants to perform routine audits to test the effectiveness of the Company's internal compliance programs and processes and controls related thereto;
 - (vi) the Company shall promptly notify and consult CBG in connection with: (i) any and all matters relating to any potential, actual or alleged violation of, or non-compliance with, Laws applicable to the United States; (ii) any and all material matters relating to any violations of, or non-compliance with, any Laws other than Laws applicable to the United States; and (iii) any and all matters relating to any violations of, or non-compliance with, any Laws other than Laws applicable to the United States which could reasonably be expected to result in fines or penalties against the Company or otherwise result in a material adverse effect on the Company's business, affairs and operations, and, for greater certainty, consultation for these purposes shall include the right of CBG to participate in all decisions to be made by the Company relating to whether purported or alleged violations or instances of non-compliance will be challenged and how such violations or instances of non-compliance will be remediated, provided that, for greater certainty, the Company shall make all such decisions in its discretion, acting reasonably, after having received any input provided by CBG in a timely fashion;
 - (vii) the Company shall provide and continue to provide sufficient training to employees responsible for the Company's internal compliance programs, including informing them of all Applicable Laws, including, to the extent applicable, the Controlled Substances Act, the Cannabis Act and all other Laws relating to the Cannabis industry which are applicable to the Company's business, affairs and operations, and any changes thereto;
 - (viii) the Company shall, on at least an annual basis, provide CBG with a list of employees and third party consultants responsible for the Company's internal compliance programs and processes and controls related thereto, including details regarding the qualifications of such employees and third party consultants and, if requested by CBG, such further information as may be reasonably requested by CBG from time to time to demonstrate that such employees are properly trained and fully familiar with: (i) the Laws relating to the Cannabis industry which are applicable to the Company's business, affairs and operations; and (ii) the Company's internal compliance programs and processes and controls related thereto, in each case, so as to permit CBG to demonstrate due diligence and compliance with its obligations under Applicable Law in the United States;

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- (ix) upon receipt by the Company of a written notice from CBG advising the Company that: (i) the CBG Group has determined based on information not available to it as at the date of the Amended and Restated Investor Rights Agreement that holding an investment in the Company could reasonably be expected to trigger a violation of, or any liability, other than any liability arising from obligations required to be performed by the CBG Group under this Agreement or the Subscription Agreement, to the CBG Group under, Applicable Law (which, for greater certainty, shall include any Laws applicable to the United States); and (ii) as a result of such determination, the CBG Group wishes to sell all of the Common Shares beneficially owned by the CBG Group on the TSX, NYSE or such other stock exchange, marketplace or trading market on which the Common Shares are listed or traded at such time, then, as soon as practicable, and no later than 9:00 a.m. (Smiths Falls time) on the fifteenth (15th) day following receipt by the Company of the written notice from CBG outlining the basis upon which CBG has reached the above referenced determination, the Company shall, through a press release or other publicly filed document (the “**Cleansing Document**”), make the Cleansing Announcement, including filing a copy of the Cleansing Document on the System for Electronic Document Analysis and Retrieval;
 - (x) the head office of the Company shall be located in Smiths Falls, Ontario, unless otherwise approved by unanimous resolution of the Board;
 - (xi) for so long as the CBG Group continues to hold at least the Target Number of Shares, the Company shall not implement or adopt any shareholder rights plan without the prior written consent of CBG; and
- (b) the Company hereby grants to the CBG Group, effective upon the termination of this Agreement, a limited, non-exclusive, worldwide, royalty-bearing, perpetual, non-revocable and irrevocable license granting all of the rights contemplated by Section 7.1 of the Commercialization Agreement (as in effect prior to its termination), provided that the definition of “Company IP” in Section 1.1 thereof shall be replaced in its entirety with:

“**Company IP**” means (a) any and all Intellectual Property (i) owned or Controlled by the Company or any of its Affiliates as of November 2, 2017 or (ii) made, conceived, developed, acquired, created or reduced to practice by or for the Company or any of its Affiliates between November 2, 2017 and the date of termination or expiration of this Agreement, whether independently or in collaboration with a Third Party or with GCILP pursuant to Article 2 of this Agreement, in each case, under the foregoing clauses (i) and (ii), that is necessary or useful to Commercialize Beverage Products (collectively, the “**Company Background IP**”) or (b) GCILP Improvements made to the Company Background IP by any member of the GCILP Group between November 2, 2017 and the termination or expiration of this Agreement; provided, however, all Company Trademarks and GCILP Group Trademarks shall be excluded from the definition of Company IP.”

5.2 Covenants of CBG

- (a) For a period commencing on the date of this Agreement and ending on the earlier of (A) the date on which all Warrants have been exercised by CBG, and (B) the expiry or termination of the Warrants, the CBG Group shall not, directly or indirectly, acquire more than 20,000,000 Common Shares (subject to customary adjustments for share splits, consolidations or other changes to the outstanding share capital of a similar nature): (x) on the TSX, the NYSE or any other stock exchange, marketplace or trading market on which the Common Shares are then listed; or (y) through private agreement transactions with existing holders of Common Shares, provided that (i) CBG must promptly notify the Company of any acquisition of Common Shares, and (ii) CBG shall be deemed to have provided such notification if it has complied with its insider reporting obligations or such other disclosures made in accordance with applicable Securities Laws.

For greater certainty, nothing in this Section 5.2(a) shall in any way prevent or restrict CBG from making a take-over bid or tender offer in respect of the Company in accordance with applicable Securities Laws, provided that for a period commencing on the date of the Amended and Restated Investor Rights Agreement and ending on August 1, 2019, CBG shall not, and shall cause the CBG Group not to, make a take-over bid or tender offer in respect of the Company for a price per Common Share of less than \$54.00.

For greater certainty, if the CBG Group acquires Common Shares pursuant to clause (x) or (y) above, certain of the Warrants will be adjusted in accordance with their terms.

- (b) CBG hereby acknowledges and agrees that it is aware that applicable Securities Laws prohibit any Person who has material non-public information concerning the Company or a proposed transaction involving the Company from purchasing or selling securities of the Company or from communicating such information to any other Person, and CBG covenants to comply, at all times, with such applicable Securities Laws.
- (c) For a period commencing on the date of the Amended and Restated Investor Rights Agreement and ending on the termination or expiration of this Agreement, the CBG Group shall not, without the consent of the Board, engage in any lending or short selling of Common Shares or trading involving the use of equity equivalent derivatives in respect of Common Shares.

5.3 Cannabis Business

- (a) For so long as the CBG Group holds at least the Target Number of Shares:
 - (i) CBG Group will use the Company as its exclusive strategic vehicle for the development, manufacture, commercialization, sale and distribution of Cannabis products of any kind anywhere in the world; and

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- (ii) CBG will, and will cause the CBG Group to, present exclusively to the Company all Cannabis Opportunities that, in the reasonable determination of CBG, fit within the long-term business and strategic objectives of the Company and that have been made available to the CBG Group.
 - (b) Until the latest of: (i) the date the CBG Group no longer holds at least the Target Number of Shares, (ii) the date that is 12 months following a Cleansing Date if the Cleansing Document was filed as a result of a change in Applicable Law (and not, for certainty, in respect of, in connection with or as a result of a violation or contravention of Applicable Law by the Company), and (iii) the date that is the earlier of (A) 12 months following the date of termination of this Agreement and (B) the date on which the CBG Group ceases to beneficially own any Common Shares or Convertible Securities, CBG will, and will cause the CBG Group to:
 - (i) not pursue any such Cannabis Opportunities on its own behalf and for its own benefit without the Company's prior consent;
 - (ii) not, directly or indirectly, in any capacity whatsoever, participate or engage directly or indirectly in a Competing Business anywhere in the world;
 - (iii) permit its name or any trade name, trade mark or other branding owned or controlled by it to be used in connection with any Competing Business;
 - (iv) not enter into any type of developmental, strategic, marketing, manufacturing, commercialization, sale or distribution relationship with respect to Cannabis products anywhere in the world with any Person (other than the Company and/or one or more of the Company's Subsidiaries); and
 - (v) not invest in, own or acquire any part of, lend to or provide any other form of financial or commercial assistance or guarantee to any Competing Business.

Notwithstanding any provision of this Agreement to the contrary, nothing contained in this Agreement shall (1) restrict in any way the CBG Group's ability to engage and/or direct lobbyists, and/or undertake activities relating to governmental and regulatory affairs and relations, and activities relating to environmental, social, corporate governance and corporate social responsibility matters, or (2) prohibit the CBG Group from acquiring or owning:

- (x) 5% or less of the equity or debt securities of any Person whose securities are traded on any stock exchange, securities exchange, marketplace or trading market provided that (I) such acquisition is in the nature of a portfolio investment undertaken in connection with asset management activities and which is not part of an investment strategy directed at acquiring and holding direct investments in Competing Businesses, (II) CBG Group's investment is in the nature of a passive investment, and (III) in respect of such acquisition, CBG does not have board representation, board observer rights or other approval, veto or information rights;

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- (y) any business so long as 10% or less of the total annual revenue attributable to such business as of the date such business is acquired by the CBG Group relates to a Competing Business; or
 - (z) any business (in this paragraph, the “**Acquired Business**”): (A) the primary purpose of which is neither the sale of Cannabis nor Cannabis-related products, and (B) in respect of which more than 10% of the total annual revenue attributable to the Acquired Business as of the date the Acquired Business is acquired by the CBG Group relates to a Competing Business, so long as the applicable CBG Group member negotiates in good faith with the Company the sale of the Acquired Business’ Competing Business to the Company (whether or not any such sale is consummated),

(collectively, “**Permitted Exceptions**”).

For purposes of this Section 5.3, “**Competing Business**” means a business that is substantially similar to or directly and materially competitive with the business carried on by the Company.

ARTICLE 6

TERMINATION; SURVIVAL

6.1 Termination

Subject to Section 6.2, the term of this Agreement shall commence on the date hereof and shall continue in force until the earliest to occur of:

- (a) the date on which the CBG Group holds less than 33,000,000 Common Shares;
- (b) the date on which this Agreement is terminated by the mutual consent of the Parties;
- (c) in the event of a Claim brought by the Company, a court of competent jurisdiction having finally determined (after CBG or GCILP, as the case may be, having had a reasonable opportunity to cure such breach, after prior written notice of such breach by the Company and all appeal rights having expired or all time periods for appeal having expired without appeals having been taken) that CBG or GCILP has breached Section 4.5, 5.2(a) or 5.3 of this Agreement, and such breach constitutes a material breach of this Agreement, and, as a consequence of such breach, ordered the termination of this Agreement;
- (d) in the event of a Claim brought by a member of the CBG Group, a court of competent jurisdiction having finally determined (after the Company having had a reasonable opportunity to cure such breach, after prior written notice of such breach by CBG and all appeal rights having expired or all time periods for appeal having expired without appeals having been taken) that the Company has breached Article 2, Article 3, Article 4 or Section 5.1 of this Agreement, and such breach constitutes a material breach of this Agreement, and, as a consequence of such breach, ordered the termination of this Agreement;

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- (e) by the Company by notice to CBG if at any time (A) the CBG Group no longer holds at least the Target Number of Shares, (B) the provisions of Section 5.3(b) do not then apply to restrict the business or activities of the CBG Group, and (C) the CBG Group has engaged in the conduct (other than Permitted Exceptions) referred to in clauses (i) to (v) of Section 5.3(b) for a period of at least 30 consecutive days following receipt by CBG of a notification from the Company of the CBG Group's having engaged in such conduct.

6.2 Survival

Notwithstanding Section 6.1 of this Agreement, Section 4.5, Section 5.1(b), Section 5.2(a), Section 5.2(b), Section 5.3(b), this Section 6.2, Article 7 and the indemnification provided for under Article 3 of Schedule A shall survive the expiration or other termination of this Agreement and shall remain in full force and effect, provided, however, that Section 5.3(b) shall not survive the termination of this Agreement pursuant to Section 6.1(d).

ARTICLE 7 GENERAL PROVISIONS

7.1 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein irrespective of the choice of Laws principles.

7.2 Notices

All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 7.2):

if to CBG or GCILP:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

if to the Company:

1 Hershey Drive
Smiths Falls, Ontario K7A 0A8
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2
Attention: Jonathan Sherman

7.3 Expenses

Except as otherwise specifically provided in this Agreement, each Party shall bear any costs and expenses incurred in connection with exercising its rights and performing its obligations under this Agreement.

7.4 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Applicable Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

7.5 Entire Agreement

This Agreement (including the Schedules hereto), the Subscription Agreement and any Ancillary Agreements constitute the entire agreement of the Parties with respect to the subject matter of this Agreement and supersede all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matter of this Agreement.

7.6 Assignment; No Third-Party Beneficiaries

- (a) Any member of the CBG Group (including, for greater certainty, CBG) may assign this Agreement to any other member of the CBG Group, including any member to whom Common Shares are transferred (whereupon such transferee shall be deemed to become a Holder in respect of such Common Shares), provided, however that such transferor must remain party hereto in respect of any Common Shares, as applicable, remaining held by it. Except as aforesaid, this Agreement shall not be assigned by any Party hereto without the prior written consent of the other Party.

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- (b) Except as provided in Article 3 of Schedule A with respect to indemnification, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.7 Amendment; Waiver

No provision of this Agreement may be amended or modified except by a written instrument signed by all the Parties. No waiver by any Party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by either Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

7.8 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

7.9 Rules of Construction

Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs and Schedules to this Agreement unless otherwise specified; (c) the word “including” and words of similar import shall mean “including, without limitation,”; (d) provisions shall apply, when appropriate, to successive events and transactions; (e) the headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (f) a reference to a statute includes all regulations and rules made pursuant to the statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule; and (g) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

7.10 Currency

All references in this Agreement to “dollars” or “\$” are expressed in Canadian currency, unless otherwise specifically indicated.

7.11 Further Assurances

Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

7.12 Public Disclosure

The Company shall provide prior notice to CBG of any public disclosure that it proposes to make which includes the name of any member of the CBG Group, together with a draft copy of such disclosure; provided that, except as required by Applicable Law, in no circumstance shall any public disclosure of the Company or any of its Affiliates include the name of any member of the CBG Group without CBG's prior written consent, in its sole discretion. The foregoing requirements shall not apply in respect of any public disclosure naming a member of the CBG Group using language previously approved by CBG in writing within the same fiscal year.

7.13 Counterparts

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above.

CBG HOLDINGS LLC

By: /s/ Garth Hankinson
Name: Garth Hankinson
Title: President

**GREENSTAR CANADA INVESTMENT
LIMITED PARTNERSHIP, by its general partner,
GREENSTAR CANADA
INVESTMENT CORPORATION**

By: /s/ Garth Hankinson
Name: Garth Hankinson
Title: President

CANOPY GROWTH CORPORATION

By: /s/ Bruce Linton
Name: Bruce Linton
Title: Chairman and Co-Chief Executive Officer

Second Amended and Restated Investor Rights Agreement

SCHEDULE A
REGISTRATION RIGHTS

1. Definitions

For purposes of this Schedule A:

“**bought deal**” means a public offering of securities as described in the definition of “bought deal agreement” in Section 7.1 of National Instrument 44-101 – *Short Form Prospectus Distributions*;

“**Demand Notice**” has the meaning ascribed thereto in Section 2.1(a);

“**Demand Registration**” has the meaning ascribed thereto in Section 2.1(a);

“**Distribution**” means a distribution of Common Shares to the public by way of a Prospectus under Securities Laws in one or more of the Qualifying Provinces or a Registration Statement in the United States, excluding any distribution of Common Shares relating to: (a) employee benefit plans, equity incentive plans or dividend reinvestment plans; or (b) the acquisition or merger after the date hereof by the Company or any of its Subsidiaries of or with any other businesses;

“**Holder’s Expenses**” has the meaning ascribed thereto in Section 2.5;

“**Indemnified Party**” has the meaning ascribed thereto in Section 3.4;

“**Indemnifying Party**” has the meaning ascribed thereto in Section 3.4;

“**Minimum Price**” has the meaning ascribed thereto in Section 2.1(f);

“**Piggy-Back Notice**” has the meaning ascribed thereto in Section 2.2;

“**Piggy-Back Registration**” has the meaning ascribed thereto in Section 2.2;

“**Prospectus**” means a “prospectus”, as such term is used in National Instrument 41-101 – *General Prospectus Requirements*, including all amendments and supplements thereto;

“**Qualifying Provinces**” means, collectively, all of the Provinces of Canada except Québec;

“**Registrable Securities**” means: (a) any Common Shares held by the Holder; (b) any Common Shares issuable upon the exercise, conversion or exchange of any of the Company’s securities, in each case, to the extent exercisable, convertible or exchangeable, held by the Holder, and (c) all Common Shares directly or indirectly issued or issuable with respect to the securities referred to in paragraphs (a) and (b) above by way of share dividend or share split or in connection with a share consolidation, recapitalization, merger, amalgamation, arrangement or other similar transaction with respect to the Common Shares;

“**Registration Statement**” means a registration statement filed with the SEC pursuant to the U.S. Securities Act;

“**SEC**” means the U.S. Securities and Exchange Commission;

“**Securities Act**” means the *Securities Act* (Ontario), and any successor to such statute, as it may, from time to time, be amended and in effect;

“**Securities Regulators**” means, collectively, the securities commissions or other securities regulatory authorities in each of the Qualifying Provinces;

“**Shares**” means the Common Shares and any other shares in the capital of the Company;

“**underwriter**” and all terms which are derivatives thereof shall be deemed to include “best efforts agent” and all terms which are derivatives thereof, as appropriate;

“**U.S. Prospectus**” means the prospectus forming a part of the Registration Statement;

“**U.S. Securities Act**” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

“**Underwriters’ Cutback**” has the meaning ascribed thereto in Section 2.3(a); and “**Valid Business Reason**” has the meaning ascribed thereto in Section 2.1(c)(iii).

2. Registration Rights

2.1 Demand Registration Rights

- (a) During the term of this Agreement, at any time and from time to time from and after the date hereof, the Holder may, subject to the limitations of this Article 2, require the Company to file a Prospectus under applicable Securities Laws and/or a Registration Statement under the U.S. Securities Act and take such other steps as may be necessary to facilitate a secondary offering in one or more of the Qualifying Provinces and/or the United States of all or any portion of the Registrable Securities held by the Holder (a “**Demand Registration**”), by giving written notice of such Demand Registration to the Company (the “**Demand Notice**”); provided, however, that, subject to Sections 2.3 and 2.4, if the Holder delivers a Demand Registration pursuant to this Section 2.1 to sell more than 33% of its Registrable Securities, then the Company shall, in its sole discretion, have the right to require the sale by the Holder of all of its Registrable Securities pursuant to such Demand Registration.
- (b) The Company shall, subject to the limitations of this Article 2 and applicable Securities Laws, use commercially reasonable efforts to as expeditiously as reasonably practicable, but in any event no more than 45 days after the Company’s receipt of the Demand Notice, prepare and file a preliminary Prospectus under applicable Securities Laws and/or a Registration Statement under the U.S. Securities Act, as applicable, and promptly thereafter take such other steps as may be necessary in order to effect the Distribution in one or more of the Qualifying Provinces of all or any portion (as may be reduced pursuant to Section 2.3) of the Registrable Securities of the Holder requested to be included in such Demand Registration. The Parties shall cooperate in a timely manner in connection with any such Distribution and the procedures set forth in Section 2.6 shall apply to such Distribution.

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- (c) The Company shall not be obliged to effect a Demand Registration:
- (i) within a period of three months after the date of completion of a previous Demand Registration;
 - (ii) during a regularly scheduled black-out period in which insiders of the Company are restricted from trading in securities of the Company under the insider trading policy or any other applicable policy of the Company; or
 - (iii) in the event the Board reasonably determines in its good faith judgment that either: (A) the effect of the filing of a Prospectus or a Registration Statement, as applicable, would impede the ability of the Company to consummate a pending or proposed material financing, acquisition, corporate reorganization, merger or other material transaction involving the Company or would have a material adverse effect on the business of the Company and its Subsidiaries (taken as a whole); or (B) there exists at the time material non-public information relating to the Company the disclosure of which would be detrimental to the Company (each of (A) and (B) being, a “**Valid Business Reason**”), then in either case, the Company’s obligations under this Section 2.1 shall be deferred for a period of not more than 90 days from the date of receipt of the Demand Notice; provided, however, that (i) the Company shall give written notice to the Holder: (x) of its determination to postpone filing of the Prospectus and/or Registration Statement, as applicable, and, subject to compliance by the Company with applicable Securities Laws, of the facts giving rise to the Valid Business Reason and (y) of the time at which it determines the Valid Business Reason to no longer exist; and (ii) the Company shall not qualify or register any securities offered by the Company for its own account during such period,

provided, however, that if the Holder provides notice to the Company advising the Company that the CBG Group has determined based on information not available to it as at the date of the Amended and Restated Investor Rights Agreement that holding an investment in the Company could reasonably be expected to trigger a violation of, or any liability, other than any liability arising from obligations required to be performed by the CBG Group under this Agreement or the Subscription Agreement, to the CBG Group under, Applicable Law (which, for greater certainty, shall include any Laws applicable to the United States), or could otherwise be reasonably expected to have an adverse effect on the CBG Group or any of its businesses, which notice outlines the basis upon which the CBG Group has reached the above referenced determination, then the Holder shall have the immediate right to exercise a Demand Registration pursuant to this Section 2.1 and to sell all of its Registrable Securities without any of the limitations or constraints on the Holder set forth in this Section 2.1; provided that in the event the Board reasonably determines in its good faith judgment that there is a Valid Business Reason,

then the Company's obligations under this Section 2.1 shall be deferred for a period of not more than 15 days from the date of receipt of such notice from the Holder; provided, however, that (i) the Company shall give written notice to the Holder: (x) of its determination to postpone filing of the Prospectus and/or the Registration Statement, as applicable, and, subject to compliance by the Company with applicable Securities Laws, of the facts giving rise to the Valid Business Reason and (y) of the time within such 15 day period at which it determines the Valid Business Reason to no longer exist; and (ii) the Company shall not qualify or register any securities offered by the Company for its own account during such 15 day period.

- (d) A Demand Notice shall:
 - (i) specify the number of Registrable Securities that the Holder intends to offer and sell;
 - (ii) express the intention of the Holder to offer or cause the offering of such Registrable Securities;
 - (iii) describe the nature or methods of the proposed offer and sale thereof, the Qualifying Provinces in which such offer will be made, and whether such offer will be made in the United States;
 - (iv) contain the undertaking of the Holder to provide all such information regarding its holdings and the proposed manner of distribution thereof as may be required in order to permit the Company to comply with all Securities Laws; and
 - (v) specify whether such offer and sale will be made by an underwritten offering.
- (e) In the case of an underwritten public offering initiated pursuant to this Section 2.1, the Company shall have the right to select the managing underwriter or underwriters to effect the Distribution in connection with such Demand Registration, provided, however, that such selection shall also be satisfactory to the Holder, acting reasonably. The Company shall have the right to retain counsel of its choice to assist it in fulfilling its obligations under this Article 2.
- (f) The Company shall be entitled to include Common Shares which are not Registrable Securities in any Demand Registration. Notwithstanding the foregoing, if the managing underwriter or underwriters shall impose a limitation on the number or kind of securities which may be included in any such Distribution because, in its reasonable judgment, the inclusion of securities requested to be included in such offering exceeds the number of securities which can be sold in an orderly manner in such offering within a price range reasonably acceptable to the Holder (the "**Minimum Price**"), then the Holder shall be obligated to include in such Distribution such portion of the Common Shares that have been requested to be included in such Distribution as is determined in good faith by such managing underwriter or underwriters in the priority provided for in Section 2.3(a).

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- (g) In the case of an underwritten Demand Registration, the Holder and its representatives may participate in the negotiation of the terms of any underwriting agreement. Such participation in, and the Company's completion of, the underwritten Demand Registration is conditional upon each of the Holder and the Company agreeing that the terms of any underwriting agreement are satisfactory to it, in its reasonable discretion.
 - (h) The Company shall not sell, offer to sell, announce any intention to sell, grant any option for the sale of, or otherwise dispose of any Shares or securities convertible into Shares other than pursuant to the Share Incentive Plan and any other Convertible Securities outstanding as of the date of the Amended and Restated Investor Rights Agreement, or acquire securities of the Company, whether for its own account or for the account of another securityholder, from the date of a Demand Notice until the date of the closing of the sale of the Registrable Securities in accordance with a Demand Registration (unless the Holder withdraws its request for qualification of its Registrable Securities pursuant to such Demand Registration in accordance with Section 2.4(a)).

2.2 Piggy-Back Registration Rights

During the term of this Agreement, if, at any time and from time to time from and after the date hereof, the Company proposes to make a Distribution for its own account, the Company shall, at that time, promptly give the Holder written notice (the "**Piggy-Back Notice**") of the proposed Distribution. Upon the written request of the Holder to the Company given within five Business Days after receipt of the Piggy-Back Notice that the Holder wishes to include a specified number of the Registrable Securities in the Distribution, the Company shall cause the Registrable Securities requested to be qualified or registered, as applicable, by the Holder to be included in the Distribution (a "**Piggy-Back Registration**"), and the procedures set forth in Section 2.6 shall apply. Subject to Sections 2.3 and 2.4, if the Holder exercises its right pursuant to this Section 2.2 to sell more than 33% of its Registrable Securities, then the Company shall, in its sole discretion, have the right to require the sale by the Holder of all of its Registrable Securities pursuant to such Piggy-Back Registration.

2.3 Underwriters' Cutback

- (a) If, in connection with a Demand Registration or a Piggy-Back Registration, the managing underwriter or underwriters shall impose a limitation on the number or kind of securities which may be included in any such Distribution because, in its reasonable judgment, the inclusion of securities requested to be included in such offering exceeds the number of securities which can be sold in an orderly manner in such offering within the Minimum Price (an "**Underwriters' Cutback**"), then the Company shall be obligated to include in such Distribution such securities as is determined in good faith by such managing underwriter or underwriters in the following priority:
 - (i) first, such Registrable Securities requested to be qualified by the Holder; and

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- (ii) second, if there are any additional securities that may be underwritten at no less than the Minimum Price after allowing for the inclusion of all of the Registrable Securities required under (i) above, such additional securities offered by the Company for its own account, provided that, if any additional securities requested to be qualified by the Company are not otherwise included in the Distribution, such additional securities that are not so included will be included in an over-allotment option which will be granted to the underwriters in connection with such Distribution for such amount of additional securities requested to be qualified by the Company that were not otherwise included in such Distribution.

2.4 Withdrawal of Registrable Securities

- (a) The Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any Demand Registration or Piggy-Back Registration pursuant to Section 2.1 or Section 2.2 by giving written notice to the Company of its request to withdraw; provided, however, that:
 - (i) such request shall be made in writing prior to the execution of the enforceable bought deal letter or underwriting agreement with respect to such Distribution; and
 - (ii) such withdrawal shall be irrevocable and, after making such withdrawal, the Holder shall no longer have any right to include its Registrable Securities in the Distribution pertaining to which such withdrawal was made.
- (b) Provided that the Holder withdraws all of its Registrable Securities from a Demand Registration or a Piggy-Back Registration in accordance with Section 2.4(a) prior to the filing of a preliminary Prospectus or a Registration Statement, the Holder shall be deemed to not have participated in or requested such Demand Registration or a Piggy-Back Registration, as applicable.
- (c) Notwithstanding Section 2.4(a)(i), if the Holder withdraws its request for inclusion of its Registrable Securities from a Demand Registration or Piggy-Back Registration at any time after having learned of a material adverse change in the condition, business or prospects of the Company, the Holder shall not be deemed to have participated in or requested such Demand Registration or Piggy-Back Registration.
- (d) Notwithstanding the foregoing, if the Company postpones the filing of a Prospectus or a Registration Statement pursuant to Section 2.1(c)(iii) and if the Holder, at any time prior to receiving written notice that the Valid Business Reason for such postponement no longer exists, advises the Company in writing that it has determined to withdraw its request for a Demand Registration, then such Demand Registration and the request therefor shall be deemed to be withdrawn and such request shall be deemed not to have been made for purposes of determining whether the Holder exercised its right to a Demand Registration.

2.5 Expenses

All expenses (other than (a) fees and disbursements of legal counsel to the Holder; and (b) underwriters' discounts and commissions, if any, which shall be borne by the Holder (the "**Holder's Expenses**")), incurred in connection with a Demand Registration or Piggy-Back Registration pursuant to Section 2.1 or Section 2.2, as applicable, including, (i) Securities Regulators, SEC, FINRA, and stock exchange registration, listing and filing fees relating to the Registrable Securities, (ii) fees and expenses of compliance with Securities Laws and the U.S. Securities Act, (iii) printing and copying expenses, (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show and marketing activities, (vi) fees and disbursements of counsel to the Company, (vii) fees and disbursements of all independent public accountants (including the expenses of any audit and/or "comfort" letter) and fees and expenses of any other special experts retained by the Company, (viii) translation expenses, and (ix) any other fees and disbursements of underwriters customarily paid by issuers or sellers of securities (but excluding the Holder's Expenses), shall be borne by the Company; provided, however, that the Holder shall be required to reimburse the Company for any reasonable out-of-pocket expenses incurred by the Company in connection with a Demand Registration if the Demand Registration is subsequently withdrawn at the request of the Holder, unless the Holder withdraws such request after having learned of a material adverse change in the condition, business or prospects of the Company which is unknown to the Holder at the time of its request for a Demand Registration.

2.6 Registration Procedures

- (a) In connection with the Demand Registration and Piggy-Back Registration obligations pursuant to Sections 2.1 and 2.2, the Company shall use commercially reasonable efforts to effect the qualification and/or registration, as applicable, for the offer and sale or other disposition or Distribution of Registrable Securities of the Holder in one or more of the Qualifying Provinces and/or the United States, as directed by the Holder, and in furtherance thereof, the Company shall as expeditiously as possible:
 - (i) but in any event within 45 days after the Company's receipt of the Demand Notice, prepare and file in the English language with the Securities Regulators a preliminary Prospectus and/or with the SEC a Registration Statement, as applicable, and, promptly thereafter, a final Prospectus under and in compliance with the applicable Securities Laws, relating to the applicable Demand Registration or Piggy-Back Registration, including all exhibits, financial statements and such other related documents required by the Securities Regulators and the SEC to be filed therewith, and use its commercially reasonable efforts to cause such Prospectus to be receipted and/or such Registration Statement to be declared effective by the SEC; and the Company shall furnish to the Holder and the managing underwriters or underwriters, if any, copies of such preliminary Prospectus and final Prospectus and/or Registration Statement, as applicable, and any amendments or supplements in the form filed with the Securities Regulators or the SEC, promptly after the filing of such preliminary Prospectus and final Prospectus and/or such Registration Statement and the preliminary and final U.S. Prospectus, and any amendments or supplements thereto;

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- (ii) prepare and file with the Securities Regulators and/or the SEC such amendments and supplements to the preliminary Prospectus and final Prospectus and/or the Registration Statement, as applicable, as may be necessary to complete the Distribution of all such Registrable Securities and as required under the Securities Act and the U.S. Securities Act or under any applicable provisions of Securities Laws and the U.S. Securities Act;
 - (iii) notify the Holder and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing, as soon as practicable after notice thereof is received by the Company: (A) when the preliminary Prospectus and final Prospectus and/or the Registration Statement, as applicable, or any amendment thereto has been filed or been receipted or declared effective, and furnish to the Holder and managing underwriter or underwriters, if any, copies thereof, (B) of any request by the Securities Regulators or the SEC for amendments to the preliminary Prospectus or the final Prospectus or the Registration Statement or for additional information; (C) of the issuance by the Securities Regulators or the SEC of any stop order or cease trade order relating to the Prospectus or the Registration Statement or any order preventing or suspending the use of any preliminary Prospectus or final Prospectus or the Registration Statement or the initiation or threatening of any proceedings for such purposes; and (D) of the receipt by the Company of any notification with respect to the suspension of the qualification or registration of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;
 - (iv) promptly notify the Holder and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the preliminary Prospectus or final Prospectus or the Registration Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement therein (in the case of the preliminary Prospectus or final Prospectus in light of the circumstances under which they were made) when such preliminary Prospectus or final Prospectus was delivered or the Registration Statement was declared effective by the SEC not misleading, fails to constitute full, true and plain disclosure of all material facts regarding the Registrable Securities when such preliminary Prospectus or final Prospectus was delivered or the Registration Statement was declared effective by the SEC or if for any other reason it shall be necessary during such time period to amend or supplement the preliminary Prospectus or the final Prospectus or the Registration Statement in order to comply with Securities Laws or the U.S. Securities Act and, in either case, as promptly as practicable, prepare and file with the Securities Regulators and/or the SEC, as applicable, and furnish to the Holder and the managing underwriter or underwriters, if any, a supplement or amendment to such preliminary Prospectus or final Prospectus or the Registration Statement which shall correct such statement or omission or effect such compliance;

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- (v) use commercially reasonable efforts to obtain the withdrawal of any stop order, cease trade order or other order against the Company or affecting the securities of the Company suspending the use of any preliminary Prospectus or final Prospectus or the Registration Statement or suspending the qualification or registration of any Registrable Securities covered by such Prospectus or Registration Statement, or the initiation or the threatening of any proceedings for such purposes;
 - (vi) furnish to the Holder and each underwriter or underwriters, if any, without charge, one executed copy and as many conformed copies as they may reasonably request, of the preliminary Prospectus and final Prospectus and/or the Registration Statement and preliminary U.S. Prospectus and final U.S. Prospectus, as applicable, including financial statements and schedules and all documents incorporated therein by reference, and provide the Holder and its counsel with a reasonable opportunity to review and provide comments to the Company on the preliminary Prospectus and final Prospectus and/or the Registration Statement;
 - (vii) deliver to the Holder and the underwriter or underwriters, if any, without charge, as many commercial copies of the preliminary Prospectus and the final Prospectus and/or the preliminary U.S. Prospectus and final U.S. Prospectus, as applicable, and any amendment or supplement thereto as such Persons may reasonably request (it being understood that the Company consents to the use of the preliminary Prospectus and the final Prospectus and/or the preliminary U.S. Prospectus and final U.S. Prospectus, as applicable, or any amendment or supplement thereto by the Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such preliminary Prospectus and the final Prospectus and/or such preliminary U.S. Prospectus and/or final U.S. Prospectus or any amendment or supplement thereto) and such other documents as the Holder may reasonably request in order to facilitate the disposition of the Registrable Securities by such Person;
 - (viii) on or prior to the date on which a receipt is issued for the preliminary Prospectus or final Prospectus by the applicable Securities Regulators, use commercially reasonable efforts to qualify, and cooperate with the Holder, the managing underwriter or underwriters, if any, and their respective counsel in connection with the qualification of, such Registrable Securities for offer and sale under the Securities Laws of each of the Qualifying Provinces, as applicable, as any such Person or underwriter reasonably requests in writing, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

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- (ix) in connection with any underwritten offering enter into customary agreements, including an underwriting agreement with the underwriter or underwriters, such agreements to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions and indemnification provisions and/or agreements substantially consistent with Article 3, but in any event, which agreements shall contain provisions for the indemnification by the underwriter or underwriters in favour of the Company with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Prospectus and/or the Registration Statement included in reliance upon and in conformity with written information furnished to the Company by any underwriter in writing;
 - (x) as promptly as practicable after filing with the Securities Regulators or the SEC any document which is incorporated by reference into the preliminary Prospectus or final Prospectus or the Registration Statement, provide copies of such document to the Holder and its counsel and to the managing underwriters or underwriters, if any;
 - (xi) file, and to not withdraw, a notice declaring its intention to be qualified to file a short form prospectus as soon as permitted by applicable Securities Laws;
 - (xii) use its commercially reasonable efforts to obtain a customary legal opinion, in the form and substance as is customarily given by external company counsel in securities offerings, addressed to the Holder and the underwriters, if any, and such other Persons as the underwriting agreement may reasonably specify, and a customary “comfort letter” from the Company’s auditor and/or the auditors of any financial statements included or incorporated by reference in a preliminary Prospectus or final Prospectus and/or the Registration Statement;
 - (xiii) furnish to the Holder and the managing underwriter or underwriters, if any, and such other Persons as the Holder may reasonably specify, such corporate certificates, satisfactory to the Holder acting reasonably, as are customarily furnished in securities offerings, and, in each case, covering substantially the same matters as are customarily covered in such documents in the relevant jurisdictions and such other matters as the Holder may reasonably request;
 - (xiv) provide and cause to be maintained a transfer agent and registrar for such Common Shares not later than the date a receipt is issued for the final Prospectus by the applicable Securities Regulators or the date that the Registration Statement is declared effective by the SEC and use its best efforts to cause all Common Shares covered by such Final Prospectus and/or such Registration Statement to be listed on each securities exchange or automated quotation system on which similar securities issued by the Company are then listed;

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- (xv) participate in such marketing efforts as the Holder or managing underwriter or underwriters, if any, determine are reasonably necessary, such as “roadshows”, institutional investor meetings and similar events; and
 - (xvi) take such other actions and execute and deliver such other documents as may be reasonably necessary to give full effect to the rights of the Holder under the Agreement.
- (b) The Company may require the Holder to furnish to the Company such information regarding the Distribution of such Registrable Securities and such other information relating to the Holder and its beneficial ownership of Common Shares as the Company may from time to time reasonably request in writing in order to comply with applicable Securities Laws in each jurisdiction in which a Demand Registration or Piggy-Back Registration is to be effected and the U.S. Securities Act. The Holder agrees to furnish such information to the Company and to cooperate with the Company as necessary to enable the Company to comply with the provisions of the Agreement and applicable Securities Laws and the U.S. Securities Act. The Holder shall promptly notify the Company when the Holder becomes aware of the happening of any event (insofar as it relates to the Holder or information provided by the Holder in writing for inclusion in the applicable preliminary Prospectus or final Prospectus and/or Registration Statement) as a result of which the preliminary Prospectus or Final Prospectus or the Registration Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statement therein (in the case of the preliminary Prospectus or final Prospectus in light of the circumstances under which they were made) when such preliminary Prospectus or final Prospectus was delivered or when such Registration Statement was declared effective by the SEC not misleading or, if for any other reason it shall be necessary during such time period to amend or supplement the preliminary Prospectus or the final Prospectus or the Registration Statement in order to comply with Securities Laws or the U.S. Securities Act. In addition, the Holder shall, if required under applicable Securities Laws, execute any certificate forming part of a preliminary Prospectus or a final Prospectus to be filed with the applicable Securities Regulators.
- (c) In connection with any underwritten offering in connection with a Demand Registration or a Piggy-Back Registration, the Holder shall enter into customary agreements, including an underwriting agreement with the underwriter or underwriters, such agreements to contain such representations and warranties by the Holder and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions and indemnification provisions and/or agreements substantially consistent with Article 3, but in any event, which agreements shall contain provisions for the indemnification by the underwriter or underwriters in favour of the Holder with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Prospectus or the Registration Statement included in reliance upon and in conformity with written information furnished to the Company by the underwriter in writing.

3. Due Diligence; Investigation

3.1 Preparation; Reasonable Investigation

In connection with the preparation and filing of any Prospectus or Registration Statement in connection with a Demand Registration or Piggy-Back Registration as herein contemplated, the Company shall give the Holder, the underwriter or underwriters of such Distribution, if any, and their respective counsel, auditors and other representatives, the opportunity to fully participate in the preparation of such documents and each amendment thereof or supplement thereto, and shall insert therein such material furnished to the Company in writing, which in the reasonable judgment of the Company and its counsel should be included, and shall give each of them such reasonable and customary access to the Company's books and records and such reasonable and customary opportunity to discuss the business of the Company with its officers and auditors, and to conduct all reasonable and customary due diligence which the Holder and the underwriters or underwriter, if any, and their respective counsel may reasonably require in order to conduct a reasonable investigation in order to enable such underwriters to execute any certificate required to be executed by them in Canada for inclusion in such documents, provided that the Holder and the underwriters agree to maintain the confidentiality of such information.

3.2 Indemnification by the Company

In connection with any Demand Registration and/or Piggy-Back Registration, the Company shall indemnify and hold harmless the Holder and its Affiliates and each of their respective directors, officers, employees and agents, shareholders, limited partners and underwriters, from and against any loss (excluding loss of profits), liability, claim, damage and expense whatsoever (including reasonable legal fees and expenses), including any amounts paid in settlement of any investigation, order, litigation, proceeding or claim, joint or several, incurred, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Prospectus or Registration Statement, or any amendment or supplement thereto, including all documents incorporated therein by reference, or any omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or as incurred, arising out of or based upon any failure to comply with applicable Securities Laws or the U.S. Securities Act (other than any failure to comply with applicable Securities Laws or the U.S. Securities Act by the Holder or underwriter); provided that the Company shall not be liable under this Section 3.2 for any settlement of any action effected without its written consent, which consent shall not be unreasonably withheld or delayed; provided further that the indemnity provided for in this Section 3.2, in respect of the Holder shall not apply to any loss, liability, claim, damage or expense to the extent incurred, arising out of or based upon any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Holder or underwriter for use in the Prospectus or the Registration Statement. Any amounts advanced by the Company to an Indemnified Party pursuant to this Section 3.2 as a result of such losses shall be returned to the Company if it is finally determined by a court in a judgment not subject to appeal or final review that such Indemnified Party was not entitled to indemnification by the Company.

3.3 Indemnification by the Holder

- (a) In connection with any Demand Registration and/or Piggy-Back Registration, the Holder shall indemnify and hold harmless the Company and each of its directors, officers, employees, agents and shareholders from and against any loss (excluding loss of profits), liability, claim, damage and expense whatsoever (including reasonable legal fees and expenses), including any amounts paid in settlement of any investigation, order, litigation, proceeding or claim, joint or several, as incurred, arising out of or based on any untrue statement or omission of a material fact, or alleged untrue statement or omission of a material fact, made or required to be made in the Prospectus or the Registration Statement, as applicable, included in reliance upon and in conformity with written information furnished to the Company by the Holder for use in the Prospectus or Registration Statement or as incurred, arising out of or based upon any failure to comply with applicable Securities Laws or the U.S. Securities Act (other than any failure to comply with applicable Securities Laws or the U.S. Securities Act by the Company), including, for greater certainty, for any amounts paid pursuant to Section 3.2; provided that the Holder shall not be liable under this Section 3.3(a) for any settlement of any action effected without its written consent, which consent shall not be unreasonably withheld or delayed; provided further that the indemnity provided for in this Section 3.3(a) shall not apply to any loss, liability, claim, damage or expense to the extent arising out of an untrue statement or omission or alleged untrue statement or omission contained in any Prospectus or Registration Statement relating to a Demand Registration and/or Piggy Back Registration if the Company or any underwriter failed to send or deliver a copy of the Prospectus or the U.S. Prospectus, as applicable, to the Person asserting such losses, liabilities, claims, damages or expenses on or prior to the delivery of written confirmation of any sale of securities covered thereby to such Person in any case where such Prospectus or U.S. Prospectus corrected such untrue statement or omission. Any amounts advanced by the Holder to an Indemnified Party pursuant to this Section 3.3(a) as a result of such losses shall be returned to the Holder if it is finally determined by a court in a judgment not subject to appeal or final review that such Indemnified Party was not entitled to indemnification by the Holder.
- (b) Notwithstanding any provision of this Agreement or any other agreement, in connection with any Demand Registration or any Piggy-Back Registration, in no event shall the Holder be liable for indemnification or contribution hereunder for an amount greater than the lesser of:
 - (i) the net sales proceeds actually received by the Holder; and
 - (ii) the Holder's proportionate share of any such liability based on the net sales proceeds actually received by the Holder and the aggregate net sales proceeds of the Distribution, except in the case of fraud or wilful misconduct by the Holder.

3.4 Defence of the Action by the Indemnifying Parties

Each party entitled to indemnification under this Article 3 (the “**Indemnified Party**”) shall give notice to the party required to provide indemnification (the “**Indemnifying Party**”) promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, but the omission to so notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party pursuant to the provisions of this Article 3 except to the extent of the damage or prejudice suffered by such delay in notification. The Indemnifying Party shall assume the defence of such action, including the employment of counsel to be chosen by the Indemnifying Party to the reasonable satisfaction of the Indemnified Party, and the payment of expenses. The Indemnified Party shall have the right to employ its own counsel in any such case, but the legal fees and expenses of such counsel shall be at the expense of the Indemnified Party, unless the employment of such counsel is authorized in writing by the Indemnifying Party in connection with the defence of such action, or the Indemnifying Party shall not have employed counsel to take charge of the defence of such action or the Indemnified Party reasonably concludes, based on the opinion of counsel, that there may be defences available to it or them which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defence of such action on behalf of the Indemnified Party), in any of which events the reasonable fees and expenses shall be borne by the Indemnifying Party, provided, further, that in no event shall the Indemnifying Party be required to pay the expenses of more than one law firm as counsel for all Indemnified Parties pursuant to this sentence. No Indemnifying Party, in the defence of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

3.5 Contribution

If the indemnification provided for in Section 3.2 or Section 3.3, as applicable, is unavailable to a party that would have been an Indemnified Party under Section 3.2 or Section 3.3, as applicable, in respect of any losses, liabilities, claims, damages and expenses referred to herein, then each party that would have been an Indemnifying Party hereunder shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such losses, liabilities, claims, damages and expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and such Indemnified Party on the other hand in connection with the statement or omission which resulted in such losses, liabilities, claims, damages and expenses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or such Indemnified Party and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, no Person guilty of misrepresentation within the meaning of applicable Securities Laws and the U.S. Securities Act shall be entitled to contribution from any Person who was not guilty of misrepresentation. The amount paid or payable by a party under this Section 3.5 as a result of the losses, liabilities, claims, damages and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. The Company and the Holder agree that it would not be just and equitable if contribution pursuant to this Section 3.5 were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to above in this Section 3.5.

3.6 Holder is Trustee

The Company hereby acknowledges and agrees that, with respect to this Article 3, the Holder is contracting on its own behalf and as agent for the other Indemnified Parties referred to in this Article 3. In this regard, the Holder shall act as trustee for such Indemnified Parties of the covenants of the Company under this Article 3 with respect to such Indemnified Parties and accepts these trusts and shall hold and enforce those covenants on behalf of such Indemnified Parties.

3.7 Company is Trustee

The Holder hereby acknowledges and agrees that, with respect to this Article 3, the Company is contracting on its own behalf and as agent for the other Indemnified Parties referred to in this Article 3. In this regard, the Company shall act as trustee for such Indemnified Parties of the covenants of the Holders under this Article 3 with respect to such Indemnified Parties and accepts these trusts and shall hold and enforce those covenants on behalf of such Indemnified Parties.

3.8 Delay of Registration

The Holder shall have no right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Schedule A.

4. Limitations on Subsequent Registration Rights

The Company shall not, without the prior written consent of the Holder, enter into any agreement with any holder or prospective holder of the Company's securities that grants such holder or prospective holder rights to include securities of the Company in any Prospectus under applicable Securities Laws or any Registration Statement under the U.S. Securities Act, unless: (a) such rights are either pro rata with, or subordinated to, the rights granted to the Holder under this Agreement on terms reasonably satisfactory to the Holder; and (b) the Holder maintains its first priority right in connection with an Underwriters' Cutback as contemplated by Section 2.3(a).

SCHEDULE B
COMPLIANCE CERTIFICATE

To: CBG Holdings LLC (“**CBG**”)

Ladies and Gentlemen:

Reference is made to that certain Second Amended and Restated Investor Rights Agreement dated ●, 2019 (as amended, restated, extended, supplemented or otherwise modified in writing, the “**Agreement**”), by and between CBG and Canopy Growth Corporation (the “**Company**”).

The undersigned responsible officer hereby certifies as of the date hereof that he/she is the ● of the Company, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to CBG on behalf of the Company, and that:

1. The Company is in compliance:
 - (i) in all material respects, with all laws and regulations applicable to the Company’s business, affairs and operations anywhere in the world (other than the United States), including, to the extent applicable, the *Controlled Drugs and Substances Act* (Canada), those laws and regulations prescribed by and in respect of the *Access to Cannabis for Medical Purposes Regulations* issued under the *Controlled Drugs and Substances Act* (Canada), S.C. 2018, c.16, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, as amended from time to time and as the same may come into force, and, including for greater certainty, the rules of the TSX, NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities; and
 - (ii) in all respects, with all laws and regulations applicable to the Company’s business, affairs and operations in the United States, including, to the extent applicable, the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq, and, including for greater certainty, the rules of the TSX, NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.
2. The Company is in compliance with its internal compliance programs in all material respects. Such internal compliance programs have been periodically reviewed and updated to account for any changes in the laws and regulations applicable to the business, affairs and operations of the Company. In addition, the Company has provided any and all internally prepared or third-party consultant prepared audit reports related to a review of the effectiveness of the Company’s compliance program and processes and controls related to thereto.
3. The Company has not received any communication from any regulator, governmental entity or other agency since the date of the last Compliance Certificate. If the Company has received any communication from any regulator, governmental entity or other agency, it has notified CBG and provided written copies of all such correspondence and any responses by the Company thereto.

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4. The Company has performed and observed each covenant and condition of the Agreement, applicable to it, and, since the date of the last Compliance Certificate has not been in and is not currently in breach of any such covenant or condition.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of, ● 20●.

CANOPY GROWTH CORPORATION

By: _____

Name:

Title:

CONSENT AGREEMENT

Dated April 18, 2019

between

CBG HOLDINGS LLC

and

CANOPY GROWTH CORPORATION

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CONSENT AGREEMENT

THIS CONSENT AGREEMENT, dated April 18, 2019 (this “**Agreement**”), is made by and between CBG Holdings LLC, a limited liability company existing under the laws of the State of Delaware (“**CBG**”) and Canopy Growth Corporation, a corporation existing under the federal laws of Canada (the “**Company**”).

RECITALS

- (A) On November 2, 2017, GCILP purchased from the Company: (i) 18,876,901 Common Shares; and (ii) 18,876,901 Initial Warrants.
- (B) On November 1, 2018, CBG, an affiliate of GCILP, purchased from the Company: (i) 104,500,000 Common Shares; and (ii) 139,745,453 Warrants.
- (C) The Company proposes to enter into the Arrangement Agreement (including the Plan of Arrangement) to undertake the Arrangement on the terms and conditions more particularly set forth in the Arrangement Agreement (“**Project Frontrunner**”).
- (D) Pursuant to the Amended and Restated Investor Rights Agreement, the entering into of the Arrangement Agreement by the Company, and the completion of Project Frontrunner, are subject to the prior written consent of CBG.
- (E) CBG and the Company wish to enter into this Agreement for the purposes of setting forth the agreements and understandings with respect to the terms and conditions upon which CBG is prepared to grant its consent to Project Frontrunner.
- (F) The transactions contemplated by this Agreement require the approval of the Company Shareholders pursuant to the rules of the TSX and MI 61-101.
- (G) The Board (other than directors, if any, who abstained from voting on the transactions contemplated by this Agreement) has unanimously determined, after receiving financial and legal advice, that the transactions contemplated by this Agreement are in the best interests of the Company and fair to the Company Shareholders (other than CBG and its affiliates) and has resolved to recommend that the Company Shareholders vote in favour of the transactions contemplated by this Agreement, all subject to the terms and conditions contained in this Agreement.
- (H) Concurrently with the execution and delivery of this Agreement, the Parties and GCILP entered into the Second Amended and Restated Investor Rights Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

Whenever used in this Agreement, the following terms shall have the meanings set forth below:

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Agreement**” has the meaning ascribed to such term in the Preamble.

“**Amended and Restated Investor Rights Agreement**” means the amended and restated investor rights agreement dated November 1, 2018 entered into between CBG, GCILP and the Company.

“**Amended Warrants**” means the Tranche A Amended Warrants, the Tranche B Amended Warrants and the Tranche C Amended Warrants to be entered into, issued and delivered on Closing.

“**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law and/or (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, the “**Law**”) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

“**Approval Resolution**” means the resolution of the Company Shareholders which is to be considered at the Company Meeting with respect to the transactions contemplated by this Agreement, including the approval of the amendment and restatement of the Warrants, the Share Issuance Proposal and the Top-Up Resolution, substantially in the form attached as Exhibit B.

“**Arrangement**” means the arrangement under Section 288 of the *Business Corporations Act* (British Columbia) on the terms and subject to the terms and conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement, made in accordance with the terms of the Arrangement Agreement or the Plan of Arrangement.

“**Arrangement Agreement**” means the arrangement agreement dated the same date as this Agreement entered into between the Company and Fronrunner, including the schedules thereto, providing for, among other things, the Arrangement, as the same may be amended, supplemented or restated.

“**Board**” means the board of directors of the Company from time to time.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“Canadian Securities Regulators” means, collectively, the securities commissions or other securities regulatory authorities in each of the Qualifying Provinces.

“Cannabis ” and **“cannabis”** means (i) all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material, trichomes, oil and extracts from cannabis (including cannabinoid or terpene extracts from the cannabis plant), and (ii) biologically or synthetically synthesized analogs of cannabinoids extracted from the cannabis plant using micro-organisms, including but not limited to (A) cannabis and marijuana, as defined pursuant to Applicable Law, including the Cannabis Act and (B) Industrial Hemp as defined in the Industrial Hemp Regulations issued under the Cannabis Act or other Applicable Law.

“Cannabis Act” means S.C. 2018, c.16, *“An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts”* (Canada), as amended from time to time and as the same may come into force.

“CBG Group” means CBG, GCILP and their Affiliates.

“Closing ” means the closing of the issuance, execution and delivery of the Amended Warrants pursuant to and in accordance with the terms and conditions of this Agreement.

“Common Share” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“Company” has the meaning ascribed to such term in the Preamble.

“Company Board Recommendation” has the meaning ascribed to such term in Section 5.4(c).

“Company Circular” means the notice of the Company Meeting to be sent to the Company Shareholders and the accompanying management information and proxy circular, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time.

“Company Meeting” means the special meeting of Company Shareholders to be called and held in accordance with applicable Law to consider certain matters in respect of Project Frontrunner and the Approval Resolution.

“Company Shareholders” means the holders of Common Shares.

“Contract” means any agreement, indenture, contract, lease, deed of trust, licence, option, instruments, arrangement, understanding or other commitment, whether written or oral.

“Control” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and
- (c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust;

and the words **“Controlled by”**, **“Controlling”** and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“Court” means the Supreme Court of British Columbia.

“Depositary” has the meaning ascribed to such term in the Arrangement Agreement.

“Effective Date” has the meaning ascribed to such term in the Arrangement Agreement.

“Fairness Opinion” means the opinion of Greenhill & Co. Canada Ltd., the financial advisor to the Company, to the effect that as of the date of such opinion, subject to the assumptions and limitations to be set out in the written opinion related thereto, the transactions contemplated by this Agreement are fair, from a financial point of view, to the Company.

“Frontrunner” means Acreage Holdings, Inc., a corporation existing under the laws of the Province of British Columbia.

“GCILP” means Greenstar Canada Investment Limited Partnership, a limited partnership existing under the laws of the Province of British Columbia.

“Governmental Authority” means:

- (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise);
- (b) any domestic or foreign agency, authority, ministry, department, regulatory authority, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government, including: (i) Health Canada and other applicable regulatory authorities with oversight of the Cannabis industry and any business or operations within the Cannabis industry generally; (ii) the United States Alcohol and Tobacco Tax and Trade Bureau; and (iii) the United States Department of Justice;

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- (c) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and/or
 - (d) the TSX, the NYSE and any other stock or securities exchange, marketplace or trading market upon which the Company has sought and obtained listing of its securities.

“Initial Warrants” means the Common Share purchase warrants issued by the Company to GCILP in connection with the private placement transactions completed on November 2, 2017, with each Initial Warrant entitling GCILP to acquire one Common Share for the exercise price set forth therein.

“Material Adverse Effect” means any change (including a decision to implement such a change made by the Board or by senior management who believe that confirmation of the decision of the Board is probable), event, violation, inaccuracy, circumstance, development or effect that is, individually or in the aggregate, or would reasonably be expected to be, individually or in the aggregate, materially adverse to the business, assets (including intangible assets), capitalization, liabilities (contingent or otherwise), condition (financial or otherwise), prospects or results of operations of the Company, taken as a whole, whether or not arising in the ordinary course of business.

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators.

“Misrepresentation” has the meaning ascribed to such term under Securities Laws.

“NYSE” means the New York Stock Exchange.

“Order” means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“Outside Date” means August 31, 2019 or such later date as may be agreed to by the Parties in writing.

“Parties” means CBG and the Company, and a “Party” means either of them.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Plan of Arrangement” means the plan of arrangement attached as Schedule A to the Arrangement Agreement, subject to any amendments or variations made in accordance with the terms of the Arrangement Agreement or the Plan of Arrangement.

“Purchaser Call Option” has the meaning ascribed to such term in the Plan of Arrangement.

“Purchaser Call Option Exercise Notice” has the meaning ascribed to such term in the Plan of Arrangement.

“Project Frontrunner” has the meaning ascribed to such term in the Preamble.

“Qualifying Provinces” means, collectively, all of the provinces of Canada except Québec.

“Regulatory Approval” means (i) approval of the TSX of the transactions contemplated by this Agreement, including amendment of the Tranche A Warrants and Tranche B Warrants and the exercise price for the Amended Warrants and the listing on the TSX of all Common Shares referred to hereunder; (ii) supplemental listing approval of the NYSE for the issuance and listing on the NYSE of the Common Shares referred to hereunder; and (iii) any other approval which may be required to give effect to the consummation of the transactions contemplated by this Agreement in accordance with Applicable Law, or by or from any Governmental Authority, as determined by CBG, acting reasonably.

“Repurchase Period” has the meaning ascribed to such term in Section 2.3(a).

“Second Amended and Restated Investor Rights Agreement” means the second amended and restated investor rights agreement between CBG, GCILP and the Company dated the date of this Agreement.

“Securities Laws” means, collectively, the applicable securities laws of each of the provinces and territories of Canada and the respective regulations, instruments and rules made under those securities laws, together with all applicable published policy statements, notices, blanket orders and rulings of the securities commissions or securities regulatory authorities of Canada and of each of the provinces and territories of Canada and applicable U.S. securities laws.

“Share Issuance Proposal” means the ordinary resolution of Company Shareholders approving the issuance of Common Shares pursuant to the Plan of Arrangement and in connection with the Arrangement.

“Shareholder Approval” means the requisite approval of the Approval Resolution by a simple majority of the votes cast on the Approval Resolution by the Company Shareholders present in person or represented by proxy at the Company Meeting (excluding the votes cast by CBG, GCILP and any other Company Shareholders that are required to be excluded in accordance with the requirements of the TSX, NYSE and MI 61-101).

“Top-Up Resolution” means the issuance by the Company of Common Shares that CBG and/or GCILP has the right to subscribe for under the Investor Rights Agreement based on the Common Shares issuable under the Arrangement.

“Trademark and Technology License” has the meaning ascribed to that term in the Arrangement Agreement.

“Tranche A Amended Warrants” means the Amended Warrants to be issued pursuant to Section 2.2 to be designated as “Tranche A common share purchase warrants”.

“Tranche A Warrants” means the Warrants designated as “Tranche A common share purchase warrants”.

“Tranche B Amended Warrants” means the Amended Warrants to be issued pursuant to Section 2.2 to be designated as “Tranche B common share purchase warrants”.

“Tranche B Warrants” means the Warrants designated as “Tranche B common share purchase warrants”.

“Tranche C Amended Warrants” means the Amended Warrants to be issued pursuant to Section 2.2 to be designated as “Tranche C common share purchase warrants”.

“Transaction Agreements” means this Agreement, the Second Amended and Restated Investor Rights Agreement and the Amended Warrants.

“Triggering Event Date” has the meaning ascribed to such term in the Plan of Arrangement.

“TSX” means the Toronto Stock Exchange.

“Underlying Shares” means Common Shares for which, as applicable, the Warrants and/or the Amended Warrants are exercisable.

“Violation” has the meaning ascribed to such term in Section 2.5.

“Warrant” means a Tranche A Warrant and/or a Tranche B Warrant, in each case, issued by the Company to CBG on November 1, 2018, and entitling CBG to acquire one Common Share per Warrant for the applicable exercise price set forth therein.

1.2 Schedules and Exhibits

The following schedules and exhibits form an integral part of this Agreement:

Schedule A	–	Purchaser Representations and Warranties
Schedule B	–	Company’s Representations and Warranties
Exhibit A	–	Forms of Warrant Certificates
		- Amended and Restated Tranche A Warrant Certificate
		- Amended and Restated Tranche B Warrant Certificate
		- Tranche C Warrant Certificate
Exhibit B	–	Approval Resolution
Exhibit C	–	Form of Voting Support Agreement

ARTICLE 2 CONSENT AND OTHER TRANSACTIONS

2.1 Consent to Project Frontrunner

CBG hereby grants its consent to the entering into of the Arrangement Agreement and the completion of Project Frontrunner, subject to the terms and conditions set forth in, and the Closing of the transactions contemplated by, this Agreement.

2.2 Amendment and Restatement of Warrants

- (a) On the Effective Date, the Company will issue the Amended Warrants to CBG in exchange for the certificates representing the Warrants.
- (b) The Amended Warrants shall be in the forms attached as Exhibit A.

2.3 Repurchase of Common Shares

- (a) At any time and from time to time during the period commencing on the date hereof and ending on the date that is 24 months after the date that all of the Tranche A Warrants have been exercised by CBG (the “**Repurchase Period**”), the Company shall purchase for cancellation, whether by way of normal course issuer bid, substantial issuer bid, self tender offer, or otherwise, the lesser of:
 - (i) 27,378,866 Common Shares (subject to customary adjustments for share splits, consolidations or other changes to the outstanding share capital of a similar nature); and
 - (ii) that number of Common Shares that can be purchased during the Repurchase Period in consideration for an aggregate purchase price of \$1,582,995,262.
- (b) The Company shall provide a report to CBG on a quarterly basis confirming the aggregate number of Common Shares purchased for cancellation and the average purchase price therefor.
- (c) If, for any reason, the Company has not within the Repurchase Period, purchased for cancellation Common Shares required to be purchased pursuant to Section 2.3(a), the Company hereby agrees and acknowledges that CBG will be credited an amount (the “**Credit Amount**”) that will reduce the aggregate exercise price otherwise payable by CBG upon each exercise of either: (i) prior to the Effective Date, the Tranche B Warrants; or (ii) on or following the Effective Date, the Tranche B Amended Warrants and/or Tranche C Amended Warrants, as the case may be, equal to the difference between:
 - (i) \$1,582,995,262; and
 - (ii) the actual purchase price paid by the Company in purchasing Common Shares pursuant to Section 2.3(a).
- (d) Each of the Parties acknowledges that the agreements contained in Section 2.3(c) are an integral part of the transactions contemplated in this Agreement and that without these agreements, the other Party would not enter into this Agreement. If CBG exercises its Tranche B Warrants, Tranche B Amended Warrants and/or Tranche C Amended Warrants and receives the full amount of the credit owing pursuant to Section 2.3(c), the Credit Amount shall be deemed to be liquidated damages which are a genuine pre-estimate of the losses or damages which CBG will have suffered or incurred as a result of a failure of the Company to satisfy its purchase obligations in Section 2.3(a), and are not penalties. The Company irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

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- (e) Notwithstanding any other provision of this Agreement, if the Effective Date shall have occurred, this Section 2.3 shall indefinitely survive any termination of this Agreement.

2.4 Company Covenants Regarding Project Frontrunner

The Company covenants and agrees that without the prior written consent of CBG, such consent not to be unreasonably withheld, and notwithstanding anything to the contrary contained in the Arrangement Agreement:

- (a) the Company will not exercise the Purchaser Call Option prior to the Triggering Event Date;
- (b) the Company will not deliver the Purchaser Call Option Exercise Notice to the Depositary prior to the Triggering Event Date;
- (c) the Company will not amend, modify, supplement or restate the Arrangement Agreement (including the Plan of Arrangement); and
- (d) the Company will not waive any terms, covenants or conditions set forth in the Arrangement Agreement (including the Plan of Arrangement).

2.5 Trademark and Technology License

The Company agrees that if at any time:

- (a) the CBG Group has received any notification or communication (whether orally or in writing) from a Governmental Authority of any violation or contravention of Applicable Law or any liability to the CBG Group under Applicable Law;
- (b) the CBG Group has received any notification or communication (whether orally or in writing) from a Governmental Authority, which the CBG Group has determined, in its sole discretion, would be expected to result in a violation or contravention of Applicable Law or any actual liability to the CBG Group under Applicable Law; or
- (c) there has been a change in Applicable Law, or the interpretation or application of Applicable Law by any Governmental Authority, which the CBG Group has determined, in its sole discretion, would be expected to result in a violation or contravention of Applicable Law or any actual liability to the CBG Group under Applicable Law,

(each, a “**Violation**”) in each case, as a result of the Trademark and Technology License, CBG will have the right to direct and cause the Company to terminate the Trademark and Technology License by delivering written notice to the Company. In the event CBG exercises such right, the Company will use its commercially reasonable efforts to cure the Violation, including by

negotiating and effecting amendments to the Trademark and Technology License. CBG agrees that it will take all commercially reasonable efforts to assist the Company following reasonable request by the Company to address such Violation. If the Violation has not been cured to the satisfaction of CBG within 30 days from the delivery by CBG of its written notice to the Company in accordance with this Section 2.5, the Company shall promptly and, in any event, within two Business Days thereafter, terminate the Trademark and Technology License and provide CBG with evidence of the actions taken to effect, and the effectiveness of, the termination of the Trademark and Technology License. Notwithstanding the foregoing, if at any time within the 30 day cure period, CBG has determined in its sole discretion that (i) the Violation is not reasonably capable of being cured within such 30 day period, or (ii) failure to immediately terminate the Trademark and Technology License would have an adverse effect on the CBG Group or result in an actual and immediate violation of Applicable Law, the Company shall immediately terminate the Trademark and Technology License and provide CBG with evidence of such termination. For purposes of this Section 2.5, any reference to Applicable Law shall include, for certainty, any Laws applicable to the United States and the rules of the NYSE so long as the rules of the NYSE remain applicable to the CBG Group.

2.6 Voting Support Agreements

The Company covenants and agrees that within three Business Days following the date of this Agreement, the Company shall deliver voting support agreements in favour of CBG in the form attached hereto as Exhibit C executed and delivered by each executive officer and director of the Company (other than CBG's designated directors).

ARTICLE 3 REPRESENTATION AND WARRANTIES

3.1 Representations and Warranties of the Company

The Company represents and warrants to CBG each of the matters contained in Schedule B to this Agreement as of the date hereof and as of the Effective Date, and acknowledges that CBG is relying on such representations and warranties in connection with entering into this Agreement and the transactions contemplated herein.

3.2 Representations and Warranties of CBG

CBG represents and warrants to the Company each of the matters contained in Schedule A to this Agreement as of the date hereof and as of the Effective Date, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and the transactions contemplated herein.

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Company's Conditions Precedent for the Closing

The Company's obligation to complete the transactions contemplated by this Agreement on the Effective Date shall be subject to the satisfaction or waiver (at the Company's sole discretion), as applicable, of the following conditions:

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- (a) all of the representations and warranties of CBG made in or pursuant to this Agreement shall be true and correct in all respects as of the Effective Date and with the same effect as if made at and as of the Effective Date and the Company shall have received a certificate from a senior officer of each of CBG and (on their behalf and without personal liability), in form and substance satisfactory to the Company, acting reasonably, confirming same;
 - (b) Shareholder Approval shall have been obtained;
 - (c) all Regulatory Approvals shall have been obtained; and
 - (d) there shall be no Applicable Law or issued or pending Order, injunction, proceeding, judgment or ruling filed or imposed by any Governmental Authority for the purpose of enjoining, restricting or preventing the consummation of the transactions contemplated in this Agreement.

If any of the foregoing conditions in this Section 4.1 have not been satisfied by the Outside Date, the Company may elect not to complete the transactions contemplated by this Agreement by notice in writing to CBG, provided that, for certainty, if the Company does so elect, the consent of CBG under this Agreement shall be null and void. For greater certainty, if any of the foregoing conditions has not been satisfied or waived, the Company will not be permitted to, and will not, complete Project Frontrunner.

4.2 CBG Conditions Precedent for Closing

The consent provided by CBG in Article 2 and the completion of the transactions contemplated by this Agreement on the Effective Date shall be subject to the satisfaction or waiver (at CBG's sole discretion), as applicable, of the following conditions:

- (a) all of the representations and warranties of the Company made in or pursuant to this Agreement shall be true and correct in all respects as of the Effective Date and with the same effect as if made at and as of the Effective Date and CBG shall have received a certificate from a senior officer of the Company (on the Company's behalf and without personal liability), in form and substance satisfactory to CBG, acting reasonably, confirming same;
- (b) the Company shall have performed or complied with, in all respects, all of its obligations, covenants and agreements under this Agreement required to be performed or complied with prior to the Closing and CBG shall have received a certificate from a senior officer of the Company (on the Company's behalf and without personal liability), in form and substance satisfactory to CBG, acting reasonably, confirming same;
- (c) Shareholder Approval shall have been obtained;
- (d) all Regulatory Approvals shall have been obtained;
- (e) there shall be no Applicable Law or issued or pending Order, injunction, proceeding, judgment or ruling filed or imposed by any Governmental Authority for the purpose of enjoining, restricting or preventing the consummation of the transactions contemplated in this Agreement;

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- (f) the Common Shares shall continue to be listed for trading on the TSX and the NYSE as at the Effective Date;
 - (g) the Company shall have executed and delivered each of the Amended Warrants.

If any of the foregoing conditions in this Section 4.2 have not been satisfied or waived, or if this Agreement has been terminated in accordance with Section 6.1, the conditional consent granted by CBG in Article 2 shall be deemed to be null and void and of no force or effect, and the Company shall not have, and be deemed to not have obtained, CBG's consent to consummate Project Frontrunner.

ARTICLE 5 COVENANTS

5.1 Actions to Satisfy Closing Conditions

Each of the Parties shall take commercially reasonable efforts to ensure satisfaction of each of the conditions set forth in Article 4.

5.2 Consents, Approvals and Authorizations

- (a) The Company covenants that it shall prepare, file and diligently pursue until received all necessary consents, approvals and authorizations of any Person and make such necessary filings, as are required to be obtained under Applicable Law with respect to this Agreement and the transactions contemplated hereby (excluding, for greater certainty, the preparation or filing of a prospectus, offering memorandum, registration statement or similar document in any jurisdiction).
- (b) The Company shall keep CBG fully informed regarding the status of such consents, approvals and authorizations, and CBG, its representatives and counsel shall have the right to participate in any substantive discussions with the TSX, the NYSE and any other applicable regulatory authority in connection with the transactions contemplated by this Agreement and provide input into any applications for approval and related correspondence, which will be incorporated by the Company, acting reasonably. The Company will provide notice to CBG (and its counsel) of any proposed substantive discussions with the TSX and the NYSE in connection with the transactions contemplated by this Agreement. On the date all such consents, approvals and authorizations have been obtained by the Company and all such filings have been made by the Company, the Company shall notify CBG of same.
- (c) Without limiting the generality of the foregoing, the Company shall promptly make all filings required by the TSX and the NYSE to obtain applicable Regulatory Approvals. If the approval of the TSX is "conditional approval" subject to the making of customary deliveries to the TSX after an applicable Effective Date, the Company shall ensure that such filings are made as promptly as practicable after such closing date and in any event within the time frame contemplated in the conditional approval letter from the TSX.

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- (d) The Company shall, promptly after the date hereof, seek, and continue to use commercially reasonable efforts to seek until obtained, the consent of each Person which is required in connection with the transactions contemplated hereby, but excluding, for greater certainty, the preparation or filing of a prospectus, offering memorandum, registration statement or similar document in any jurisdiction.
 - (e) The Company shall, promptly after the date hereof, seek, and continue to use commercially reasonable efforts to seek until obtained, the, waiver of any rights of a third party that could be reasonably expected to be exercisable or triggered by operation of any “change of control” or similar provision under any Contract in connection with or as a result of the transactions contemplated herein.

5.3 Company Approval

The Company represents and warrants to CBG, acknowledging that CBG is relying upon such representations and warranties in entering into this Agreement, that the Board has received the Fairness Opinion and, after consultation with its financial advisor and legal counsel, has unanimously determined that (i) the transactions contemplated by this Agreement are in the best interests of the Company and fair to the Company Shareholders (other than CBG and its affiliates) and (ii) the Company will recommend that Company Shareholders vote in favour of the Approval Resolution.

5.4 Company Circular

- (a) The Company shall in accordance with the terms of the Arrangement Agreement: (i) prepare the Company Circular together with any and all other documents required by, and in compliance in all material respects with, all applicable Laws on the date of the mailing thereof; (ii) file the Company Circular with all Canadian Securities Regulators in all jurisdictions where the same is required to be filed and with the TSX; and (iii) send the Company Circular to the Company Shareholders as required under all applicable Laws.
- (b) On the date of mailing thereof, the Company shall ensure that the Company Circular shall be complete and correct in all material respects, shall not contain any Misrepresentation and shall contain sufficient detail to permit the Company Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Company Meeting (except that the Company shall not be responsible for any information relating to CBG and its Affiliates that was provided by CBG expressly for inclusion in the Company Circular nor any information relating to Frontrunner and its Affiliates that was provided by Frontrunner expressly for inclusion in the Company Circular).
- (c) The Company Circular shall (i) include a written copy of the Fairness Opinion (and the Company shall provide an advance copy thereof to CBG for its review and consideration); and (ii) state that the Board (other than directors, if any, who abstained from voting on the transactions contemplated by this Agreement) has

received the Fairness Opinion and unanimously determined, after receiving legal and financial advice, that the transactions contemplated by this Agreement are in the best interests of the Company and fair to the Company Shareholders (other than CBG and its affiliates) and recommend that the Company Shareholders vote in favour of the Approval Resolution (the “**Company Board Recommendation**”); and (iii) include statements that each of the Company Shareholders signing voting support agreements have agreed to vote their Common Shares in favour of the Approval Resolution.

- (d) CBG shall provide to the Company all information regarding CBG and its Affiliates as reasonably requested by the Company or as required by applicable Laws for inclusion in the Company Circular. CBG shall ensure that any such information will not include any Misrepresentation including concerning CBG and its Affiliates.
- (e) CBG and its legal counsel shall be given a reasonable opportunity to review and comment on the Company Circular and other related documents prior to the Company Circular and other related documents being printed and filed with the Governmental Authorities, and reasonable consideration shall be given to any comments made by CBG and its legal counsel; provided that all information relating solely to CBG, the Parent and their affiliates included in the Company Circular shall be in form and substance satisfactory to CBG, acting reasonably. The Company shall provide CBG with final copies of the Company Circular prior to its mailing to the Company Shareholders.
- (f) CBG and the Company shall each promptly notify each other if at any time before the Effective Date either becomes aware that the Company Circular contains a Misrepresentation, or that the Company Circular otherwise requires an amendment or supplement and the Parties shall co-operate in the preparation of any amendment or supplement to the Company Circular as required or appropriate, and the Company shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Company Circular to the Company Shareholders and, if required by the Court or applicable Laws, file the same with the Governmental Authorities and as otherwise required.
- (g) The Company Circular shall disclose to the Company Shareholders as follows:
 - (i) if Project Frontrunner is approved by the shareholders of Frontrunner and the Court in accordance with the terms of the Arrangement Agreement, but the Approval Resolution is not approved by the Company Shareholders, then the Company will not complete Project Frontrunner and the Arrangement Agreement will be terminated; and
 - (ii) if Project Frontrunner is not approved by the shareholders of Frontrunner and the Court in accordance with the terms of the Arrangement Agreement, the Company will not issue the Amended Warrants.

5.5 Company Meeting

- (a) The Company agrees to convene and conduct the Company Meeting in accordance with the Company's articles and by-laws and applicable Law in accordance with the terms of the Arrangement Agreement.
- (b) Unless otherwise agreed to in writing by CBG or this Agreement is terminated in accordance with its terms or except as required by applicable Law or by a Governmental Authority, the Company shall take all steps reasonably necessary to hold the Company Meeting and to cause the Approval Resolution to be voted on and approved at such meeting.
- (c) The Company shall solicit proxies of the Company Shareholders in favour of the transactions contemplated by this Agreement and all matters to be approved by the Company Shareholders as set out in the Approval Resolution, and take all other actions reasonably requested by CBG to obtain the approval of the Approval Resolution by the Company Shareholders, if so requested, including using the services of investment dealers and proxy solicitation agents, and cooperating with any Persons engaged by CBG, to solicit proxies in favour of the approval of the Approval Resolution, and take all other actions reasonably requested by CBG to obtain the Shareholder Approval and such other matters as may be necessary to be approved in connection with the transactions contemplated by this Agreement.
- (d) The Company shall give notice to CBG of the Company Meeting and allow CBG's representatives and legal counsel to attend the Company Meeting.
- (e) The Company shall advise CBG as reasonably requested, and on a daily basis on each of the last seven Business Days prior to the Company Meeting, as to the aggregate tally of the proxies and votes received in respect of such meeting and all matters to be considered at such meeting.
- (f) The Company shall advise CBG of any written communication from any Company Shareholder in opposition to the transactions contemplated by this Agreement.
- (g) The Company shall not change the record date for the Company Shareholders entitled to vote at the Company Meeting, including in connection with any adjournment or postponement of the Company Meeting, unless required by Law or with the prior written consent of CBG.
- (h) The Company shall not waive the deadline for the submission of proxies by Company Shareholders for the Company Meeting without the prior written consent of CBG.
- (i) In the event any of CBG or its Affiliates is legally entitled to vote as a Company Shareholder in respect of the Approval Resolution, and provided that the Company is not then in breach of this Agreement, CBG shall vote and shall cause its Affiliates to vote all Common Shares held by them in favour of the Approval Resolution.

5.6 Interim Period Covenants

The Company hereby covenants and agrees as follows:

- (a) the Company shall not complete Project Frontrunner unless and until the transactions contemplated by this Agreement are completed on the terms and conditions of this Agreement;
- (b) neither the Company nor the Company Board will fail to unanimously recommend or withdraw, amend, modify or qualify, or publicly propose or state an intention to withdraw, amend, modify or qualify, the Company Board Recommendation.

5.7 CBG Acquisitions

Notwithstanding Section 5.2(a) of the Second Amended and Restated Investor Rights Agreement, CBG agrees that it will not acquire additional Common Shares (a) on the TSX, the NYSE or any other stock exchange, marketplace or trading market on which the Common Shares are then listed; or (b) through private agreement transactions with existing holders of Common Shares, unless and until the Effective Date has occurred or all of the Warrants have been exercised by CBG. Notwithstanding any other provision of this Agreement, this Section 5.7, shall indefinitely survive any termination of this Agreement.

ARTICLE 6 TERMINATION

6.1 Termination

This Agreement shall terminate upon the earliest of:

- (a) the date on which this Agreement is terminated by the mutual consent of the Parties;
- (b) written notice by the Company to CBG in the event the Closing has not occurred on or prior to the Outside Date;
- (c) written notice by either Party to the other if the Company Meeting is duly convened and held and the Shareholder Approval shall not have been obtained; provided that the Company may not terminate this Agreement pursuant to this Section 6.1(b) if the failure to obtain the Shareholder Approval has been caused by, or is a result of, a breach by the Company of any of its representations or warranties or the failure of the Company to perform any of its covenants or agreements under this Agreement; or
- (d) written notice by either Party to the other if the Effective Date shall not have occurred on or prior to December 31, 2019; provided that either Party will have the right to request the other Party's consent to an extension beyond December 31, 2019 on no more than two occasions by a period of up to six months per occasion, such consent not to be unreasonably withheld as long the Company and Frontrunner are continuing to diligently cause the occurrence of the Effective

Date, including the continuing performance of their covenants under the Arrangement Agreement; provided, further, that, if the Effective Date shall not have occurred, in no event shall this Agreement be extended beyond December 31, 2020 on which date, if the Effective Date shall not have occurred, this Agreement shall automatically terminate.

ARTICLE 7 GENERAL PROVISIONS

7.1 Governing Law

This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein irrespective of the choice of Laws principles.

7.2 Notices

All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 7.2):

if to the Company:

1 Hershey Drive,
Smiths Falls, Ontario K7A 0A8

Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Jonathan Sherman

if to CBG:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

7.3 Expenses

Except as otherwise specifically provided in this Agreement: (a) each Party shall bear any costs and expenses incurred in connection with exercising its rights and performing its obligations under this Agreement; and (b) CBG and the Company shall be jointly responsible for any filing fees payable for or in respect of any application, notification or other filing made in respect of any Regulatory Approval process in respect of the transactions contemplated by the transactions contemplated by this Agreement.

7.4 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Applicable Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

7.5 Entire Agreement

This Agreement (including the Schedules and Exhibits hereto), together with the Second Amended and Restated Investor Rights Agreement and the Amended Warrants, constitute the entire agreement of the Parties with respect to the subject matter of this Agreement and supersede all prior agreements and undertakings, both written and oral, between or on behalf of the Parties with respect to the subject matter of this Agreement.

7.6 Assignment; No Third-Party Beneficiaries

- (a) This Agreement shall not be assigned by any Party hereto without the prior written consent of the other Party.
- (b) This Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

7.7 Amendment; Waiver

No provision of this Agreement may be amended or modified except by a written instrument signed by both Parties. No waiver by any Party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by either Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

7.8 Injunctive Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at Law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

7.9 Rules of Construction

Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified; (c) the word “including” and words of similar import shall mean “including, without limitation,”; (d) provisions shall apply, when appropriate, to successive events and transactions; (e) the headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (f) a reference to a statute includes all regulations and rules made pursuant to the statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule; and (g) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

7.10 Currency

All references in this Agreement to “dollars” or “\$” are expressed in Canadian currency, unless otherwise specifically indicated.

7.11 Further Assurances

Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties may reasonably require from time to time for the purpose of giving effect to the Transaction Agreements and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of the Transaction Agreements.

7.12 Public Notices/Press Releases

CBG and the Company shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement by CBG and the Company, and the content, text and timing of each Party's announcement shall be approved by the other Party in advance, acting reasonably. CBG and the Company agree to co-operate in the preparation of presentations, if any, to CBG's shareholders or the Company's shareholders regarding the transactions contemplated by this Agreement. No Party shall issue any press release or otherwise make public announcements with respect to this Agreement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); provided that, except as required by Applicable Law, in no circumstance shall any such disclosure by, or regulatory filing of, the Company or any of its Affiliates include the name of any member of CBG Group without CBG's prior written consent, in its sole discretion.

7.13 Public Disclosure

During the period from the date hereof to the Closing, except as may be required by Applicable Law or with the prior written consent of CBG, the Company shall not make any public disclosures or public announcements, or undertake or give effect to any corporate actions, in each case that could reasonably be expected to hinder, delay or materially interfere with the consummation of the transactions contemplated under this Agreement.

7.14 Counterparts

This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above.

CBG HOLDINGS LLC

By: /s/ Garth Hankinson
Name: Garth Hankinson
Title: President

CANOPY GROWTH CORPORATION

By: /s/ Bruce Linton
Name: Bruce Linton
Title: Chairman and Co-Chief Executive Officer

Consent Agreement

SCHEDULE A
REPRESENTATIONS AND WARRANTIES OF CBG

CBG represents and warrants to and in favour of the Company and acknowledges that the Company is relying on such representations and warranties in connection with this Agreement and the transactions contemplated therein:

- (a) this Agreement has been duly authorized, executed and delivered by CBG and constitutes a legal, valid and binding obligation of CBG enforceable against CBG in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights generally, and will not violate or conflict with the constating documents of CBG or the terms of any restriction, agreement or undertaking to which CBG is subject;
- (b) CBG is a valid and subsisting limited liability company existing under the Laws of its jurisdiction of organization and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of CBG;
- (c) CBG has the necessary corporate power and authority to execute and deliver the Transaction Agreements to which it is a party and to observe and perform its covenants and obligations hereunder and thereunder and has taken all necessary action in respect thereof;
- (d) all information about the CBG Group provided by CBG to the Company for inclusion in the Company Circular will be true and accurate and will not include any Misrepresentation including concerning the CBG Group.

Schedule A-1

SCHEDULE B
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to and in favour of CBG and acknowledges that CBG is relying on such representations and warranties in connection with this Agreement and the transactions contemplated therein:

- (a) this Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar Laws affecting creditors' rights generally, and will not violate or conflict with the constating documents of the Company or the terms of any restriction, agreement or undertaking to which the Company is subject;
- (b) the Company has been duly incorporated and is validly existing as a corporation under the Laws of the jurisdiction in which it was incorporated and no steps or proceedings have been taken by any Person, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Company;
- (c) the Company has the necessary corporate power and authority to execute and deliver the Transaction Agreements and to observe and perform its covenants and obligations hereunder and thereunder and has taken all necessary action in respect thereof;
- (d) the Amended Warrants described in this Agreement have been duly authorized and created and the Underlying Shares to be issued have been duly authorized and reserved for issuance and, when issued, delivered and paid for in full, will be validly issued and fully paid shares in the capital of the Company;
- (e) subject to the receipt of the Regulatory Approvals, each of the execution and delivery of this Agreement, the performance by the Company of its obligations hereunder, the amendments to the Warrants and the consummation of the transactions contemplated in this Agreement and the other Transaction Agreements: (i) does not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (A) any Law applicable to the Company; (B) the articles, by-laws or resolutions of the directors or shareholders of the Company; (C) any Contract to which the Company is a party or by which the Company is bound except where such conflict, breach, violation or default would not result in a Material Adverse Effect; or (D) any judgment, decree or Order binding the Company or the property or assets thereof; and (ii) does not affect the rights, duties and obligations of any parties to a Contract, nor give a party the right to terminate the Contract, by virtue of the application of terms, provisions or conditions in the Contract, except where those rights, duties or obligations, or rights to terminate, are affected in a manner that would not result in a Material Adverse Effect; and

Schedule B-1

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- (f) no consent, approval, authorization, Order, filing, registration or qualification of or with any court, Governmental Authority or any other Person is required for the execution, delivery and performance by the Company of the Transaction Agreements or for the consummation of the transactions contemplated by the Transaction Agreements, except (i) such as have been obtained; (ii) Regulatory Approval, which will be obtained by the Effective Date; and (iii) any conditions precedent required to be satisfied under the Arrangement Agreement in connection with Project Frontrunner.

Schedule B-2

EXHIBIT A
FORMS OF AMENDED WARRANT CERTIFICATE

Form of Tranche A Amended Warrant Certificate

(see attached)

TRANCHE A
AMENDED AND RESTATED
COMMON SHARE PURCHASE WARRANT

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO CANOPY GROWTH CORPORATION (THE “CORPORATION”), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER IF AVAILABLE OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION

Warrant Certificate Number:

2018 – A-1

Number of Warrants:

88,472,861

Date:

●, 2019

Effective as of the date hereof, this Warrant Certificate amends, re-evidences, restates, replaces and supersedes 88,472,861 common share purchase warrants issued by the Company to the Holder (as each such term is defined below) pursuant to the tranche A common share purchase warrant dated November 1, 2018 (the “**Original Warrant Certificate**”).

THIS CERTIFIES THAT, for value received, CBG Holdings LLC (the “**Holder**”) is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. Defined Terms

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

“**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Capital Reorganization**” has the meaning ascribed to such term in Section 8(a)(iv).

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

“**Control**” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and

(c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust; and the words “ **Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Current Market Price**” means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

“**Exercise Price**” means \$50.40.

“**Expiry Time**” means 5:00 p.m. (Toronto time) on November 1, 2023.

“**NYSE**” means the New York Stock Exchange.

“**Person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

“**Rights Offering**” has the meaning ascribed to such term in Section 8(a)(ii).

“**Rights Period**” has the meaning ascribed to such term in Section 8(a)(ii).

“**Special Distribution**” has the meaning ascribed to such term in Section 8(a)(iii).

“**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”.

“**Trading Day**” means a day on which the TSX is open for business.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**U.S. Person**” means “U.S. person” as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means United States Securities Act of 1933, as amended.

“**Warrants**” means the tranche A Common Share purchase warrants represented by this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate are fully vested and are immediately exercisable by the Holder at any time and from time to time, commencing on the date hereof and prior to the Expiry Time.

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant. In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

6. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

7. Covenants and Representations of the Company The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;

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- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
 - (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

8. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
 - (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,(any of such events in subsections (A), (B), (C) and (D) above being called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:
 - (A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
 - (B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:
- (A) the numerator of which shall be the aggregate of:
- (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 8(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 8(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:
- (A) shares of the Company of any class other than Common Shares;
 - (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
 - (C) evidences of indebtedness of the Company; or
 - (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (1) the numerator of which shall be the difference between:
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and

II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and

- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 8(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 8(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(iv) If at any time during the Adjustment Period there shall occur:

- (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
- (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
- (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

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- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 8(a)(i) or 8(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 8(a) of this Warrant Certificate:
- (i) subject to the following sections of this Section 8(b), any adjustment made pursuant to Section 8(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;
 - (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 8(b)(ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 8(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);
 - (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 8(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;
 - (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;

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- (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 8 of this Warrant Certificate if (subject to TSX and NYSE approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
- (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 8(a) hereof, the Company may defer, until the occurrence of such event:
- (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
- (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;
- provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.
- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 8(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.
- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 8; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a "take-over bid", "tender offer" or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification,

redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

9. U.S. Registration

This Warrant and the Common Shares issuable upon exercise of this Warrant have not been and will not be registered under the U.S. Securities Act or under state securities laws of any state in the United States. Accordingly, this Warrant may not be transferred or exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and, if required by the Company, the holder of this Warrant has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect, as applicable.

10. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 8 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

11. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

12. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.

-
- (b) In case the Company, pursuant to Section 12(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

13. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

14. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

15. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

16. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term "Holder" shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule "B". For greater certainty, the Warrants represented by this Warrant Certificate are not transferrable except as described in this Section 16 or with the prior written consent of the Company.

17. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

18. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 18):

- (a) if to the Holder at:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

- (b) if to the Company at:

1 Hershey Drive,
Smiths Falls, ON K7A 0A8

Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Jonathan Sherman

19. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

20. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

ACKNOWLEDGEMENT

IN WITNESS WHEREOF, the Holder hereby acknowledges, confirms and consents to the amendment and restatement of the Original Warrant Certificate as set out in this Amended and Restated Warrant Certificate.

CBG HOLDINGS LLC

By: _____
Name:
Title:

SCHEDULE "A"
SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the "**Company**").

The undersigned hereby exercises the right to acquire _____ Common Shares of the Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

(Please check the **ONE** box applicable):

- ☐ A. The undersigned holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (iv) did not execute or deliver this exercise form in the United States.
- ☐ B. The undersigned holder (i) purchased the Warrants for its own account or the account of another "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**"); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; (iii) each of it and such other person, if any, was an Accredited Investor on the date the Warrants were acquired and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in connection with the acquisition of the Warrants remain true and correct on the date hereof.
- ☐ C. The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance reasonably satisfactory to the Company) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, 20____.

Signature Guaranteed
(if required)

(Signature of Warrantholder)

Print full name

Print full address

Note:

The undersigned holder understands that unless Box A above is checked, the certificate representing the Common Shares issuable upon exercise of the Warrants will bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. Certificates representing such Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked. If Box C is checked, any opinion tendered must be in form and substance reasonably satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrant should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

If Box B or Box C is checked, any certificate representing the Common Shares issued upon exercise of this Warrant will bear an applicable United States restrictive legend.

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form.

If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

SCHEDULE "B"
TRANSFER FORM

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____
(include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of Canopy Growth Corporation
(the "**Company**") registered in the name of the undersigned on the register of the Company maintained therefor, and hereby irrevocably appoints
_____ the attorney of the undersigned to transfer the said securities on the books maintained by the
Company with full power of substitution.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a "U.S. person" (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")) or a person within the United States unless the Warrants are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

Form of Tranche B Amended Warrant Certificate

(see attached)

Exhibit A-3

TRANCHE B
AMENDED AND RESTATED
COMMON SHARE PURCHASE WARRANT

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO CANOPY GROWTH CORPORATION (THE “CORPORATION”), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER IF AVAILABLE OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION

Warrant Certificate Number:

2018 – B-1

Number of Warrants:

38,454,444

Date:

●, 2019

Effective as of the date hereof, this Warrant Certificate amends, re-evidences, restates, replaces and supersedes 38,454,444 common share purchase warrants issued by the Company to the Holder (as each such term is defined below) pursuant to the tranche B common share purchase warrant dated November 1, 2018 (the “**Original Warrant Certificate**”).

THIS CERTIFIES THAT, for value received, CBG Holdings LLC (the “**Holder**”) is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. Defined Terms

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

“**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Capital Reorganization**” has the meaning ascribed to such term in Section 10(a)(iv).

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

“**Consent Agreement**” means the consent agreement between the Holder and the Company dated April 18, 2019.

“**Control**” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and

(c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust; and the words “ **Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Current Market Price**” means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

“**Exercise Price**” means \$76.68, as may be adjusted in accordance with this Warrant Certificate.

“**Expiry Time**” means 5:00 p.m. (Toronto time) on November 1, 2026.

“**NYSE**” means the New York Stock Exchange.

“**Person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

“**Repurchase Period**” means the period commencing on April 18, 2019 and ending on the date that is 24 months after the date that all of the Tranche A Warrants have been exercised by the Holder.

“**Rights Offering**” has the meaning ascribed to such term in Section 10(a)(ii).

“**Rights Period**” has the meaning ascribed to such term in Section 10(a)(ii).

“**Special Distribution**” has the meaning ascribed to such term in Section 10(a)(iii).

“**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”.

“**Trading Day**” means a day on which the TSX is open for business.

“**Tranche A Warrants**” means the 88,472,861 Common Share purchase warrants represented by the tranche A amended and restated warrant certificate issued by the Company to the Holder on the date hereof.

“**Tranche C Warrants**” means the 12,818,148 Common Share purchase warrants represented by the tranche C warrant certificate issued by the Company to the Holder on the date hereof.

“**Tranche C Warrant Certificate**” means the warrant certificate representing the Tranche C Warrants.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“U.S. Person” means “U.S. person” as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

“U.S. Securities Act” means United States Securities Act of 1933, as amended.

“Warrants” means the tranche B Common Share purchase warrants represented by this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate shall vest and become immediately exercisable once all Tranche A Warrants have been exercised in accordance with their terms, and shall remain exercisable by the Holder, in whole or in part at any time, and from time to time, thereafter and prior to the Expiry Time.

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant (as such amount may be adjusted in accordance with Section 5). In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. Exercise Price Credit

If, for any reason, the Company has not within the Repurchase Period, purchased for cancellation Common Shares required to be purchased pursuant to section 2.3 of the Consent Agreement, the Company hereby agrees and acknowledges that the Holder will be credited an amount (the “**Credit Amount**”) that will reduce the aggregate exercise price otherwise payable by the Holder upon each exercise of the Warrants represented by this Warrant Certificate equal to the difference between:

- (a) \$1,582,995,262; and
- (b) the actual purchase price paid by the Company in purchasing Common Shares pursuant to section 2.3 of the Consent Agreement.

6. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

7. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

8. Covenants and Representations of the Company The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;
- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
- (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

9. Covenant of the Holder

- (a) The Holder covenants and agrees that in respect of each Common Share purchased by the Holder or any affiliate of the Holder, including Greenstar Canada Investment Limited Partnership and Constellation Brands, Inc. and its Subsidiaries (as defined in National Instrument 45-106 – *Prospectus Exemptions*), (i) on the TSX, the NYSE or any other stock exchange, marketplace or trading market on which the Common Shares are then listed; or (ii) through private agreement transactions with existing holders of Common Shares, the number of Warrants represented by this Warrant Certificate shall be reduced by the number of Common Shares so acquired (up to an aggregate maximum reduction of 20,000,000 Common Shares less the number of Common Shares, if any, by which the Tranche C Warrants have been reduced pursuant to section 9(a) of the Tranche C Warrant Certificate).

- (b) At the time of exercise of the Warrants, the Holder shall confirm the number of Common Shares purchased as contemplated by Section 9(a).
- (c) For certainty, the aggregate reduction in the number of Warrants represented by this Warrant Certificate pursuant to Section 9(a) hereof and in the number of Tranche C Warrants represented by the Tranche C Warrant Certificate pursuant to section 9(a) thereof shall not exceed 20,000,000 Warrants.
- (d) The Holder shall have the right, but not the obligation, to surrender this Warrant Certificate at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and, if the Holder exercises such right, the Holder shall thereafter be entitled to receive a replacement Warrant Certificate, without charge, representing the reduced balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so surrendered and cancelled. If the Holder does not exercise such right, this Warrant Certificate shall continue to evidence in full the Warrants and the number of Warrants indicated on the cover page of this Warrant Certificate shall be deemed to be reduced by the number of Warrants contemplated by Section 9(a) hereof.

10. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
 - (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,(any of such events in subsections (A), (B) (C) and (D) above being called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

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- (A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
 - (B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (A) the numerator of which shall be the aggregate of:
 - (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

- (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 10(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 10(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:

- (A) shares of the Company of any class other than Common Shares;
- (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
- (C) evidences of indebtedness of the Company; or
- (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

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- (1) the numerator of which shall be the difference between:
- I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and
- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 10(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(iv) If at any time during the Adjustment Period there shall occur:

- (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
- (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
- (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to

which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 10(a)(i) or (a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 10(a) of this Warrant Certificate:
 - (i) subject to the following sections of this Section 10(b), any adjustment made pursuant to Section 10(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;
 - (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 10(b)(ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 10(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);
 - (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 10(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;

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- (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;
 - (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 10 of this Warrant Certificate if (subject to TSX and NYSE approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
 - (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 10(a) hereof, the Company may defer, until the occurrence of such event:
 - (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
 - (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 10(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.

- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 10; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a “take-over bid”, “tender offer” or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification, redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

11. U.S. Registration

This Warrant and the Common Shares issuable upon exercise of this Warrant have not been and will not be registered under the U.S. Securities Act or under state securities laws of any state in the United States. Accordingly, this Warrant may not be transferred or exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and, if required by the Company, the holder of this Warrant has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect, as applicable.

12. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 10 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

13. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

14. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.
- (b) In case the Company, pursuant to Section 14(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

15. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

16. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

17. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

18. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term “Holder” shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule “B”. For greater certainty, the Warrants represented by this Warrant Certificate are not transferrable except as described in this Section 18 or with the prior written consent of the Company.

19. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

20. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 20):

- (a) if to the Holder at:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

- (b) if to the Company at:

1 Hershey Drive,
Smiths Falls, ON K7A 0A8

Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Jonathan Sherman

21. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

22. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

ACKNOWLEDGEMENT

IN WITNESS WHEREOF, the Holder hereby acknowledges, confirms and consents to the amendment and restatement of the Original Warrant Certificate as set out in this Amended and Restated Warrant Certificate.

CBG HOLDINGS LLC

By: _____
Name:
Title:

SCHEDULE "A"

SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the "**Company**").

The undersigned hereby exercises the right to acquire _____ Common Shares of the Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

The undersigned hereby confirms that an aggregate of _____ Common Shares have been purchased as contemplated by Section 9(a) of the Warrant Certificate.

(Please check the **ONE** box applicable):

- ☐ A. The undersigned holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (iv) did not execute or deliver this exercise form in the United States.
- ☐ B. The undersigned holder (i) purchased the Warrants for its own account or the account of another "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**"); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; (iii) each of it and such other person, if any, was an Accredited Investor on the date the Warrants were acquired and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in connection with the acquisition of the Warrants remain true and correct on the date hereof.
- ☐ C. The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance reasonably satisfactory to the Company) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, 20____.

Signature Guaranteed
(if required)

(Signature of Warrantholder)

Print full name

Print full address

Note:

The undersigned holder understands that unless Box A above is checked, the certificate representing the Common Shares issuable upon exercise of the Warrants will bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. Certificates representing such Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked. If Box C is checked, any opinion tendered must be in form and substance reasonably satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrant should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

If Box B or Box C is checked, any certificate representing the Common Shares issued upon exercise of this Warrant will bear an applicable United States restrictive legend.

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form.

If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

SCHEDULE “B”

TRANSFER FORM

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____
(include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of Canopy Growth Corporation
(the “**Company**”) registered in the name of the undersigned on the register of the Company maintained therefor, and hereby irrevocably appoints
_____ the attorney of the undersigned to transfer the said securities on the books maintained by the Company with
full power of substitution.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a “U.S. person” (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”)) or a person within the United States unless the Warrants are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words “Signature Guarantee”, or “Signature Medallion Guaranteed” or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

Form of Tranche C Amended Warrant Certificate

(see attached)

Exhibit A-3

TRANCHE C
COMMON SHARE PURCHASE WARRANT

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR U.S. STATE SECURITIES LAWS. THESE SECURITIES AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO CANOPY GROWTH CORPORATION (THE “CORPORATION”), (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER IF AVAILABLE OR (II) RULE 144A THEREUNDER, IF AVAILABLE, AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT, IN THE CASE OF TRANSFERS PURSUANT TO (C)(I) OR (D) ABOVE, THE HOLDER HAS, PRIOR TO SUCH TRANSFER, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE “GOOD DELIVERY” IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF A U.S. PERSON OR PERSON IN THE UNITED STATES UNLESS THIS WARRANT AND SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR EXEMPTIONS FROM SUCH REGISTRATION REQUIREMENTS ARE AVAILABLE. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

WARRANTS TO PURCHASE COMMON SHARES OF
CANOPY GROWTH CORPORATION

Warrant Certificate Number:

2018 – C-1

Number of Warrants:

12,818,148

Date:

●, 2019

Effective as of the date hereof, this Warrant Certificate amends, re-evidences, restates, replaces and supersedes 12,818,148 common share purchase warrants issued by the Company to the Holder (as each such term is defined below) pursuant to the tranche B common share purchase warrant dated November 1, 2018 (the “**Original Warrant Certificate**”).

THIS CERTIFIES THAT, for value received, CBG Holdings LLC (the “**Holder**”) is entitled, at any time prior to the Expiry Time, to purchase, at the Exercise Price, one fully paid, validly issued and non-assessable Common Share for each Warrant vested and exercisable under this Warrant Certificate, by surrendering to the Company, at its principal office at 1 Hershey Drive, Smith Falls, Ontario, K7A 0A8, this Warrant Certificate, together with a Subscription Form, duly completed and executed, and immediately available funds by wire transfer of lawful money of Canada payable to or to the order of the Company for an amount equal to the Exercise Price multiplied by the number of Common Shares subscribed for, on and subject to the terms and conditions set forth below.

Nothing contained herein shall confer any right upon the Holder to subscribe for or purchase any Common Shares at any time after the Expiry Time, and from and after the Expiry Time, this Warrant Certificate and all rights hereunder shall be void and of no value.

1. Defined Terms

Capitalized terms used in this Warrant Certificate, including the preamble, shall have the following meanings:

“**Adjustment Period**” means the period commencing on the date hereof and ending at the Expiry Time.

“**Affiliate**” means, with respect to any Person, any Person now or hereafter existing, directly or indirectly, Controlled by, Controlling, or under common Control with, such Person, whether on or after the date hereof.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in Smiths Falls, Ontario are authorized or required by law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“**Capital Reorganization**” has the meaning ascribed to such term in Section 10(a)(iv).

“**Common Share**” means a common share in the capital of the Company or such other shares or other securities into which such common share is converted, exchanged, reclassified or otherwise changed, as the case may be, from time to time.

“**Company**” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada, and its successors and assigns.

“**Consent Agreement**” means the consent agreement between the Holder and the Company dated April 18, 2019.

“**Control**” means:

- (a) in relation to a corporation, the direct or indirect beneficial ownership at the relevant time of shares of such corporation carrying more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of the Company where such voting rights are sufficient to elect a majority of the directors of the Company;
- (b) in relation to a Person that is a partnership, limited liability company or joint venture, the direct or indirect beneficial ownership at the relevant time of more than 50% of the ownership interests of the partnership, limited liability company or joint venture in circumstances where it can reasonably be expected that the Person can direct the affairs of the partnership, limited liability company or joint venture; and

(c) in relation to a trust, the direct or indirect beneficial ownership at the relevant time of more than 50% of the property settled under the trust; and the words “ **Controlled by**”, “**Controlling**” and similar words have corresponding meanings; the Person who directly or indirectly Controls a Controlled Person or entity shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is Controlled by the Controlled Person or entity, and so on.

“**Current Market Price**” means, at the relevant time of reference, the price per share equal to the volume-weighted average trading price of the Common Shares on the TSX for the five Trading Days immediately preceding the relevant record date.

“**Exercise Price**” means, at the time of exercise, the Current Market Price, as may be adjusted in accordance with Section 5.

“**Expiry Time**” means 5:00 p.m. (Toronto time) on November 1, 2026.

“**NYSE**” means the New York Stock Exchange.

“**Person**” means an individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative, or any group or combination thereof.

“**Repurchase Period**” means the period commencing on April 18, 2019 and ending on the date that is 24 months after the date that all of the Tranche A Warrants have been exercised by the Holder.

“**Rights Offering**” has the meaning ascribed to such term in Section 10(a)(ii).

“**Rights Period**” has the meaning ascribed to such term in Section 10(a)(ii).

“**Special Distribution**” has the meaning ascribed to such term in Section 10(a)(iii).

“**Subscription Form**” means the form of subscription annexed hereto as Schedule “A”.

“**Trading Day**” means a day on which the TSX is open for business.

“**Tranche A Warrants**” means the 88,472,861 Common Share purchase warrants represented by the tranche A amended and restated warrant certificate issued by the Company to the Holder on the date hereof.

“**Tranche B Warrants**” means the 38,454,444 Common Share purchase warrants represented by the tranche B amended and restated warrant certificate issued by the Company to the Holder on the date hereof.

“**Tranche B Warrant Certificate**” means the warrant certificate representing the Tranche B Warrants.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**U.S. Person**” means “U.S. person” as defined in Rule 902(k) of Regulation S under the U.S. Securities Act.

“**U.S. Securities Act**” means United States Securities Act of 1933, as amended.

“**Warrants**” means the tranche C Common Share purchase warrants represented by this Warrant Certificate.

2. Vesting of Warrants

The Warrants represented by this Warrant Certificate shall vest and become immediately exercisable once all Tranche A Warrants have been exercised in accordance with their terms, and shall remain exercisable by the Holder, in whole or in part at any time, and from time to time, thereafter and prior to the Expiry Time.

3. Exercise of Warrants

- (a) Subject to Section 2, the rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part, by the surrender of this Warrant Certificate, with the attached Subscription Form duly executed, at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and upon payment to or to the order of the Company of immediately available funds by wire transfer of lawful money of Canada in an amount equal to the Exercise Price per Common Share multiplied by the aggregate number of Common Shares to be issued on such exercise of this Warrant (as such amount may be adjusted in accordance with Section 5). In the event that the Holder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Holder shall be entitled to receive a replacement Warrant Certificate, without charge, representing the unexercised balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.
- (b) The Company agrees that the Common Shares so purchased shall be and be deemed to be issued to the Holder as the registered owner of such Common Shares as of the close of business on the date on which both this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid. Certificates for the Common Shares so purchased shall be delivered to the Holder as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so exercised.

4. Ability to Exercise

Subject to Section 2, the Warrants may be exercised in whole or in part at any time and from time to time prior to the Expiry Time. After the Expiry Time, all rights under any outstanding Warrants evidenced hereby, in respect of which the rights of subscription and purchase herein provided for shall not have been exercised, shall wholly cease and terminate and such Warrants shall be void and of no value or effect.

5. Exercise Price Credit

If, for any reason, the Company has not within the Repurchase Period, purchased for cancellation Common Shares required to be purchased pursuant to section 2.3 of the Consent Agreement, the Company hereby agrees and acknowledges that the Holder will be credited an amount (the “**Credit Amount**”) that will reduce the aggregate exercise price otherwise payable by the Holder upon each exercise of the Warrants represented by this Warrant Certificate equal to the difference between:

- (a) \$1,582,995,262; and
- (b) the actual purchase price paid by the Company in purchasing Common Shares pursuant to section 2.3 of the Consent Agreement.

6. No Fractional Common Shares

No fractional Common Shares will be issuable upon any exercise of the Warrants and the Holder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

7. Not a Shareholder

The holding of the Warrants shall not constitute the Holder a shareholder of the Company nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in this Warrant Certificate.

8. Covenants and Representations of the Company The Company covenants and agrees as follows:

- (a) this Warrant Certificate is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms;
- (b) all Common Shares which may be issued upon the exercise of the rights represented by the Warrants will, upon issuance, be validly issued, fully paid and non-assessable, free from all taxes, liens and charges with respect to the issue thereof, except with respect to any applicable withholding taxes; and
- (c) during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved a sufficient number of its Common Shares to provide for the exercise of the rights represented by this Warrant Certificate.

9. Covenant of the Holder

- (a) The Holder covenants and agrees that in respect of each Common Share purchased by the Holder or any affiliate of the Holder, including Greenstar Canada Investment Limited Partnership and Constellation Brands, Inc. and its Subsidiaries (as defined in National Instrument 45-106 – Prospectus Exemptions), (i) on the TSX, the NYSE or any other stock exchange, marketplace or trading market on which the Common Shares are then listed; or (ii) through private agreement transactions with existing holders of Common Shares, the number of Warrants represented by this Warrant Certificate shall be reduced by the number of Common Shares so acquired (up to an aggregate maximum reduction of 12,818,148 Common Shares less the number of Common Shares, if any, by which the Tranche B Warrants have been reduced pursuant to section 9(a) of the Tranche B Warrant Certificate).

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- (b) At the time of exercise of the Warrants, the Holder shall confirm the number of Common Shares purchased as contemplated by Section 9(a).
 - (c) For certainty, the aggregate reduction in the number of Warrants represented by this Warrant Certificate pursuant to Section 9(a) hereof and in the number of Tranche B Warrants represented by the Tranche B Warrant Certificate pursuant to section 9(a) thereof shall not exceed 20,000,000 Warrants.
 - (d) The Holder shall have the right, but not the obligation, to surrender this Warrant Certificate at the principal office of the Company at 1 Hershey Drive, Smiths Falls, Ontario K7A 0A8 (or such other office of the Company as it may designate by notice in writing to the Holder at the address of such Holder appearing on the books of the Company at any time and from time to time during the period within which the rights represented by this Warrant Certificate may be exercised) and, if the Holder exercises such right, the Holder shall thereafter be entitled to receive a replacement Warrant Certificate, without charge, representing the reduced balance of the Warrants as soon as practicable, and in any event within five Business Days, after the Warrants represented by this Warrant Certificate shall have been so surrendered and cancelled. If the Holder does not exercise such right, this Warrant Certificate shall continue to evidence in full the Warrants and the number of Warrants indicated on the cover page of this Warrant Certificate shall be deemed to be reduced by the number of Warrants contemplated by Section 9(a) hereof.

10. Anti-Dilution Protection

- (a) The Exercise Price and the number of Common Shares issuable to the Holder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
 - (i) If at any time during the Adjustment Period the Company shall:
 - (A) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a share dividend;
 - (B) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
 - (C) subdivide the outstanding Common Shares into a greater number of Common Shares; or
 - (D) consolidate the outstanding Common Shares into a smaller number of Common Shares,(any of such events in subsections (A), (B), (C) and (D) above being called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

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- (A) the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
 - (B) the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including, in the case of a distribution of securities exchangeable for or convertible into Common Shares, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date, as the case may be).

To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(i) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (ii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (A) the numerator of which shall be the aggregate of:
 - (1) the number of Common Shares outstanding on the record date for the Rights Offering, and
 - (2) the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and

- (B) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 10(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(ii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants referred to in this Section 10(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iii) If at any time during the Adjustment Period the Company shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:

- (A) shares of the Company of any class other than Common Shares;
- (B) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least the Current Market Price of the Common Shares on such record date);
- (C) evidences of indebtedness of the Company; or
- (D) any property or assets of the Company;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- (1) the numerator of which shall be the difference between:
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - II. the fair value, as determined in good faith by the directors of the Company, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution; and
- (2) the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this Section 10(a)(iii) as a result of the fixing by the Company of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 10(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- (iv) If at any time during the Adjustment Period there shall occur:
 - (A) a reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
 - (B) a consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
 - (C) the transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another company or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Holder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Holder was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Holder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Holder had been the registered holder of the number of Common Shares which the Holder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- (v) If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of Sections 10(a)(i) or 10(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.
- (b) The following rules and procedures shall be applicable to adjustments made pursuant to Section 10(a) of this Warrant Certificate:
 - (i) subject to the following sections of this Section 10(b), any adjustment made pursuant to Section 10(a) of this Warrant Certificate shall be made successively whenever an event referred to therein shall occur;
 - (ii) no adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one percent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this Section 10(b)(ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of Section 10(a) of this Warrant Certificate, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of a consolidation of the outstanding Common Shares);

- (iii) if at any time during the Adjustment Period the Company shall take any action affecting the Common Shares, other than an action or event described in Section 10(a) of this Warrant Certificate, which in the opinion of the directors of the Company would have an adverse effect upon the rights of the Holder, the Exercise Price and/or the number of Common Shares purchasable under the Warrants shall, subject to any necessary regulatory approval, be adjusted in such manner and at such time as the directors of the Company may determine to be equitable in the circumstances, provided that no such action shall be taken unless and until the Holder has been provided with notice of such proposed action and the consequences thereof;
- (iv) if the Company sets a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable under the Warrants shall be required by reason of the setting of such record date;
- (v) no adjustment in the Exercise Price or in the number or kind of securities purchasable on the exercise of the Warrants shall be made in respect of any event described in Section 10 of this Warrant Certificate if (subject to TSX and NYSE approval) the Holder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Holder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event. Any such participation by the Holder is subject to regulatory approval; and
- (vi) in any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in Section 10(a) hereof, the Company may defer, until the occurrence of such event:
 - (A) issuing to the Holder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares issuable upon such exercise by reason of the adjustment required by such event; and
 - (B) delivering to the Holder any distribution declared with respect to such additional Common Shares after such record date and before such event;

provided, however, that the Company shall deliver to the Holder an appropriate instrument evidencing the right of the Holder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

- (c) At least 10 days prior to the earlier of the record date or effective date of any event which requires or might require an adjustment in any of the rights of the Holder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Company shall deliver to the Holder a certificate of the Company specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this Section 10(c) has been given is not then determinable, the Company shall promptly after such adjustment is determinable deliver to the Holder a certificate providing the calculation of such adjustment. The Company hereby covenants and agrees that the Company will not take any action which might deprive the Holder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 10 day period.

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- (d) In connection with any: (i) reclassification or redesignation of the Common Shares, any change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than as set forth in this Section 10; (ii) consolidation, amalgamation, arrangement or merger of the Company with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities (including, without limitation, pursuant to a “take-over bid”, “tender offer” or other acquisition of all or substantially all of the outstanding Common Shares); or (iii) sale, transfer or lease to another corporation of all or substantially all the property or assets of the Company, the Holder shall have the right thereafter, upon payment of the Exercise Price in effect immediately prior to such action, to purchase upon exercise of each Warrant the kind and amount of shares and other securities and property which it would have owned or have been entitled to receive after the happening of such reclassification, redesignation, consolidation, amalgamation, arrangement, merger, sale, transfer or lease had such Warrant been exercised immediately prior to such action, and the Holder shall be bound to accept such shares and other securities and property in lieu of the Common Shares to which it was previously entitled; provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities and property shall be made during the term of a Warrant or upon the exercise of a Warrant. If necessary, as a result of any actions contemplated by this paragraph, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Holder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants. The provisions of this paragraph shall similarly apply to successive consolidations, mergers, amalgamation, sales, transfers or leases.

11. U.S. Registration

This Warrant and the Common Shares issuable upon exercise of this Warrant have not been and will not be registered under the U.S. Securities Act or under state securities laws of any state in the United States. Accordingly, this Warrant may not be transferred or exercised in the United States or by or on behalf of a U.S. Person or a person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws and, if required by the Company, the holder of this Warrant has furnished an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect, as applicable.

12. Authorized Shares

As a condition precedent to the taking of any action which would require an adjustment pursuant to Section 10 of this Warrant Certificate, the Company shall take any action which may be necessary in order that the Company has issued and reserved in its authorized capital, and may validly and legally issue as fully paid and non-assessable, all of the Common Shares (or other shares and securities, if applicable) which the Holder of the Warrants is entitled to receive on the exercise hereof.

13. Mutilated or Missing Warrant Certificate

Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant Certificate and, in the case of any such loss, theft or destruction, upon delivery of a bond or indemnity satisfactory to the Company, or, in the case of any such mutilation, upon surrender or cancellation of this Warrant Certificate, the Company will issue to the Holder a new warrant certificate of like tenor, in lieu of this Warrant Certificate, representing the right to subscribe for and purchase the number of Common Shares which may be subscribed for and purchased hereunder.

14. Merger and Successors

- (a) Nothing herein contained shall prevent any consolidation, amalgamation or merger of the Company with or into any other Person or Persons, or a conveyance or transfer of all or substantially all of the properties and estates of the Company as an entirety to any Person lawfully entitled to acquire and operate same, provided, however, that the Person formed by such consolidation, amalgamation, arrangement or merger or which acquires by conveyance or transfer all or substantially all of the properties and estates of the Company as an entirety shall, simultaneously with such amalgamation, arrangement, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company.
- (b) In case the Company, pursuant to Section 14(a), shall be consolidated, amalgamated or merged with or into any other Person or Persons or shall convey or transfer all or substantially all of its properties and estates as an entirety to any other Person, the successor Person formed by such consolidation, amalgamation or arrangement, or into which the Company shall have been consolidated, amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Company hereunder and such changes in phraseology and form (but not in substance) may be made in this Warrant Certificate as may be appropriate in view of such amalgamation, arrangement, merger or transfer.

15. Amendment

This Warrant Certificate may only be amended with the prior written consent of the Company and the Holder.

16. Severability

If any term or other provision of this Warrant Certificate is invalid, illegal or incapable of being enforced under any applicable law or as a matter of public policy, all other conditions and provisions of this Warrant Certificate shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Company and the Holder shall negotiate in good faith to modify this Warrant Certificate so as to effect the original intent of the Company and the Holder as closely as possible in a mutually acceptable manner in order that the provisions of this Warrant Certificate be consummated as originally contemplated to the greatest extent possible.

17. Governing Law

This Warrant Certificate shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein irrespective of the choice of laws principles.

18. Transferability

Subject only to applicable securities laws, the Warrants represented by this Warrant Certificate are transferable by the Holder to any of its Affiliates and the term “Holder” shall mean and include any successor, transferee or assignee of the current or any future Holder. The Warrants represented by this Warrant Certificate may be transferred by the Holder completing and delivering to the Company the transfer form attached hereto as Schedule “B”. For greater certainty, the Warrants represented by this Warrant Certificate are not transferrable except as described in this Section 18 or with the prior written consent of the Company.

19. Enurement

This Warrant Certificate and all of its provisions shall enure to the benefit of the Holder and its permitted assigns and successors and shall be binding upon the Company and its successors and permitted assigns.

20. Notice

All notices, requests, claims, demands and other communications under this Warrant Certificate shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the Holder and the Company at the following addresses (or at such other address as shall be specified in a notice given in accordance with this Section 20):

- (a) if to the Holder at:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100
Victor, New York 14564

Attention: General Counsel

and with a copy (which shall not constitute notice) to:

Osler, Hoskin & Harcourt LLP
100 King Street West, Suite 6200
Toronto, Ontario M5X 1B8

Attention: Emmanuel Pressman and James R. Brown

- (b) if to the Company at:

1 Hershey Drive,
Smiths Falls, ON K7A 0A8
Attention: Chief Executive Officer

with a copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
40 King Street West, Suite 2100
Toronto, Ontario M5H 3C2

Attention: Jonathan Sherman

21. Further Assurances

The Company shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the Holder may reasonably require from time to time for the purpose of giving effect to this Warrant Certificate and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Warrant Certificate.

22. Currency

All dollar amounts referred to in this Warrant Certificate are in Canadian dollars.

[Signature page follows]

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be executed by a duly authorized signatory effective as of the date first written above.

CANOPY GROWTH CORPORATION

By: _____
Name:
Title:

ACKNOWLEDGEMENT

IN WITNESS WHEREOF, the Holder hereby acknowledges, confirms and consents to the amendment and restatement of the Original Warrant Certificate as set out in this Amended and Restated Warrant Certificate.

CBG HOLDINGS LLC

By: _____
Name:
Title:

SCHEDULE "A"
SUBSCRIPTION FORM

TO: CANOPY GROWTH CORPORATION

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by Canopy Growth Corporation (the "**Company**").

The undersigned hereby exercises the right to acquire _____ Common Shares of the Company in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the Exercise Price in full for the said number of Common Shares.

The undersigned hereby confirms that an aggregate of _____ Common Shares have been purchased as contemplated by Section 9(a) of the Warrant Certificate.

(Please check the **ONE** box applicable):

- A The undersigned holder (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a U.S. Person (iii) is not exercising the Warrant on behalf of a U.S. Person or a person in the United States; and (iv) did not execute or deliver this exercise form in the United States.
- B. The undersigned holder (i) purchased the Warrants for its own account or the account of another "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act ("**Accredited Investor**"); (ii) is exercising the Warrants solely for its own account or for the account of such other Accredited Investor; (iii) each of it and such other person, if any, was an Accredited Investor on the date the Warrants were acquired and is an Accredited Investor on the date of exercise of the Warrants; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in connection with the acquisition of the Warrants remain true and correct on the date hereof.
- C. The undersigned holder has delivered to the Company an opinion of counsel (which will not be sufficient unless it is from counsel of recognized standing and in form and substance reasonably satisfactory to the Company) to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Common Shares are to be issued, registered and delivered as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(if required)

(Signature of Warrantholder)

Print full name

Print full address

Note:

The undersigned holder understands that unless Box A above is checked, the certificate representing the Common Shares issuable upon exercise of the Warrants will bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available. Certificates representing such Common Shares will not be registered or delivered to an address in the United States unless Box B or Box C above is checked. If Box C is checked, any opinion tendered must be in form and substance reasonably satisfactory to the Company. Holders planning to deliver an opinion of counsel in connection with the exercise of the Warrant should contact the Company in advance to determine whether any opinions to be tendered will be acceptable to the Company.

If Box B or Box C is checked, any certificate representing the Common Shares issued upon exercise of this Warrant will bear an applicable United States restrictive legend.

Instructions:

The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Company.

The signature on this Subscription Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

If the Subscription Form indicates that Common Shares are to be issued to a Person or Persons other than the registered holder of the Warrant Certificate or an affiliate of such registered holder, the endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

The certificates will be mailed by registered mail to the Holder(s) at the address(es) appearing in this Subscription Form.

If any Warrants represented by this certificate are not being exercised, a new Warrant Certificate will be issued and delivered to the Holder with the Common Share certificates in accordance with the provisions of the Warrant Certificate.

SCHEDULE "B"
TRANSFER FORM

TO: CANOPY GROWTH CORPORATION

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (include name and address of the transferee) _____ (include number) Warrants exercisable for common shares of Canopy Growth Corporation (the "**Company**") registered in the name of the undersigned on the register of the Company maintained therefor, and hereby irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books maintained by the Company with full power of substitution.

THE UNDERSIGNED TRANSFEROR HEREBY CERTIFIES AND DECLARES that the Warrants are not being offered, sold or transferred to, or for the account or benefit of, a "U.S. person" (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**")) or a person within the United States unless the Warrants are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available.

DATED this _____ day of _____, 20____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

The signature on this Transfer Form must correspond in every particular with the name shown on the face of the Warrant Certificate without alteration or any change whatsoever or this Subscription Form must be signed by a duly authorized signing officer of the Holder. If this Subscription Form is signed by a duly authorized signing officer of the Holder, the Warrant Certificate must be accompanied by evidence of authority to sign.

The endorsement must be signature guaranteed, in either case, by a Canadian chartered bank, or a member of a recognized Securities Transfer Agents Medallion Program (STAMP). The stamp affixed thereon by the guarantor must bear the actual words "Signature Guarantee", or "Signature Medallion Guaranteed" or in accordance with industry standards.

If any Warrants represented by this certificate are not being transferred, a new Warrant Certificate will be issued and delivered to the Holder.

EXHIBIT B
FORM OF APPROVAL RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (1) Canopy Growth Corporation (the “**Company**”) is hereby authorized to issue such number of common shares in the capital of the Company (the “**Common Shares**”) as is necessary to allow the Company to acquire 100% of the issued and outstanding subordinate voting shares, assuming conversion of the issued and outstanding proportionate voting shares and multiple voting shares of Acreage Holdings, Inc. (“**Acreage**”) pursuant to a plan of arrangement (the “**Arrangement**”) in accordance with an arrangement agreement between the Company and Acreage (the “**Arrangement Agreement**”), as more particularly described in the management information circular of the Company (the “**Company Circular**”) (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), including, but not limited to, the issuance of Common Shares upon the exercise of convertible securities of Acreage and the issuance of Common Shares for any other matters contemplated by or related to the Arrangement;
- (2) the Company is hereby authorized to issue up to such number of Common Shares to CBG Holdings LLC (“**CBG**”) and/or Greenstar Canada Investment Limited Partnership (“**GCILP**”) as is necessary to satisfy the top-up right held by CBG and GCILP pursuant to the terms of the second amended and restated investor rights agreement dated as of April 18, 2019 between CBG, GCILP and the Company, as more particularly described in the Company Circular;
- (3) the Company is hereby authorized to amend the terms of the 88,472,861 issued and outstanding Tranche A warrants and the 51,272,592 issued and outstanding Tranche B warrants of the Company held by CBG, collectively exercisable to acquire up to an aggregate of 139,745,453 Common Shares, in accordance with the terms and conditions of the certificates evidencing such warrants and pursuant to the terms and conditions of the consent agreement dated as of April 18, 2019 between CBG and the Company, as more particularly described in the Company Circular; and
- (4) notwithstanding that this resolution has been duly passed by the holders of the common shares of the Company, the directors of the Company are hereby authorized and empowered, if they decide not to proceed with the aforementioned resolution, to revoke this resolution at any time prior to the closing date of the Arrangement, without further notice to or approval of the shareholders of the Company;
- (5) any one or more directors or officers of the Company is hereby authorized, for and on behalf and in the name of the Company, to execute and deliver, whether under corporate seal of the Company or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments, and to do or cause to be done all such other acts and things, as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

EXHIBIT C
FORM OF VOTING SUPPORT AGREEMENT

(see attached)

SUPPORT AGREEMENT

April ●, 2019

To the Undersigned Securityholder of Canopy Growth Corporation:

Reference is made to the Consent Agreement (the “**Consent Agreement**”) dated as of the date of this letter agreement between CBG Holdings LLC (“**CBG**”) and Canopy Growth Corporation (“**Canopy**”) and to the Arrangement Agreement dated as of the date of this letter agreement between Canopy and Acreage Holdings Inc. Unless otherwise defined herein, all capitalized terms referred to herein shall have the meanings attributed thereto in the Consent Agreement.

We understand that you (the “**Locked-Up Securityholder**”) beneficially own, or exercise control or direction over, directly or indirectly, the number of Canopy Shares (as defined below) set forth in Schedule A attached hereto.

The Locked-Up Securityholder agrees to vote in favour of the Approval Resolution (and in favour of any actions required in furtherance of the actions contemplated thereby) at any meeting of the securityholders of Canopy, however called, for the purpose of approving the Approval Resolution (the “**Meeting**”): (i) all of the Common Shares beneficially owned by the Locked-Up Securityholder, or over which the Locked-Up Securityholder exercises direction and control, directly or indirectly, in his or her personal capacity (the “**Canopy Shares**”), which are set forth and described in Schedule A attached hereto and forming part hereof and (ii) any and all other Common Shares hereafter acquired or controlled by the Locked-Up Securityholder in his or her personal capacity either directly or indirectly before the record date in respect of the Meeting including, for the avoidance of doubt, all Common Shares issued upon the exercise or surrender of the outstanding securities convertible into, or exchangeable for, Common Shares; ((i) and (ii) are collectively referred to as the “**Locked-Up Securityholder’s Canopy Securities**”), and to otherwise support the transactions contemplated by the Consent Agreement (the “**Transactions**”), subject to the terms and conditions of this letter agreement.

1. Covenants of the Locked-Up Securityholder

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereof, from the date hereof until the termination of this letter agreement in accordance with Section 3, the Locked-Up Securityholder hereby covenants and agrees as follows:

- (a) to vote (or cause to be voted), all of the Locked-Up Securityholder’s Canopy Securities in favour of the Approval Resolution and any actions required in furtherance of the actions contemplated thereby at the Meeting;
- (b) to vote (or to cause to be voted), all of the Locked-Up Securityholder’s Canopy Securities at any meeting of securityholders of Canopy against any resolution or transaction which would in any manner, frustrate, prevent, impede, delay or nullify any of the Transactions, which for greater certainty shall not preclude the Locked-Up Securityholder from voting in its sole discretion in relation to matters undertaken at the Meeting or any subsequent Canopy annual, special or annual and special meeting that do not affect the Transactions;
- (c) not to grant or agree to grant any proxy or other right to vote any of the Locked-Up Securityholder’s Canopy Securities (other than as permitted under subsections 1(a) and 1(b) hereof), or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approval of any kind as to any of the Locked-Up Securityholder’s Canopy Securities;

-
- (d) not to sell, transfer, assign, convey or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment, conveyance or other disposition of, any of the Locked-Up Securityholder's Canopy Securities prior to the record date in respect of the Meeting to any person other than to: (i) CBG or any of its subsidiaries (as such term is defined in the *Securities Act* (Ontario)); (ii) an affiliate or associate (as such terms are defined in the *Securities Act* (Ontario)) of such Locked-Up Securityholder provided that such affiliate or associate first agrees with CBG to be bound by the terms hereof; (iii) a self-directed registered retirement savings account in which the Locked-Up Securityholder is the beneficiary; or (iv) any person with the prior written consent of CBG, acting in its sole discretion; and
 - (e) except to the extent permitted hereunder, not to take any action, directly or indirectly, which may reasonably be expected to adversely affect, delay, hinder, upset or challenge the successful completion of the Transactions.

2. Representations and Warranties

The Locked-Up Securityholder represents and warrants to CBG that:

- (a) the Locked-Up Securityholder is authorized and has the authority to execute and deliver this letter agreement and carry out the transactions contemplated hereby and this letter agreement is a valid and binding agreement enforceable against the Locked-Up Securityholder in accordance with its terms;
- (b) the Locked-Up Securityholder is the beneficial owner of, or exercises control and direction over, the number of Canopy Shares set forth in Schedule A hereto, and the Canopy Shares are the only securities in the capital of Canopy conferring voting rights at the Meeting beneficially owned by the Locked-Up Securityholder or over which he, she or it exercises control or direction;
- (c) the Locked-Up Securityholder's Canopy Securities are not subject to any shareholders' agreements, voting trust or similar agreements or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a shareholders' agreement, voting trust or other agreement affecting such Locked-Up Securityholder's Canopy Securities or any interest therein or right thereto, including, without limitation, the voting of any such shares, other than pursuant to this letter agreement; and
- (d) other than pursuant to this letter agreement, the Locked-Up Securityholder has not previously granted or agreed to grant any proxy or any other right to vote any of the Locked-Up Securityholder's Canopy Securities in respect of any meeting of securityholders of Canopy that is currently in force, and has not entered into a voting trust, vote pooling or other agreement with respect to his, her or its right to vote, call meetings of securityholders of Canopy or give consents or approvals of any kind as to the Locked-Up Securityholder's Canopy Securities.

3. Termination

The respective rights and obligations hereunder of CBG and the Locked-Up Securityholder shall cease and this letter agreement shall terminate on the earlier of: (a) the Closing; (b) the date on which this letter agreement is terminated by the mutual written agreement of the parties hereto; and (c) the date the Consent Agreement is terminated in accordance with its terms.

4. Fiduciary Obligations

Notwithstanding any other provision of this Agreement, CBG hereby agrees and acknowledges that the Locked-Up Securityholder is bound hereunder solely in his capacity as a shareholder of the Company and that the provisions hereof shall not be deemed or interpreted to bind the Locked-Up Securityholder in his capacity as a director or officer of the Corporation. Nothing in this Agreement shall: (a) limit or affect any actions or omissions taken by the Locked-Up Securityholder in his capacity as a director or officer of the Corporation, and no such actions or omissions shall be deemed a breach of this Agreement or (b) be construed to prohibit, limit or restrict the Shareholder from fulfilling his fiduciary duties as a director or officer of the Corporation.

5. Notices

All notices to be given to a party hereunder shall be in writing and delivered personally or by overnight courier, addressed, in the case of the Locked-Up Securityholder, to the address set forth in the signature page of the Locked-Up Securityholder set forth in this letter agreement, and in the case of CBG, at the following address:

c/o Constellation Brands, Inc.
207 High Point Drive, Bldg. 100,
Victor, New York 14564
Attention: General Counsel

and to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, Suite 6200
Toronto, Ontario M5X 1B8
Attention: Emmanuel Pressman and James R. Brown

6. Further Assurances

The Locked-Up Securityholder shall from time to time and at all times hereafter at the request of CBG but without further consideration, do and perform all such further acts, matters and things and execute and deliver all such further documents, deeds, assignments, agreements, notices and writings and give such further assurances as shall be reasonably required for the purpose of giving effect to this letter agreement.

7. Enurement

This letter agreement will be binding upon and enure to the benefit of CBG, the Locked-Up Securityholder and their respective executors, administrators, successors and permitted assigns.

8. Applicable Law

This letter agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

9. Severability

If any provision of this letter agreement is determined to be void or unenforceable, in whole or in part, it shall be severable from all other provisions hereof and shall be deemed not to affect or impair the validity of any other provision hereof and each such provision is deemed to be separate and distinct.

10. Enforcement

The parties agree that irreparable damage would occur in the event that any of the provisions of this letter agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this letter agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Ontario in addition to any other remedy to which such party is entitled at law or in equity.

11. Entire Agreement

This letter agreement supersedes all prior agreements between the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This letter agreement may not be modified or waived, except expressly by an instrument in writing signed by all the parties hereto. No waiver of any provision hereof by any party shall be deemed a waiver by any other party nor shall any such waiver be deemed a continuing waiver of any matter by such party.

12. Counterparts

This letter agreement may be signed in counterparts which together shall be deemed to constitute one valid and binding agreement and delivery of such counterparts may be effected by means of facsimile or e-mail or electronic transmission.

[The next page is the signature page.]

This letter agreement shall be effective and enforceable in accordance with its terms effective as of the date that the Consent Agreement is executed by the parties thereto.

Yours truly,
CBG HOLDINGS LLC

Per: _____
Name:
Title:

[Voting Support Agreement]

ACCEPTANCE

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Locked-Up Securityholder hereby irrevocably accepts the foregoing as of the ____ day of April, 2019.

WITNESS

SECURITYHOLDER

Witness Name (please print)

Name of Locked-Up Securityholder (please print)

ADDRESS OF LOCKED-UP SECURITYHOLDER:

Facsimile Number:

E-mail:

With a copy of notices to:

Canopy Growth Corporation
1 Hershey Drive,
Smiths Falls, Ontario K7A 0A8
Attention: Phil Shaer, Chief Legal Officer
Email: phil.shaer@canopygrowth.com

[Voting Support Agreement]

SCHEDULE A

Common Shares



November 20, 2019

Phil Shaer
BY HAND

RE:Executive Employment Agreement

Dear Phil:

We are pleased to make an offer of full-time employment to you pursuant to the terms and conditions contained within this employment agreement (the "Agreement"). Your initial position will be Chief Legal Officer reporting to the President of Tweed Inc. (the "Company").

1. Duties and Responsibilities

Your primary duties are set out in the job description attached to this agreement as Schedule "A". You agree to perform the duties of your position diligently and to the best of your ability. We may need to make reasonable changes to these duties as necessary, to achieve our organizational objectives and you agree to accept those changes provided that reasonable notice of those changes is provided to you in advance.

2. Effective Date

You will begin working for Tweed on March 15, 2016 or such other date that may be mutually agreed between you and the Company.

3. Compensation and Benefits

You will be paid *two hundred and ninety thousand dollars (\$290,000.00) per year* subject to statutory and benefits deductions.

In addition to your base salary, you are entitled to be considered for a discretionary annual performance bonus of no more than \$95,000.

Until such time as you are providing services to Tweed on a full-time basis you shall not be paid any salary. You expressly agree that as a duly qualified practitioner of law, the Minimum Wage protections established by the *Employment Standards Act, 2000* do not apply to you pursuant to section 2 of O Reg. 285/01.

You will be entitled to apply for the health and insurance benefits, if any, offered to all eligible employees after your three (3) month probationary period described below has been satisfied. The terms and carrier of the Company's health and insurance benefits are subject to change from time to time, at the Company's sole discretion.

1 Hershey Drive, Smiths Falls, ON K7A 0A8
(855) 558 9333 / tweed.com

You will be eligible to participate in Tweed's stock option plan, as approved by the Board and as amended from time to time (the "Stock Option Plan"). The vesting and exercise of stock options ("options") is governed by the Stock Option Plan and related documentation except as modified by the terms of this agreement. Please note that options will not vest during any period of notice or pay in lieu of notice in connection with the resignation of your employment or termination of employment without cause. The termination date for the purpose of your entitlement in respect of any options that you are granted by the Board will be the date that either you or Employer provide the other with notice of resignation or termination of employment.

4. Vacation Entitlement

You are entitled to *four (4) weeks* of vacation per full calendar year. Vacation time is to be scheduled with the approval of your supervisor or manager subject to business requirements.

Any vacation that you take in any given year shall count first towards your two-week statutory allowance and then towards any additional vacation time you are entitled to under our policy. You may carry-over a maximum of five (5) days vacation with your supervisor or manager's written approval.

Vacation pay will be provided to you on the basis of base salary alone except as otherwise required by statute. If you have taken vacation time before it is earned, we may deduct the applicable amount from any payments owing to you when your employment ends.

5. Policies

It will be a condition of your employment with the Company that you adhere to all Company rules and policies. The Company reserves the right to revise, revoke, or introduce new rules and policies, as the Company may deem necessary from time to time, and you will also be required to abide by any changes in the rules and policies, once they come into effect

6. End of Employment

Although it is difficult to contemplate ending our relationship when it is just beginning, it is mutually beneficial to determine our respective obligations ahead of time. Accordingly, your employment may cease under any of the following circumstances:

i) Resignation

You may resign from your employment by giving us not less *two (2) weeks'* written notice. If we do not require you to report to work during the resignation period, we will continue your salary to the end of the *two (2) week* period.



ii) ***Termination Without Cause***

Your employment may be terminated by the Company at any time without cause upon providing you with the following:

- i. A lump sum payment equal to one (1) times your then current base salary;
- ii. Continuation of all benefits for a period of one (1) year from the date of termination, or payment in lieu of same, excluding disability, accidental death and dismemberment and life insurance benefits which will end at the end of the minimum notice period required by the *Employment Standards Act, 2000* (the “ESA”);
- iii. Any RSU’s vesting after the date of termination shall continue to vest to the extent permitted by the plan over the one (1) year period following termination; and
- iv. Any unvested stock options held by you shall continue to vest over the one (1) year following termination

The receipt of any payments or other benefits pursuant to this Section 6 ii) will be subject to (1) you signing a full and final release in favour of the Company and its related parties (the “**Release**”) and (2) you executing any documents necessary to resign as a director and/or officer of the Company and its affiliates. No payments or other benefits will be paid or provided until the Release is executed.

You will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that you may receive from any other source reduce such payment.

The foregoing terms do not apply if your employment ends due to frustration of contract resulting from your disability. In that case, the Company will provide you with the minimum pay in lieu of notice plus payment of the minimum severance (if any) prescribed by the ESA. For these purposes, “**disability**” means physical or mental incapacity or disability that prevents you from performing the essential duties of your position, with no reasonable prospect of timely recovery, subject always to the Company’s accommodation obligations under applicable Human Rights Legislation.

In the event that the above terms (or any other term of this Agreement) does not meet or exceed the minimum requirements of the ESA, to the extent of such conflict the minimum provisions of the ESA shall apply and the Company shall instead provide you with such combination of notice, pay in lieu of such notice at the Company’s option, severance pay and other benefits and entitlements as may be required to meet the minimum requirements under the ESA and no more.



iii) **Termination For Cause**

We may terminate your employment for just cause at any time without notice, pay in lieu of notice, severance pay, or other liability. For the purposes of this agreement, just cause includes, but is not limited to:

- a material breach of this agreement or our employment policies;
- unacceptable performance standards;
- theft, dishonesty or falsifying records, including providing false information as part of your application for employment;
- intentional destruction, improper use or abuse of company property;
- violence in the workplace;
- obscene conduct at our premises property or during company-related functions at other locations;
- harassment of your co-workers, supervisors, managers, customers, suppliers or other individuals associated with Tweed;
- insubordination or willful refusal to take directions;
- intoxication or impairment in the workplace;
- repeated, unwarranted lateness, absenteeism or failure to report for work; or
- personal conduct that prejudices Tweed's reputation, services or morale.

Any payments made pursuant to the above provisions are in full satisfaction of any amounts owing to you including statutory entitlements and common law damages in any way related to your employment.

We reserve the right to make fundamental changes to your employment, including changes to your duties and compensation, upon giving you notice in accordance with clause 6(ii) above.

iv) **Change of Control**

In this Agreement the term "**Change of Control**" shall mean:

- (a) Any person or related group of persons acquires possession directly or indirectly, of the power to direct or cause the direction of the management or policies of the Company or Canopy Growth Corporations ("**CGC**"), whether through the ability to exercise voting power, by contract, or otherwise. Without limiting the foregoing, each of the following shall be deemed to be a "Change of Control": (A) a person or related group of persons acquires the ability to nominate a majority of the directors on the board of directors of the Company or CGC through contract or otherwise; or (B) a person or related group of persons acquires securities of the Company or CGC to which are attached more than 50% of the votes that may be cast to elect directors of the corporation are beneficially owned by that person or related group of persons; or
- (b) The sale or disposition of all or substantially all of the assets of the Company or CGC to a non-affiliated party; or
- (c) The merger, amalgamation, arrangement or consolidations (or similar transaction) of the Company or CGC with or into any other non-affiliated corporation in which the



shareholders of the Company or CGC, as applicable, prior to such transaction do not, in the aggregate, hold securities of the Company or CGC, as applicable, to which are attached more than 50% of the votes that may be cast to elect directors of the corporation.

If at any time during the term of the Agreement: the Company or CGC undergoes a Change of Control and either:

- (a) Your employment is terminated by the Company for any reason other than for just cause within one (1) year following such Change of Control; or
- (b) You resign your employment with the Company within sixty (60) days following either of the following events:
 - (i) You are demoted or your responsibilities are materially reduced without your consent, in either case within one (1) year following the date of such Change of Control; or
 - (ii) Your overall target rate of compensation is reduced within the one (1) year months following the date of such Change of Control;

You shall be entitled to receive the payments and benefits set out in Section 6 ii) as though your employment had been terminated by the Company without cause in accordance with such Section 6 ii) and any RSUs and unvested stock options held by you as of the date of termination shall be deemed to be fully vested as of the date of termination and shall be exercisable thereafter in accordance with the terms of the CGC omnibus incentive plan. For greater certainty the execution of a Release and other documents required by Section 6 ii) shall be a pre-condition to such payments.

For greater certainty, a determination by the Company that you will not be paid some or all of a discretionary bonus shall not be considered to be a reduction in your overall target rate of compensation for the purposes of the foregoing.

For greater certainty, the terms of this section 6 iv) shall apply to each and every event that occurs during the term of this Agreement that meets the definition of "Change of Control".

7. Protection of Business Interests

Like most organizations, Tweed must protect itself from unfair competition. Therefore, we have established the following restrictions to protect our valid business interests. You understand these provisions and agree that they are reasonable in light of all of the circumstances, including the availability to you of employment in areas and fields that are not restricted by this agreement.



(a) Confidentiality

In the course of your employment, you will receive confidential information about Tweed and its clients. For the purposes of this agreement, confidential information includes but is not limited to:

- processes, research and development information;
- trade secrets;
- information about Tweed's operations, including products and services offered;
- financial information, such as pricing and rate information;
- documents, records or other information concerning Tweed's sales or marketing strategies;
- client lists, records and information including lists of present and prospective clients and related information;
- information relating to employees, vendors and contractors of Tweed including employment status, vendor/contractor status, personnel records, performance information, compensation information and job history;
- privileged information, including advice received from professional advisors such as legal counsel and financial advisors; and
- information contained in Tweed's manuals, training materials, plans, drawings, designs, specifications and other documents and records belonging to Tweed, even if such information has not been labeled or identified as confidential.

Information will not be considered confidential for the purposes of this agreement if:

- i) it was rightfully in your possession prior to your employment with Tweed;
- ii) it was publicly available through legitimate means; or
- iii) it was received by you in a non-confidential manner from a third party that was not under obligation to Tweed to maintain such information in confidence.

You understand that disclosure of confidential information would be highly detrimental to Tweed's best interests and agree:

- i) to take precautions to protect and maintain Tweed's confidential information;
- ii) to only release confidential information to those authorized to receive it, and then only on a need-to-know basis;
- iii) not to disclose, publish or disseminate to any unauthorized person, at any time either during your employment or after it ends, confidential information;
- iv) not to remove any confidential information from Tweed's premises without our express permission
- v) not to make improper use, either directly or indirectly, of confidential information; and
- vi) to safeguard against unintentionally disclosing confidential information (e.g., by not discussing confidential information in public or on a cell phone and by not working with confidential information on a laptop in public, or transmitting such information by unsecured means).



When your employment ends, you must immediately return all materials or property belonging to Tweed. You agree not to retain, reproduce or use any confidential or proprietary information or property belonging to Tweed. A detailed Intellectual Property and Confidentiality Agreement is attached (Schedule "B") for your review and signature.

(b) Non-Solicitation

In recognition of the access you will have to our processes, employees and clients, you agree that during your employment and for a period of one year after it ends, you will not, either directly or indirectly, communicate with Tweed's employees or clients for the purpose of inducing them to end their relationship with Tweed.

(c) Non-Competition

In light of the nature of your position and the close relationship you will have with our clients, it is important for us to limit interference with our business. Therefore, during your employment and for twelve (12) months thereafter you will not on your own behalf nor shall you work at, work for, be employed by, provide services to, engage with, or assist in anyway, whether or not for remuneration, recognition, or reward any person, corporation, or organization, whether or not such organization is operated for profit, that sells or intends to sell marijuana or provides marijuana-related services or products in any jurisdiction in which CGC or its subsidiaries has operations. Without limiting the generality of the foregoing, as of the date hereof such jurisdictions include Canada, USA, Brazil, Columbia, Czech Republic, Germany, United Kingdom, Australia, South Africa, Lesotho, Poland and Italy.

(d) Conflict of Interest

To enable you to meet the demands of your position, we require your full attention. Accordingly, while you are employed with us, you must devote yourself exclusively to the business of Tweed. You agree that you will not engage in any other business activity or employment during your employment, without Tweed's prior written approval. Tweed agrees not to withhold such approval unreasonably.

You confirm that your employment with us does not violate any agreement or understanding to which you are currently bound including any existing non-competition, non-solicitation or confidentiality agreements. You further agree to indemnify and save harmless Tweed against all losses, costs, damages, expenses, penalties, fines and other amounts for which it may be found liable at law with respect to your breach of any such agreement.

(e) Conditional Offer

This offer of employment is conditional upon completion, to the Company's satisfaction, of the following background checks:

- Criminal Background Check



You agree to sign and return any forms or consents and take any steps necessary for the Company to conduct the above-noted background checks as required by the Company. You also agree that the Company may use the services of a third-party background checking firm to conduct some or all of these background checks, and that the Company may provide your personal information, including any forms and consents, to the background checking firm for this purpose.

You also agree that this offer of employment is conditional upon the Company being satisfied, in its discretion, with the results of the background checks. If the Company is not satisfied, we regret that you will not become an employee of the Company. You agree that in the event that you do not become an employee of the Company, you will have no claims against the Company arising out of the Company's decision or the checks referenced herein.

8. General

This agreement constitutes our entire employment agreement and supersedes any previous written or verbal agreements between us. If any term of this agreement is found to be invalid or unenforceable, in whole or in part, the validity or enforceability of any other provision will not be affected.

This agreement will continue to govern our employment relationship regardless of any changes to your employment including, but not limited to, changes to your position, location of employment, hours of work, compensation and benefits.

Any modifications to this agreement must be in writing and signed by both of us. No waiver of a breach of any term of this agreement is binding unless it is in writing and signed by the party waiving it. Unless otherwise specified, the waiver will be limited to the specific breach waived.

In the event that any provision or part of this Agreement is deemed void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect.

This agreement is governed by the laws of the province of Ontario. References in this agreement to the *Employment Standards Act, 2000*, SO 2000, c 41 include any amendments or successor legislation.

Your employment is subject to the applicable federal employment laws as amended from time to time.

[Balance of Page Blank. Execution Page Follows.]



We encourage you to review this offer of employment with legal counsel but at your own expense. In order to provide you with appropriate time, please return an executed copy of this employment package by March 18, 2016. If we have not received the signed documents (or we have agreed in writing to extend your offer of employment to another date in the future), this offer will become null and void.

/s/ Mark Zekulin

Mark Zekulin
CEO

November 20, 2019

Dated

I have had sufficient time to review this agreement and have been advised to review it with a lawyer. If I did not do so, it is because I understood the terms of the Employer's offer and did not feel that I needed legal advice. I understand and accept the terms of this agreement and am signing it voluntarily.

/s/

Phil Shaer

November 22, 2019

Dated



SCHEDULE "A"

JOB DESCRIPTION

Position:Chief Legal Officer

Responsibilities

- Establish and direct the strategic long-term goals, policies, and procedures to guide CGC's legal and human resource functions.
- Provide legal services to the organization while ensuring compliance to applicable legislation and undertaking risk management.
- Work closely with executives and various legal staff to enhance and/or develop, implement and enforce policies and procedures that will improve overall operations and effectiveness.
- Provide legal advice and counsel for the various aspects of the organization's operations.
- Provide representation as required at law hearings and other judicial proceedings.
- Keep abreast of changes in applicable legislation pertaining to industry and employment, providing report as necessary.
- Ensure all policies and documentation are fully compliant under applicable legislation.
- Conduct legal research and prepare reports and presentations as requested.
- Field all legal and compliance inquiries from key stakeholders.
- Address and identify internal areas of concern, endeavoring to provide resolution so as to not progress to a legal matter.
- Analyze departmental operations and identify areas requiring improvement.
- Participate in organizational negotiation and mediation as required.
- Provide counsel with regards to negotiations and contracts.
- Oversee Risk Management activities.
- Other duties shall be assigned as required.



SCHEDULE "B"

INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

This Intellectual Property and Confidential Information Agreement (the "Agreement") is entered into between Tweed Inc. (the "Company") and Employee (the "Employee"). In the event this Agreement has been entered into with an independent contractor or sub-contractor, the independent contractor or sub-contractor as the case may be shall be referred to, for the purposes of this Agreement only and for simplicity, as an Employee. Any references to an independent contractor or a sub-contractor as an employee in this Agreement are not admissions that the Company and the independent contractor or sub-contractor are engaged in an employment relationship.

Whereas the Company is offering the Employee employment or continued employment and has an interest in protecting its confidential information and other proprietary information and related rights;

And whereas the Employee recognizes the importance of protecting the Company's confidential information and other proprietary information and related rights is a fundamental term of the Employee's employment;

NOW THEREFORE, in consideration of the Company hiring, promoting or continuing to employ the Employee and/or for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), the Employee and the Company hereby agree as follows:

1. Definitions

"Confidential Information" means all of the materials and information (whether or not reduced to writing and whether or not patentable or protected by copyright) provided by the Company to the Employee, or which is available to the Employee during the course of the Employee's employment, including, without limitation the following:

information regarding the Company's business operations, Developments (as defined below), methods and practices, recruiting and training policies, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates, per diems and information regarding the financial affairs of the Company;

customer lists, quotations or proposals given to customers, requirements of specific customers, and the names of the suppliers to the Company and the nature of the Company's relationships with these clients and suppliers;



information regarding the business operations, methods and practices, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates and financial affairs of the Company's stakeholders;

technical and business information of or regarding the clients, customers or stakeholders of the Company, obtained in order to enable or assist the Company in providing such clients, customers or stakeholders with products and services, including information regarding the business operations, methods and practices and product plans of such clients, customers or stakeholders;

any other trade secret or confidential or proprietary information received by the Company from third parties and in the possession or control of the Company; and

any other materials or information related to the Company's business which are not generally known to others, regardless of whether such information is in paper or electronic format or any other format;

provided that, Confidential Information shall not include information which: a) is generally known or in the public domain at the time of disclosure; or b) though originally Confidential Information becomes generally available to the public through no fault of the Employee, as of the date of its becoming part of the public knowledge; or c) is required to be disclosed by any law, regulation, governmental body, or authority or by court Order provided that before disclosure is made, notice of the requirement is provided to the Company, and to the extent possible in the circumstances, the Company is afforded an opportunity to dispute the requirement.

The absence of any notice indicating confidentiality on any material will not imply that same is not Confidential Information.

"Developments" include, without limitation any methods, processes, procedures, systems, inventions (whether patentable or not), devices, discoveries, concepts, know-how, data, databases, technology, products, software (in executable and source code formats), templates, documentation, specifications, compilations, designs, reports, trade-marks, and any enhancements, modifications, or additions to the foregoing or to any products owned, marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company.

2. Non-Disclosure of Confidential Information

At all times during and subsequent to the termination of the Employee's employment, the Employee shall keep in strictest confidence and trust the Confidential Information, the Employee shall take all necessary precautions against unauthorized disclosure of the Confidential Information, and the Employee shall not directly or indirectly disclose, allow access to, transmit or transfer the Confidential Information to a third party, nor shall the Employee copy or reproduce the Confidential Information except as may be reasonably required for the Employee to perform the Employee's duties for the Company.



3. Restricted Use of Confidential Information

At all times during and subsequent to the termination or cessation of the Employee's employment, the Employee shall not use the Confidential Information in any manner except as reasonably required for the Employee to perform the Employee's duties for the Company.

Upon the request of the Company and in any event upon the termination or cessation of the Employee's employment, the Employee shall immediately return to the Company all materials, including all copies in whatever form, containing the Confidential Information which are in the Employee's possession or under the Employee's control.

4. Ownership of Confidential Information and Developments

The Employee acknowledges and agrees that the Employee shall not acquire any right, title or interest in or to the Confidential Information.

The Employee agrees to make full disclosure to the Company of each Development promptly after its creation.

With the sole exception of any intellectual property owned by (and not merely licensed to) the Employee prior to the making of this Agreement, which is also enumerated by the Employee in the attached Schedule "C" prior to the execution of this Agreement, the Employee hereby assigns and transfers to the Company, and agrees that the Company shall be the exclusive owner of, all of the Employee's right, title and interest to each Development and any enhancement, modification, or addition to any of the intellectual property enumerated in Schedule "C" or any of the intellectual property that is marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company, throughout the world, including all trade secrets, patent rights, copyrights and all other intellectual property rights therein.

The Employee further agrees to cooperate fully at all times during and subsequent to the Employee's Employment with respect to signing further documents and doing such acts and other things reasonably requested by the Company to confirm such transfer of ownership of rights, including intellectual property rights, effective at or after the time the Development is created and to obtain patents or copyrights or the like covering the Developments. The Employee agrees that the Company, its assignees and their licensees are not required to designate the Employee as the author of any Developments. The Employee agrees that the obligations in this subparagraph (c) shall continue beyond the termination of the Employee's employment with respect to Developments created during the Employee's employment.



The Employee acknowledges that the Company shall alone have the right to apply for, prosecute, defend and obtain Letters Patent of invention, copyright registration, industrial design registration in any and all counties of the world with respect to any such invention, discovery, development or improvement, copyright material or industrial design created.

The expense of applying for and obtaining the Letters Patent, copyright registration and industrial design registration referred to in this Agreement shall be borne entirely by the Company.

It is agreed that the Company shall not be entitled to those inventions, discoveries, developments and improvements made by the Employee prior to the time the Employee was engaged in employment by the Company; it being understood and agreed that the inventions, discoveries, developments and improvements enumerated in Schedule "C" constitute the inventions, discoveries, developments and improvements made by the Employee, and the Employee hereby acknowledges that there are no inventions, discoveries, developments and improvements made prior to the employment of the Employee by the Company and which are the property of the Employee other than those that are enumerated in Schedule "C".

The Employee hereby grants a power of attorney to the Company to have the Company execute on the Employee's behalf all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and its successors, assigns and nominees sole and exclusive rights, title and interest in and to such Developments, and any copyrights, patents, trade-marks, industrial designs (design patents), topographies (mask work rights) or other intellectual property rights relating thereto.

The Employee hereby waives in whole all moral rights which the Employee may have in the Developments, including the right to the integrity of the Developments, the right to be associated with the Developments, the right to restrain or claim damages for any distortion, mutilation or other modification of the Developments, and the right to restrain use or reproduction of the Developments in any context and in connection with any product, service, cause or institution. The Employee will confirm any such waiver from time to time as requested by the Company.

5. No Conflicting Obligations

The Employee acknowledges and represents to the Company that the Employee's performance during the period of the Employee's employment shall not breach any agreement or other obligation to keep confidential the proprietary information of any prior employer or client of the Employee or any other third party. The Employee further acknowledges and represents that the Employee is not bound by any agreement or obligation with any third party that conflicts with any of the Employee's obligations under this Agreement.



The Employee represents and agrees that the Employee will not bring to the Company and shall not use in the performance of the Employee's work with the Company, any trade secrets, confidential information and other proprietary information of any prior employer or client of the Employee or any other third party. The Employee represents and agrees that in the Employee's work creating Developments the Employee will not knowingly infringe the intellectual property rights, including copyright, of any third party.

6. Enforcement

The Employee acknowledges and agrees that damages may not be an adequate remedy to compensate the Company for any breach of the Employee's obligations contained in this Agreement, and accordingly the Employee agrees that in addition to any and all other remedies available to it, the Company shall be entitled to seek relief by way of a temporary or permanent injunction to enforce the obligations contained in this Agreement. Such relief shall be in addition to and not in lieu of any other remedies available the Company at law or in equity.

7. Returning the Company Documents

The Employee agrees that upon the termination of the Employee's employment the Employee will deliver to the Company (and will not keep in the Employee's possession or deliver to anyone else) any and all Confidential Information and proprietary information including, without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, together with any third party information received by the Employee. In the event of the termination of the Employee's employment, the Employee agrees to sign and deliver to the Company the "Termination Certificate" attached hereto as Schedule "E". Notwithstanding the foregoing, the Employee shall be entitled to keep personal copies of (i) the Employee's compensation records, (ii) this Agreement, and (iii) the Employee's letter of offer.

8. General

This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Ontario and any laws of Canada applicable thereto.

If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceable provision or part thereof shall be deemed to be omitted from this Agreement without in any way invalidating or impairing the other provisions of this Agreement.

The obligations herein may not be changed or modified, released or terminated, in whole or in part, except in writing signed by the President of the Company and the Employee.

This Agreement supersedes all previous agreements, if any, between the Company and the Employee with respect to the subject matter of this Agreement. The Employee agrees, however, that this Agreement does not purport to set forth all of the terms and conditions of



the Employee's employment and the Employee has other obligations to the Company that are not set forth in this Agreement.

The rights and obligations under this Agreement shall survive the termination of the Employee's employment and shall enure to the benefit of and shall be binding upon (i) the Employee's heirs and personal representatives; (ii) the successors and assigns of the Employee; and (iii) the successors and assigns of the Company.

THE EMPLOYEE HAS READ THIS AGREEMENT, UNDERSTANDS IT, HAS HAD THE OPPORTUNITY TO OBTAIN INDEPENDENT LEGAL ADVICE IN RESPECT OF IT, AND AGREES TO ITS TERMS.

The Employee acknowledges having received a fully executed copy of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the ____15____th day of __March__, 2016.

SIGNED, SEALED AND DELIVERED in the) /s/ Phil Shaer
presence of:

)
)
)

Witness

)
)

Phil Shaer

Tweed Inc.

By: /s/ Mark Zekulin

Name: Mark Zekulin

Title: President



SCHEDULE "C"
ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE
PRIOR TO THE MAKING OF THIS AGREEMENT

Patents

Please list all those patents both received and applied for using the table below.

Description	Jurisdiction	Patent No.	Date Received or Applied For

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Licenses

Please describe all intellectual property, were patented, trademarked, or otherwise protected or not, licensed to third parties by you using the table below.

Description of License	Licensed To:

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.



SCHEDULE "D"
ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE
PRIOR TO THE MAKING OF THIS AGREEMENT

Copyrights, trademarks, registered trademarks, and other forms of intellectual property.

Please use the table below to list all other registered intellectual property owned by you prior to the making of this Agreement.

Description	Jurisdiction	Registration Number	Date Received

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Acknowledgement

You hereby acknowledge that, the items listed in the tables above (and any attached sheets, if necessary) constitute the full and complete list of intellectual property owned by you prior to making this Agreement with Tweed Inc.

Date: _____

Signed: _____
Phil Shaer



APPENDIX "E"

TO INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

Termination Certificate

To: Tweed Inc. (the "Company")

Re: Intellectual Property and Confidential Information Agreement (the "Agreement") between the Company and the undersigned employee.

This is to certify that I do not have in my possession, nor have I failed to return, nor have I transferred to any third party, any confidential or proprietary information belonging to the Company, its subsidiaries, affiliates, successors, assigns, clients, customers or stakeholders, including without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items. I further certify that I have complied with all the terms of the Agreement signed by me, including the reporting of any Developments, inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, customers or stakeholders.

Date: _____

Signed: _____
Phil Shaer





March 13, 2019

Tom Stewart
Via Email

RE:Executive Employment Agreement

Dear Tom:

We are pleased to make an offer of full-time employment to you pursuant to the terms and conditions contained within this employment agreement (the "Agreement"). Your initial position will be VP, Chief Accounting Officer, reporting to the Executive Vice President, Finance of Canopy Growth Corp. (the "Company").

1. Conditional Offer

This offer of employment is conditional upon completion, to the Company's satisfaction, of the following background checks:

- Criminal Background Check
- Obtaining a valid work permit

You agree to sign and return any forms or consents and take any steps necessary for the Company to conduct the above-noted background checks as required by the Company. You also agree that the Company may use the services of a third-party background checking firm to conduct some or all of these background checks, and that the Company may provide your personal information, including any forms and consents, to the background checking firm for this purpose.

You also agree that this offer of employment is conditional upon the Company being satisfied, in its discretion, with the results of the background checks. If the Company is not satisfied, we regret that you will not become an employee of the Company. You agree that in the event that you do not become an employee of the Company, you will have no claims against the Company arising out of the Company's decision or the checks referenced herein.

2. Duties and Responsibilities

Your primary duties are set out in the job description attached to this agreement as Schedule "A". You agree to perform the duties of your position diligently and to the best of your ability. We may need to make reasonable changes to these duties as necessary, to achieve our organizational objectives and you agree to accept those changes provided that reasonable notice of those changes is provided to you in advance.

3. Effective Date

You will begin working for the Company on April 8, 2019 or such other date that may be mutually agreed between you and the Company.

4. Location of Work

You will be working primarily at our Tweed location, located at 555 Legget Drive, Kanata, ON. You may be required, on one or more occasions, to travel to other Company facilities located throughout Canada.

5. Policies

It will be a condition of your employment with the Company that you adhere to all Company rules and policies. The Company reserves the right to revise, revoke, or introduce new rules and policies, as the Company may deem necessary from time to time, and you will also be required to abide by any changes in the rules and policies, once they come into effect.

6. Compensation and Benefits

You will be paid *two hundred and fifty thousand dollars (\$250,000.00) CAD per year* subject to statutory and benefits deductions.

In addition to your base salary, you are entitled to be considered for a discretionary annual performance bonus of no more than 25% of base salary.

You are further entitled to a one-time signing bonus of \$15,000. Payable on the first payroll after your start date.

The Company agrees to pay for reasonable costs incurred in connection with your legal immigration to Canada for you and your direct family.

The Company will indemnify you with respect to any Canadian statutory deductions, e.g. Canadian income tax, Employment Insurance premiums, and Canada Pension Plan premiums, which are not otherwise rebated or credited to you by a taxing agency, e.g. the CRA or IRS, provided that you demonstrate a good-faith effort to obtain such rebates and/or credits.

You will be entitled to apply for the health and insurance benefits, if any, offered to all eligible employees on your first day of employment. The terms and carrier of the Company's health and insurance benefits are subject to change from time to time, at the Company's sole discretion.

In addition to your enrollment in such benefits plan, the Company agrees to reimburse you for COBRA payments related to benefit continuation post-employment with Constellation. This reimbursement will continue until the end of July, 2019.

You will be eligible to participate in Canopy Growth's omnibus option plan, as approved by the Board and as amended from time to time (the "Stock Option Plan"). The vesting and exercise of stock options ("options") is governed by the Omnibus Plan and related documentation except as modified by the terms of this agreement. Please note that options will not vest during any period of notice or pay in lieu of notice in connection with the resignation of your employment or termination of employment without cause. The termination date for the purpose of your entitlement in respect of any options that you are granted by the Board will be the date that either you or Employer provide the other with notice of resignation or termination of employment.

The President of the Company shall make a proposal to the Company's Board of Directors, at the next available Board Meeting at which options may be granted, that you become eligible to participate in Canopy Growth's Omnibus Incentive Plan, as approved by the Board and as amended from time to time (the "Stock Option Plan"). The President shall propose that you be eligible to be granted 82,500 options.

The Company will pay you an advance of twenty thousand dollars (C\$20,000) in order to help defray some of the initial moving costs. In addition, the Company will pay the balance of the reasonable costs of relocation once an accounting is complete. These costs of relocation will be paid directly to the international moving company / companies retained to assist with your relocation.

7. Vacation Entitlement

You will be entitled to take no less than two (2) weeks, but no more than four (4) weeks of paid vacation time per year. Such vacation time is to be scheduled with the approval of your supervisor or manager and is subject to business requirements.

Any vacation time that you take in any given year shall count first towards your two-week statutory allowance and then towards any additional vacation time you are entitled to under our policy. You may carry-over a maximum of ten (10) days of vacation time with your supervisor or manager's written approval.

You agree that if you have received vacation pay before it is earned, then the Company may deduct the applicable amount from any payments owing to you when your employment ends.

8. End of Employment

Although it is difficult to contemplate ending our relationship when it is just beginning, it is mutually beneficial to determine our respective obligations ahead of time. Accordingly, your employment may cease under any of the following circumstances:

i) Resignation

You may resign from your employment by giving us not less *four (4) weeks'* written notice. If we do not require you to report to work during the resignation period, we will continue your salary to the end of the *two (2) week* period.

ii) Termination Without Cause

During the first three months of your employment, the Company may, in its absolute discretion, terminate your employment, for any reason not prohibited by statute without notice or cause.

After the first three months of your employment, if the Company decides to terminate your employment for reasons other than just cause, then it may do so, for any reason not prohibited by statute, by providing you with the following:

- (a) The greater of:
 - i. Twenty-six weeks' notice or payment of Base Salary in lieu of such notice; and
 - ii. the minimum amount of notice or pay in lieu of notice as is required to be provided to you pursuant to the provisions of Ontario *Employment Standards Act, 2000*;
- (b) Any statutory severance pay that may be required to be provided to you pursuant to the provisions of the *Employment Standards Act, 2000*; **and**
- (c) The continuation of any statutorily prescribed benefits for the minimum amount of time prescribed by the provisions of the *Employment Standards Act, 2000*.

The Employee understand and agrees that as a condition of receiving any payments pursuant to the above paragraph 9(ii) (a) that exceed the statutory entitlements provided by the *ESA*, the Employee will be required to execute a release in favor of the Company, as well as immediately comply with section 7 of the Intellectual Property and Confidential Information Agreement. The Employee also understands and agrees that the Employee shall be obligated to use all reasonable efforts to mitigate any and all damages suffered as a result of termination, with all remuneration received a result of such mitigation forming a credit to those payments that are due by the Company to the Employee pursuant to paragraph 9(ii) (a), which are in excess of the statutory entitlements provided by the *ESA*.

If you are then participating in any incentive compensation plan/program, then incentive compensation (if any) owing to you will be calculated and paid out in the usual manner and at the usual time in accordance with the terms of the applicable plan/program then in effect.

Notwithstanding anything in this agreement, the Company guarantees that you will at all times receive your minimum entitlements under the governing employment standards legislation in force at the time of your termination from employment.

Any payments made pursuant to the above provisions are in full satisfaction of any amounts owing to you including statutory entitlements and common law damages in any way related to your employment.

The Company also reserves the right to make fundamental changes to your employment, including changes to your duties and compensation, upon giving you notice in accordance with this section.

You specifically acknowledge that by entering into this agreement you are hereby forfeiting your right to claim common law notice of termination, which may be greater than the amount of notice required to be provided to you pursuant to the provisions of the Ontario *Employment Standards Act, 2000*, or compensation of any nature, including but not limited to compensation for loss of benefits coverage, including disability benefits, incentive payments, or any other benefit, whether under contract, common law or otherwise.

These termination provisions will apply throughout your employment with the Company regardless of any changes in your salary, benefits, and position title or job responsibilities.

iii) Termination For Cause

We may terminate your employment for just cause at any time without notice, pay in lieu of notice, severance pay, or other liability. For the purposes of this agreement, just cause includes, but is not limited to:

- a material breach of this agreement or our employment policies;
- unacceptable performance standards;
- theft, dishonesty or falsifying records, including providing false information as part of your application for employment;
- intentional destruction, improper use or abuse of company property;
- violence in the workplace;
- obscene conduct at our premises property or during company-related functions at other locations;
- harassment of your co-workers, supervisors, managers, customers, suppliers or other individuals associated with the Company;
- insubordination or willful refusal to take directions;
- intoxication or impairment in the workplace;

- repeated, unwarranted lateness, absenteeism or failure to report for work; or
- personal conduct that prejudices the Company's reputation, services or morale.

9. Protection of Business Interests

Like most organizations, the Company must protect itself from unfair competition. Therefore, we have established the following restrictions to protect our valid business interests. You understand these provisions and agree that they are reasonable in light of all of the circumstances, including the availability to you of employment in areas and fields that are not restricted by this agreement.

(a) Confidentiality

In the course of your employment, you will receive confidential information about the Company and its clients. For the purposes of this agreement, confidential information includes but is not limited to:

- processes, research and development information;
- trade secrets;
- information about the Company's operations, including products and services offered;
- financial information, such as pricing and rate information;
- documents, records or other information concerning the Company's sales or marketing strategies;
- client lists, records and information including lists of present and prospective clients and related information;
- information relating to employees, vendors and contractors of the Company including employment status, vendor/contractor status, personnel records, performance information, compensation information and job history;
- privileged information, including advice received from professional advisors such as legal counsel and financial advisors; and
- information contained in the Company's manuals, training materials, plans, drawings, designs, specifications and other documents and records belonging to the Company, even if such information has not been labeled or identified as confidential.

Information will not be considered confidential for the purposes of this agreement if:

- i) it was rightfully in your possession prior to your employment with the Company;
- ii) it was publicly available through legitimate means; or
- iii) it was received by you in a non-confidential manner from a third party that was not under obligation to the Company to maintain such information in confidence.

You understand that disclosure of confidential information would be highly detrimental to the Company's best interests and agree:

- i) to take precautions to protect and maintain the Company's confidential information;
- ii) to only release confidential information to those authorized to receive it, and then only on a need-to-know basis;
- iii) not to disclose, publish or disseminate to any unauthorized person, at any time either during your employment or after it ends, confidential information;
- iv) not to remove any confidential information from the Company's premises without our express permission
- v) not to make improper use, either directly or indirectly, of confidential information; and
- vi) to safeguard against unintentionally disclosing confidential information (e.g., by not discussing confidential information in public or on a cell phone and by not working with confidential information on a laptop in public, or transmitting such information by unsecured means).

When your employment ends, you must immediately return all materials or property belonging to the Company. You agree not to retain, reproduce or use any confidential or proprietary information or property belonging to the Company. A detailed Intellectual Property and Confidentiality Agreement is attached (Schedule "B") for your review and signature.

(b) Non-Solicitation

In recognition of the access you will have to our processes, employees and clients, you agree that during your employment and for a period of one year after it ends, you will not, either directly or indirectly, communicate with the Company's employees or clients for the purpose of inducing them to end their relationship with the Company.

(c) Non-Competition

In light of the nature of your position and the close relationship you will have with our clients, it is important for us to limit interference with our business. Therefore, during your employment and for twelve (12) months thereafter you will not on your own behalf nor shall you work at, work for, be employed by, provide services to, engage with, or assist in any way, whether or not for remuneration, recognition, or reward any person, corporation, or organization, whether or not such organization is operated for profit, that sells or intends to sell cannabis, including hemp, and/or provides cannabis-related services or products, in any jurisdiction in which CGC or its subsidiaries has operations. Without limiting the generality of the foregoing, as of the date hereof such jurisdictions include Canada, USA, Brazil, Colombia, Czech Republic, Germany, United Kingdom, Australia, South Africa, Lesotho, Poland and Italy.

It is not our intention to unduly restrict your employment prospects. Accordingly, the Company may agree to waive this provision if we are able to establish appropriate safeguards to minimize the impact any proposed employment with a competitor will have on the Company's business interests. Any such waiver must be in writing and signed by an authorized representative of the Company.

(d) Conflict of Interest

To enable you to meet the demands of your position, we require your full attention. Accordingly, while you are employed with us, you must devote yourself exclusively to the business of the Company. You agree that you will not engage in any other business activity or employment during your employment, without the Company's prior written approval. The Company agrees not to withhold such approval unreasonably.

You confirm that your employment with us does not violate any agreement or understanding to which you are currently bound including any existing non-competition, non-solicitation or confidentiality agreements. You further agree to indemnify and save harmless the Company against all losses, costs, damages, expenses, penalties, fines and other amounts for which it may be found liable at law with respect to your breach of any such agreement.

10. General

This agreement constitutes our entire employment agreement and supersedes any previous written or verbal agreements between us. If any term of this agreement is found to be invalid or unenforceable, in whole or in part, the validity or enforceability of any other provision will not be affected.

This agreement will continue to govern our employment relationship regardless of any changes to your employment including, but not limited to, changes to your position, location of employment, hours of work, compensation and benefits.

Any modifications to this agreement must be in writing and signed by both of us. No waiver of a breach of any term of this agreement is binding unless it is in writing and signed by the party waiving it. Unless otherwise specified, the waiver will be limited to the specific breach waived.

In the event that any provision or part of this Agreement is deemed void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect.

This agreement is governed by the laws of the province of Ontario. References in this agreement to the *Employment Standards Act, 2000*, SO 2000, c 41 include any amendments or successor legislation.

[Balance of Page Left Blank. Signature Page Follows.]

We encourage you to review this offer of employment with legal counsel but at your own expense. In order to provide you with appropriate time, please return an executed copy of this employment package by March 18, 2019. If we have not received the signed documents (or we have agreed in writing to extend your offer of employment to another date in the future), this offer will become null and void.

/s/ Tim Saunders

Canopy Growth Corp.

March 13, 2018

Dated

I have had sufficient time to review this agreement and have been advised to review it with a lawyer. If I did not do so, it is because I understood the terms of the Employer's offer and did not feel that I needed legal advice. I understand and accept the terms of this agreement and am signing it voluntarily.

/s/ Tom Stewart

Tom Stewart

April 8, 2019

Dated

SCHEDULE "A"

JOB DESCRIPTION

Position:VP, Chief Accounting Officer

Responsibilities

- Supervise the complete closing process and through to the preparation of timely and accurate financial reports and analysis of performance, variance and cash flow to the strictest standards of accounting and the law governing more than 35 legal entities located in different jurisdiction (12 countries and 5 continents).
- Ensure all financial and accounting activity is ICFR and SOX compliant.
- Responsible for all external financial reporting and public filings. Effectively manage complex accounting issues and unusual transactions. Oversee the coordination of the preparation for external audits and quarterly reviews by the auditors.
- Ensure the fiscal integrity of the business through enhancement and management of accounting systems and controls. Continually strengthen the control environment. Direct and control financial and accounting processes within the Company ensuring all statutory, legal and Company policies are met.
- Monitor performance monthly and provide in-depth and timely management commentary on financial results (MD&A).
- Ensure proper maintenance of accounting records and documentation in compliance with statutory requirements and Company policies.
- Remain current of new regulations, through participating in professional organizations and educational opportunities, reading of professional publications, and maintaining personal and professional networks.
- Recruit and build a high performing finance team by providing strategic direction
- Carry out annual performance appraisals of all direct reports and ensure staff have clear roles and objectives. Maintain a succession plan for key individuals.
- Monitor all direct reports in order to ensure they are adhering to all policies and procedures set forth by the Company.
- Provide support for mergers and acquisitions, e.g. valuation, due diligence and integration.
- Act proactively in regards to debt management, FX sensitivities and financial risks management.
- Provide support for investor and stakeholder relations.
- Actively develop and maintain strong relationships with the geographically dispersed team.
- Maintain strong relationships with external auditor and advisors to facilitate a smooth and productive audit process.
- Other duties as assigned

SCHEDULE "B"

INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

This Intellectual Property and Confidential Information Agreement (the "Agreement") is entered into between Canopy Growth Corp. (the "Company") and Employee (the "Employee"). In the event this Agreement has been entered into with an independent contractor or sub-contractor, the independent contractor or sub-contractor as the case may be shall be referred to, for the purposes of this Agreement only and for simplicity, as an Employee. Any references to an independent contractor or a sub-contractor as an employee in this Agreement are not admissions that the Company and the independent contractor or sub-contractor are engaged in an employment relationship.

Whereas the Company is offering the Employee employment or continued employment and has an interest in protecting its confidential information and other proprietary information and related rights;

And whereas the Employee recognizes the importance of protecting the Company's confidential information and other proprietary information and related rights is a fundamental term of the Employee's employment;

NOW THEREFORE, in consideration of the Company hiring, promoting or continuing to employ the Employee and/or for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), the Employee and the Company hereby agree as follows:

1. Definitions

"Confidential Information" means all of the materials and information (whether or not reduced to writing and whether or not patentable or protected by copyright) provided by the Company to the Employee, or which is available to the Employee during the course of the Employee's employment, including, without limitation the following:

- information regarding the Company's business operations, Developments (as defined below), methods and practices, recruiting and training policies, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates, per diems and information regarding the financial affairs of the Company;
- customer lists, quotations or proposals given to customers, requirements of specific customers, and the names of the suppliers to the Company and the nature of the Company's relationships with these clients and suppliers;
- information regarding the business operations, methods and practices, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates and financial affairs of the Company's stakeholders;

- technical and business information of or regarding the clients, customers or stakeholders of the Company, obtained in order to enable or assist the Company in providing such clients, customers or stakeholders with products and services, including information regarding the business operations, methods and practices and product plans of such clients, customers or stakeholders;
- any other trade secret or confidential or proprietary information received by the Company from third parties and in the possession or control of the Company; and
- any other materials or information related to the Company's business which are not generally known to others, regardless of whether such information is in paper or electronic format or any other format;

provided that, Confidential Information shall not include information which:

- a) is generally known or in the public domain at the time of disclosure;
- b) though originally Confidential Information becomes generally available to the public through no fault of the Employee, as of the date of its becoming part of the public knowledge; or
- c) is required to be disclosed by any law, regulation, governmental body, or authority or by court Order provided that before disclosure is made, notice of the requirement is provided to the Company, and to the extent possible in the circumstances, the Company is afforded an opportunity to dispute the requirement.

The absence of any notice indicating confidentiality on any material will not imply that same is not Confidential Information.

"Developments" include, without limitation any methods, processes, procedures, systems, inventions (whether patentable or not), devices, discoveries, concepts, know-how, data, databases, technology, products, software (in executable and source code formats), templates, documentation, specifications, compilations, designs, reports, trade-marks, and any enhancements, modifications, or additions to the foregoing or to any products owned, marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company.

2. Non-Disclosure of Confidential Information

At all times during and subsequent to the termination of the Employee's employment, the Employee shall keep in strictest confidence and trust the Confidential Information, the Employee shall take all necessary precautions against unauthorized disclosure of the Confidential Information, and the Employee shall not directly or indirectly disclose, allow access to, transmit or transfer the Confidential Information to a third party, nor shall the Employee copy or reproduce the Confidential Information except as may be reasonably required for the Employee to perform the Employee's duties for the Company.

3. Restricted Use of Confidential Information

At all times during and subsequent to the termination or cessation of the Employee's employment, the Employee shall not use the Confidential Information in any manner except as reasonably required for the Employee to perform the Employee's duties for the Company.

Upon the request of the Company and in any event upon the termination or cessation of the Employee's employment, the Employee shall immediately return to the Company all materials, including all copies in whatever form, containing the Confidential Information which are in the Employee's possession or under the Employee's control.

4. Ownership of Confidential Information and Developments

The Employee acknowledges and agrees that the Employee shall not acquire any right, title or interest in or to the Confidential Information.

The Employee agrees to make full disclosure to the Company of each Development promptly after its creation.

With the sole exception of any intellectual property owned by (and not merely licensed to) the Employee prior to the making of this Agreement, which is also enumerated by the Employee in the attached Schedule "A" prior to the execution of this Agreement, the Employee hereby assigns and transfers to the Company, and agrees that the Company shall be the exclusive owner of, all of the Employee's right, title and interest to each Development and any enhancement, modification, or addition to any of the intellectual property enumerated in Schedule "A" or any of the intellectual property that is marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company, throughout the world, including all trade secrets, patent rights, copyrights and all other intellectual property rights therein.

The Employee further agrees to cooperate fully at all times during and subsequent to the Employee's Employment with respect to signing further documents and doing such acts and other things reasonably requested by the Company to confirm such transfer of ownership of rights, including intellectual property rights, effective at or after the time the Development is created and to obtain patents or copyrights or the like covering the Developments. The Employee agrees that the Company, its assignees and their licensees are not required to designate the Employee as the author of any Developments. The Employee agrees that the obligations in this subparagraph (c) shall continue beyond the termination of the Employee's employment with respect to Developments created during the Employee's employment.

The Employee acknowledges that the Company shall alone have the right to apply for, prosecute, defend and obtain Letters Patent of invention, copyright registration, industrial design registration in any and all counties of the world with respect to any such invention, discovery, development or improvement, copyright material or industrial design created.

The expense of applying for and obtaining the Letters Patent, copyright registration and industrial design registration referred to in this Agreement shall be borne entirely by the Company.

It is agreed that the Company shall not be entitled to those inventions, discoveries, developments and improvements made by the Employee prior to the time the Employee was engaged in employment by the Company; it being understood and agreed that the inventions, discoveries, developments and improvements enumerated in Schedule "A" constitute the inventions, discoveries, developments and improvements made by the Employee, and the Employee hereby acknowledges that there are no inventions, discoveries, developments and improvements made prior to the employment of the Employee by the Company and which are the property of the Employee other than those that are enumerated in Schedule "A".

The Employee hereby grants a power of attorney to the Company to have the Company execute on the Employee's behalf all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and its successors, assigns and nominees sole and exclusive rights, title and interest in and to such Developments, and any copyrights, patents, trade-marks, industrial designs (design patents), topographies (mask work rights) or other intellectual property rights relating thereto.

The Employee hereby waives in whole all moral rights which the Employee may have in the Developments, including the right to the integrity of the Developments, the right to be associated with the Developments, the right to restrain or claim damages for any distortion, mutilation or other modification of the Developments, and the right to restrain use or reproduction of the Developments in any context and in connection with any product, service, cause or institution. The Employee will confirm any such waiver from time to time as requested by the Company.

5. No Conflicting Obligations

The Employee acknowledges and represents to the Company that the Employee's performance during the period of the Employee's employment shall not breach any agreement or other obligation to keep confidential the proprietary information of any prior employer or client of the Employee or any other third party. The Employee further acknowledges and represents that the Employee is not bound by any agreement or obligation with any third party that conflicts with any of the Employee's obligations under this Agreement.

The Employee represents and agrees that the Employee will not bring to the Company and shall not use in the performance of the Employee's work with the Company, any trade secrets, confidential information and other proprietary information of any prior employer or client of the Employee or any other third party. The Employee represents and agrees that in the Employee's work creating Developments the Employee will not knowingly infringe the intellectual property rights, including copyright, of any third party.

6. Enforcement

The Employee acknowledges and agrees that damages may not be an adequate remedy to compensate the Company for any breach of the Employee's obligations contained in this Agreement, and accordingly the Employee agrees that in addition to any and all other remedies available to it, the Company shall be entitled to seek relief by way of a temporary or permanent injunction to enforce the obligations contained in this Agreement. Such relief shall be in addition to and not in lieu of any other remedies available the Company at law or in equity.

7. Returning the Company Documents

The Employee agrees that upon the termination of the Employee's employment the Employee will deliver to the Company (and will not keep in the Employee's possession or deliver to anyone else) any and all Confidential Information and proprietary information including, without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, together with any third party information received by the Employee. In the event of the termination of the Employee's employment, the Employee agrees to sign and deliver to the Company the "Termination Certificate" attached hereto as Appendix "A". Notwithstanding the foregoing, the Employee shall be entitled to keep personal copies of (i) the Employee's compensation records, (ii) this Agreement, and (iii) the Employee's letter of offer.

8. General

This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Ontario and any laws of Canada applicable thereto.

If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceable provision or part thereof shall be deemed to be omitted from this Agreement without in any way invalidating or impairing the other provisions of this Agreement.

The obligations herein may not be changed or modified, released or terminated, in whole or in part, except in writing signed by the President of the Company and the Employee.

This Agreement supersedes all previous agreements, if any, between the Company and the Employee with respect to the subject matter of this Agreement. The Employee agrees, however, that this Agreement does not purport to set forth all of the terms and conditions of the Employee's employment and the Employee has other obligations to the Company that are not set forth in this Agreement.

The rights and obligations under this Agreement shall survive the termination of the Employee's employment and shall enure to the benefit of and shall be binding upon (i) the Employee's heirs and personal representatives; (ii) the successors and assigns of the Employee; and (iii) the successors and assigns of the Company.

THE EMPLOYEE HAS READ THIS AGREEMENT, UNDERSTANDS IT, HAS HAD THE OPPORTUNITY TO OBTAIN INDEPENDENT LEGAL ADVICE IN RESPECT OF IT, AND AGREES TO ITS TERMS.

The Employee acknowledges having received a fully executed copy of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the ____9____th day of ____April____, 2019.

SIGNED, SEALED AND DELIVERED in the presence) /s/ Tom Stewart
of:

)

)

)

Witness

)

Tom Stewart

)

Canopy Growth Corp.

/s/ Tim Saunders

By:

Name: Tim Saunders
Title: EVP & CFO

SCHEDULE "C"

ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE

PRIOR TO THE MAKING OF THIS AGREEMENT

Patents

Please list all those patents both received and applied for using the table below.

Description	Jurisdiction	Patent No.	Date Received or Applied For

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Licenses

Please describe all intellectual property, were patented, trademarked, or otherwise protected or not, licensed to third parties by you using the table below.

Description of License	Licensed To:

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

SCHEDULE "C"

ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE

PRIOR TO THE MAKING OF THIS AGREEMENT

Copyrights, trademarks, registered trademarks, and other forms of intellectual property.

Please use the table below to list all other registered intellectual property owned by you prior to the making of this Agreement.

Description	Jurisdiction	Registration Number	Date Received

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Acknowledgement

You hereby acknowledge that, the items listed in the tables above (and any attached sheets, if necessary) constitute the full and complete list of intellectual property owned by you prior to making this Agreement with Canopy Growth Corp.

Date: _____

Signed: _____
Tom Stewart

APPENDIX "A"

TO INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

Termination Certificate

To: Canopy Growth Corp. (the "Company")

Re: Intellectual Property and Confidential Information Agreement (the "Agreement") between the Company and the undersigned employee.

This is to certify that I do not have in my possession, nor have I failed to return, nor have a transferred to any third party, any confidential or proprietary information belonging to the Company, its subsidiaries, affiliates, successors, assigns, clients, customers or stakeholders, including without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items. I further certify that I have complied with all the terms of the Agreement signed by me, including the reporting of any Developments, inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, customers or stakeholders.

Date: _____

Signed: _____
Tom Stewart

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made as of the 21st day of September, 2018 ("Effective Date") between **TWEED INC.**, a corporation incorporated under the laws of Ontario and having an address at 9 Shamrock Place, Ottawa, Ontario K2R 1A9 (the "Employer") and THOMAS SHIPLEY an Ontario resident with an address at 262 Emond Street, Ottawa, Ontario, K1L 7R8 (the "Employee").

WHEREAS the Employer is in the business of medical marihuana production in the City of Arnprior and surrounding area within the Province of Ontario (" Business");

WHEREAS the Employer and Employee wish to set out the terms, conditions and provisions upon which the Employee will be employed by the Employer;

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

1. **Employment.** The Employer hereby agrees to employ the Employee in the role of Senior Vice President, Global Quality Assurance and Chief Science Officer, and the Employee accepts such employment, all on the terms and conditions set out in this Agreement.
2. **Duties.** The Employee shall perform those duties and responsibilities assigned to the Employee by the Employer from time to time.
3. **Wages.** The Employee shall be paid an annual base salary of \$240,000 per annum for the services to be rendered by the Employee to the Employer during the term of the Employee's employment, subject to statutory withholdings, and shall be paid by the Employer to the Employee according to the Employer's regular payroll schedule, less all proper deductions. You are entitled to be considered for a discretionary annual performance bonus of no more than \$95,000. In addition, for greater certainty, should the Employer at any time or times pay any additional bonus, bonuses or other amount(s) to the Employee, any such payment(s) shall be gratuitous and shall not constitute any compensation due to the Employee or result in any expectation or legal obligation on the part of the Employer to make any such or similar payment(s) at any time in the future.
4. **Benefits.** The Employee will be entitled to such benefits, subject to the availability of such benefits, as the Employer may from time to time make available to its employees generally. For greater clarity, such benefits may only be available to part-time employees if a minimum number of hours as determined by the benefits provider is reached.
5. **Vacation.** The Employee shall be entitled to four (4) weeks of paid vacation per full calendar year. All vacation will be taken in accordance with the Employer's vacation policy and will be taken at times which are convenient for the Employer, considering the demands of the business of the Employer and the personal plans of the Employee.
6. **Expenses.** The Employee will be reimbursed for all pre-approved expenses actually and properly incurred by the Employee in the performance of the Employee's employment duties, upon receipt by the Employer of proper receipts and statements.

7. **Service.** During the period in which the Employee is employed by the Employer, the Employee shall: (a) devote his or her working time and attention to the Business as may reasonably be required by the Employer; (b) use his or her best efforts to faithfully promote the interests, reputation and goodwill of the Employer; and (c) conduct himself or herself in a manner which is professional, businesslike, prudent, diligent and reasonable in the circumstances.
8. **Rules and Regulations.** The Employee agrees to comply with all of the Employer's employment rules, regulations and guidelines as they may be communicated from time to time by the Employer to its employees generally, including but not limited to codes of ethical conduct, privacy policies and internet usage policies.
9. **Information to be provided by Employee.** The Employee agrees to provide the Employer proof of Employee's eligibility to work in Canada as requested by the Employer from time to time.
10. **Confidential Information.** The Employee acknowledges that during the term of his or her employment, he or she will have access to and become familiar with various trade secrets and confidential information relating to the Business, the Employer and its clients including without limitation all customer information, customer lists, personnel information, marketing plans, project data, pricing data, costing data, sales information, plans, strategic information, business opportunities, financial information, technical information, systems, patents, trademarks, intellectual property, inventions, discoveries, research, development and other proprietary and confidential information used by the Employer in the operation of its Business (collectively, "Confidential Information"). All Confidential Information is and will remain the sole and exclusive property of the Employer.
11. **Non-Disclosure.** The Employee agrees to keep all Confidential Information strictly confidential and agrees not to (without the Employer's prior written consent) directly or indirectly, in any manner whatsoever, disclose to any Person or use for the benefit of any Person other than the Employer, any Confidential Information. The Employee agrees not to remove any books, records or documents or make any copies thereof (whether or not confidential) from the premises of the Employer, nor make any copies thereof without the Employer's prior written consent. The obligations of the Employee as described in this section shall survive the termination of the Employee's employment for any reason and shall continue to bind the Employee for ten (10) years thereafter.
12. **Restrictive Covenants.**
 - (a) **Non-Solicitation.** The Employee agrees that he will not (without the prior written consent of the Employer) at any time during the period in which he is employed by the Employer and for a period of twelve (12) months following the termination of that employment for any reason whatsoever (including without limitation termination by the Employer with or without cause) (the "Restricted Period"), directly or indirectly, individually or in partnership or conjunction with any Person, in any manner or capacity whatsoever, (i) solicit or attempt to solicit the services of, or entice away, any person employed by or otherwise providing services to Canopy Growth Corporation ("CGC") or its subsidiaries, including the Employer, on a full-time, part time or contractual basis, or (b) solicit, contact or communicate with any Person who was a customer or actively pursued prospective customer of CGC or its subsidiaries (collectively, "Customer") at any time during the Employee's employment for the purposes of gaining the business of such Customer or providing to such Customer any goods or services similar to or competitive with those provided or offered by CGC and its subsidiaries.

- (b) *Non-Competition.* In light of the nature of the Employee's position and the close relationship the Employee will have with Customers, it is important to limit interference with the business of CGC and its subsidiaries. Therefore, during the Restricted Period the Employee will not on his own behalf nor shall the Employee work at, work for, be employed by, provide services to, engage with, or assist in any way, whether or not for remuneration, recognition, or reward any person, corporation, or organization, whether or not such organization is operated for profit, that sells or intends to sell marijuana or provides marijuana-related services or products in any jurisdiction in which CGC or its subsidiaries has operations. Without limiting the generality of the foregoing, as of the date hereof such jurisdictions include Canada, USA, Brazil, Columbia, Czech Republic, Germany, United Kingdom, Australia, South Africa, Lesotho, Poland and Italy.
13. *Inventions and Patents.* The Employee agrees to assign and does hereby assign to the Employer any and all developments, inventions, designs, improvements, applications and discoveries of whatever nature, patentable or not, which the Employee, alone or with others, has, makes, develops, conceives of or reduces to practice or writing during the course of fulfilling his or her duties hereunder, whether or not any of the foregoing occurs during regular working hours, which pertain or relate to the Business of the Employer (collectively, "Intellectual Property"). All Intellectual Property shall be and remain the exclusive property of the Employer. The Employee agrees to assist the Employer, at the Employer's expense, both during the Employee's employment and after the termination thereof in obtaining intellectual property protection for any Intellectual Property and shall execute all documents and do all such things which are reasonably necessary to obtain such protection and to vest in the Employer full and exclusive title thereto and to protect the Intellectual Property against infringement by others. In performing his or her duties under this Agreement, the Employee shall not, without the prior written approval of the Employer, employ any open source software or any other tools that could lead to the public or other disclosure of Confidential Information of the Employer or a loss or diminution of any rights of the Employer in any Intellectual Property. Where and only to the extent that such approval is granted, any unavoidable corresponding disclosure of Confidential Information and/or loss or diminution of rights of the Employer in Intellectual Property shall not constitute a breach of this Agreement.
14. *Consent to Use of Personal Information.* The Employee hereby consents to the collection, use, storage and disclosure of personal information by the Employer about the Employee as may be required for the following purposes (subject to the provisions of the *Personal Information Protection and Electronic Documents Act* (Canada), 2000, c. 5 and/or other applicable legislation): (a) for reporting purposes to any trade or professional association governing the Employer or any investigative body having authority over the Employer; (b) as required by law; (c) as required in order to obtain financing, insurance or contracts for the Employer; (d) in connection with any proposed sale of shares of the Employer or of all or substantially all of the assets of the Employer to any Person; (e) in connection with obtaining employee benefits or insurance; (f) in connection with any outsourcing of information by the Employer to a third party supplier of information processing services, including but not limited to payroll, health benefits, insurance and pension plan benefits; (g) for the internal operational purposes of the Employer; (h) and to the Employee or to any other Person with the consent of the Employee.

15. ***Protection of Personal Information.*** The Employee agrees, with respect to any personal information about individuals that is collected, used or disclosed by the Employer ("Personal Information") and which the Employee learns of or comes in contact with in the course of his or her employment, that he or she will not, without the prior written consent of the Employer: (a) disclose or make available any Personal Information to any Person; (b) use any Personal Information for any purpose not specified by the Employer or described in the Employer's privacy policy; (c) sell, trade, barter, disclose or transfer any Personal Information to any Person. The Employee further agrees to comply with the Employer's privacy policy in respect to the collection, use, storage and disclosure of all Personal Information.
16. ***Termination by Employer for Cause.*** The employment of the Employee may be terminated by the Employer at any time, immediately and without notice, for cause. For the purposes of this Agreement, "cause" shall mean willful misconduct, disobedience or dishonesty on the part of the Employee.
17. ***Termination by Employer without Cause.*** The Employee's employment may be terminated by the Employer at any time without cause upon providing the Employee with the following:
- i. A lump sum payment equal to one (1) times the Employee's then current base salary;
 - ii. continuation of all benefits for a period of one (1) year from the date of termination, or payment in lieu of same, excluding disability, accidental death and dismemberment and life insurance benefits which will end at the end of the minimum notice period required by the Employment Standards Act, 2000 (the "ESA");
 - iii. any RSU's vesting after the date of termination shall continue to vest to the extent permitted by the plan over the one (1) year period following termination; and
 - iv. any unvested stock options held by the Employee shall continue to vest over the one (1) year following termination.

The receipt of any payments or other benefits pursuant to this Section 17 will be subject to (1) the Employee signing a full and final release in favour of the Employer and its related parties (the "Release") and (2) the Employee executing any documents necessary to resign as a director and/or officer of the Employer and its affiliates. No payments or other benefits will be paid or provided until the Release is executed.

The Employee will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that the Employee may receive from any other source reduce such payment.

In the event that the above terms (or any other term of this Agreement) does not meet or exceed the minimum requirements of the ESA, to the extent of such conflict the minimum provisions of the ESA shall apply and the Employer shall instead provide the Employee with such combination of notice, pay in lieu of such notice at the Employer's option, severance pay and other benefits and entitlements as may be required to meet the minimum requirements under the ESA and no more.

17A. ***Change of Control.*** In this Agreement the term “Change of Control” shall mean:

- (a) Any person or related group of persons acquires possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Employer or CGC, whether through the ability to exercise voting power, by contract, or otherwise. Without limiting the foregoing, each of the following shall be deemed to be a “Change of Control”: (A) a person or related group of persons acquires the ability to nominate a majority of the directors on the board of directors of the Employer or CGC through contract or otherwise; or (B) a person or related group of persons acquires securities of the Employer or CGC to which are attached more than 50% of the votes that may be cast to elect directors of the corporation are beneficially owned by that person or related group of persons; or
- (b) the sale or disposition of all or substantially all of the assets of the Employer or CGC to a non-affiliated party; or
- (c) the merger, amalgamation, arrangement or consolidation (or similar transaction) of the Employer or CGC with or into any other non-affiliated corporation in which the shareholders of the Employer or CGC, as applicable, prior to such transaction do not, in the aggregate, hold securities of the Employer or CGC, as applicable, to which are attached more than 50% of the votes that may be cast to elect directors of the corporation.

If at any time during the term of this Agreement the Employer or CGC undergoes a Change of Control and either:

- (a) the Employee’s employment is terminated by the Employer for any reason other than for just cause within one (1) year following such Change of Control; or
- (b) the Employee resigns his employment with the Employer within sixty (60) days following either of the following events:
 - (i) the Employee is demoted or the Employee’s responsibilities are materially reduced without the Employee’s consent, in either case within the one (1) year following the date of such Change of Control; or
 - (ii) the Employee’s overall target rate of compensation is reduced within the one (1) year following the date of such Change of Control;

the Employee shall be entitled to receive the payments and benefits set out in Section 17 as though the Employee’s employment had been terminated by the Employer without cause in accordance with such Section 17 and any RSUs and unvested stock options held by the Employee as of the date of termination shall be deemed to be fully vested as of the date of termination and shall be exercisable thereafter in accordance with the terms of the CGC omnibus incentive plan. For greater certainty the execution of a Release and other documents required by Section 17 shall be a pre-condition to such payments.

For greater certainty, a determination by the Employer that the Employee will not be paid some or all of a discretionary bonus shall not be considered to be a reduction in the Employee’s overall target rate of compensation for the purposes of the foregoing.

For greater certainty, the terms of this Section 17A shall apply to each and every event that occurs during the term of this Agreement that meets the definition of “Change of Control”.

18. ***Change of Terms of Employment.*** The parties agree that the Employer reserves the right to alter the fundamental terms of the Employee's employment upon providing the Employee with the minimum written notice required at that time under applicable employment standards legislation.
19. ***Termination by Employee.*** The Employee may terminate his or her employment with the Employer at any time, by providing four weeks' prior written notice.
20. ***Fair and Reasonable*** The parties acknowledge and agree that the provisions contained in this Agreement with respect to non-disclosure, non-interference, intellectual property, termination of employment and notice of termination are all fair and reasonable and that the other provisions of this Agreement have been negotiated and agreed upon taking into account the effect of such provisions.
21. ***Injunctive/Mandatory Relief.*** The parties also agree that any actual or anticipated breach of any of these provisions by the Employee may cause the Employer irreparable harm, entitling the Employer to seek and obtain injunctive or other mandatory relief restraining such actual or anticipated breach. For greater clarity, any such injunctive or other mandatory relief shall be in addition to any other relief that the Employer may obtain under applicable law.
22. ***Return of Property.*** Upon the termination of this Agreement for any reason whatsoever, the Employee will immediately deliver or cause to be delivered to the Employer all Confidential Information and all other property belonging to the Employer or for which the Employer is liable to others, which are in the possession, charge, care, control or custody of the Employee.
23. ***Interpretation.*** In this Agreement, unless the context otherwise requires: "Person" includes an individual, firm, association, syndicate, partnership, company, corporation, trust, trustee, joint venture, unincorporated association, government agency or body or other organization; headings and subheadings are included for convenience of reference only and shall not affect the construction or interpretation of this Agreement; words importing the singular include the plural and *vice versa* and words importing one gender include all genders; and all amounts are stated and payable in Canadian currency.
24. ***Counterpart.*** The Employer and Employee agree that this Agreement and any amendment thereto may be executed in counterpart and the transmittal of signatures or of signed copies of this Agreement, any amendment thereto and notices required or permitted to be given hereunder by facsimile machine or other mechanical or electronic form hereby constitutes good and valid execution and delivery of such document and are legally binding on both the Employer and Employee.
25. ***Survival.*** The representations, warranties and covenants contained in this Agreement that are intended to survive the termination of the Employee's employment, including for greater certainty and without limitation, those contained in articles 9, 10, 11 12, 13, 15, 21, 22 and 23 of this Agreement, shall so survive and shall continue in full force and effect to bind the Employee in accordance with their terms.
26. ***Assignment.*** This Agreement may not be assigned by the Employee.

27. **Notice.** Any notice or other communication required or permitted to be given pursuant to this Employment Agreement shall be in writing, shall be addressed to the relevant party at the address set out herein for such party, and shall be given by prepaid first-class mail or by hand delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth business day (a business day being a day on which banks are open in the City of Ottawa, Ontario) after the post marked date thereof, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address set out herein for such party to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand and shall be deemed to have been received in accordance with this section.
28. **Enurement.** This Agreement shall enure to the benefit of, and be binding upon, the parties hereto and their respective heirs, administrators, estate trustees, successors, affiliates and permitted assigns.
29. **Invalidity of Provisions.** Each provision of this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.
30. **Modification and Waiver.** This Agreement may not be modified unless agreed to in writing by both the Employee and the Employer. No extension of any time limit granted by a party shall constitute an extension of any other time limit or any subsequent instance involving the same time limit. No consent by a party to, nor waiver of, a breach by the other party, whether express or implied, shall constitute a consent to or waiver of or excuse for any other different or subsequent breach, unless such waiver or consent is in writing and signed by the party claimed to have waived or consented.
31. **Entire Agreement.** This Agreement contains the entire agreement of the parties hereto relating to the employment of the Employee by the Employer, and supersedes any and all previous agreements, written or oral, express or implied, between the Employer and the Employee relating to the employment of the Employee by the Employer.
32. **Governing Law.** This Employment Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
33. **Independent Legal Advice.** The Employee hereby acknowledges and agrees that: (a) the Employee has carefully read and understood the terms, conditions and provisions of this Agreement; (b) the Employee has had the opportunity, and it has been suggested by the Employer, to obtain independent legal advice in connection with the entering into of this Agreement; and (c) the Employee has either obtained independent legal advice in connection with the entering into of this Agreement or has chosen not to obtain such independent legal advice, having been provided the opportunity and the suggestion by the Employer to do so.

[THE BALANCE OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date above first written.

TWEED INC.

/s/ Chuck Rifici

Per: Chuck Rifici, CEO

I have authority to bind the corporation.

) /s/ Thomas Shipley

) **Thomas Shipley**

) October 5, 2018

SCHEDULE “A”

JOB DESCRIPTION

Position: Senior Vice President, Global Quality Assurance and Chief Science Officer

Responsibilities

- Provide leadership in the areas of Quality Assurance and Compliance, across all global operations, assisting Regional Managing Directors and overseeing (along with the Regional Managing Directors) Quality Assurance leadership
- Set the global standards for Quality Assurance across the Company and ensure coordination and collaboration across senior QA staff
- Directly oversee elements of QA, GMP, compliance, and meeting all regulatory needs on a global basis
- Monitor, audit and approve facilities and manufacturing operations for conformance with established procedures and requirements
- Drive continuous improvement in the areas of Quality Assurance
- Identify potential areas of compliance vulnerability and risk; develop and implement corrective action plans for resolution of problematic issues
- Responsible for the management of the scientific strategy and supporting the team of professionals who contribute to product ideation, concept development, product validation and qualification
- Responsible for ensuring intellectual property advancements and filings in all areas of production technology and new product creation
- Other duties as assigned

CONSULTING AGREEMENT

BETWEEN:

CANOPY GROWTH CORPORATION, a corporation existing under the laws of Canada, (hereinafter referred to as the "Corporation");

AND:

HBAM HOLDING INC., a corporation existing under the laws of Canada, (hereinafter referred to as the "Consultant")

AND:

BRUCE LINTON ("Bruce" or "Bruce Linton")

WHEREAS the Consultant has provided Chief Executive Officer (CEO) services to the Corporation since February 18, 2015;

AND WHEREAS the Corporation and the Consultant wish to continue the consulting relationship on the following terms and conditions (the "Agreement") and wishes to have this Consulting Agreement replace the current agreement signed on September 28, 2016;

AND WHEREAS this Agreement has received the approval of the Board of Directors of the Corporation;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT IN CONSIDERATION

of the above and for further good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties agree as follows:

1. Duties and Responsibilities

The Corporation hereby retains the Consultant and the Consultant agrees to provide such executive, managerial and administrative services (the "Services") as are required to enable the Corporation to carry on its day-to-day business, including without limiting the generality of the foregoing:

- a) to use its best efforts to promote, extend and develop the business of the Corporation and to enhance the reputation of the Corporation.
- b) exclusively through the services of Mr. Bruce Linton, an employee of the Consultant, provide the services of a Chief Executive Officer where responsibilities will include development of strategy, merger and acquisition activities and management of monthly financial results; and
- c) to provide such other specific services as are reasonably requested by the board of directors of the Corporation (the "Board") from time to time.

2. Term

This Agreement shall commence on April 1, 2017 and will continue until March 31, 2018 unless terminated in accordance with this Agreement. Thereafter, this agreement will automatically renew for successive one-year periods ending March 31 of each year in each case, unless terminated at the option of either party hereto by such party giving to the other party written notice to such effect at least three months prior to the expiry of the initial term.

3. Performance of Duties

The Consultant hereby agrees to provide the Services, as described herein, for the duration of this Agreement, subject only to the respective rights of the parties to terminate the Agreement as provided herein. The Consultant shall at all times be an independent contractor in relation to the Corporation. The Corporation acknowledges and agrees that the Consultant may, during the term of this Agreement, provide services to parties other than the Corporation. The Corporation acknowledges that the Consultant has certain ongoing obligations with respect to the Consultant's other responsibilities. The Corporation agrees that the Consultant may honour said ongoing responsibilities without being in default under this Agreement.

4. Remuneration

- a) The Corporation shall pay to the Consultant a monthly fee on the first of each month (the "Consulting Fee") for each month in the Term in consideration of the Consulting Services. The Consulting Fee shall be in the amount of Sixteen Thousand Six Hundred and Sixty Seven dollars (\$16,667.00), before applicable taxes or reimbursements.
- b) The Corporation shall provide a car allowance of One Thousand, Five Hundred dollars (\$1,500) per month, retroactive to January 1, 2016.
- c) The Consultant is also eligible for an annual short term incentive bonus of up to \$300,000, linked to attainment of performance objectives. The full details of the bonus program and performance objectives will be as agreed to by the Consultant and the Board of Directors of the Corporation from time to time, annually and preferably as part of the annual budget approval cycle. The measurable components for the year commencing April 1, 2017 shall be based on targets achieved in the following categories: revenue 20%, profitability 20%, market share 20% and strategic 40%. The targets within each such category shall be set by the Board and communicated to the Consultant.
- d) The Corporation also agrees to establish a long term incentive plan using a restricted stock unit ("RSU") plan as soon as possible and provide the Consultant with an initial grant of \$200,000 of RSU's back effective March 31, 2017 if possible vesting over three (3) years and otherwise in accordance with the RSU plan. To the extent any of the foregoing are not permitted by law, or regulatory or exchange authorities the grant shall be made so as to comply with same but with such adjustments as to provide the Consultant with the economic equivalent of the grant made in this section.
- e) The Board of Directors may from time to time, in its sole discretion, grant equity or equity based compensation to the Consultant in the amounts and on terms established by the Corporation from time to time to be evidenced in writing in appropriate form.
- f) The Corporation hereby agrees to pay the Consultant for all related expenses of the Consultant carried out in the performance of his duties outlined in this Agreement. The reimbursement of all such expenses shall be subject to prior approval by the Chair of the Audit Committee of the Corporation.

5. Indemnity

The Consultant is, and for purposes of performing the Services hereunder shall be deemed to be, an independent contractor of Canopy; the Consultant shall not for any purposes be considered an employee of Canopy. The Consultant shall be solely responsible for all statutory source deductions, including, but not limited to, income taxes, employment insurance and Canada Pension Plan contributions, employee health tax, WSIB premiums, or any other similar withholding, deduction or levy that may arise in respect of Canopy's payment of fees or other amounts to the Consultant.

The Consultant shall indemnify and save harmless Canopy from and against any loss, damage, or expense which Canopy may sustain or incur by reason of income tax, employment insurance or Canada Pension Plan premiums becoming due to the Canada Revenue Agency or any other governmental agency on wages or fixed sums earned or received by the Consultant, to the maximum extent required by law.

6. Workplace Safety and Insurance Board (WSIB)

The Consultant hereby confirms that neither the Consultant nor Bruce Linton is either an "Independent Operator" or "Employer in your own right" and that the Consultant nor Bruce Linton is not a "worker" of Canopy as defined by the *Ontario Workplace Safety and Insurance Act, 1997*. Coverage pursuant to the *Workplace Safety and Insurance Act, 1997* is Consultant's responsibility.

7. Termination

This Agreement may be terminated :

- a) By the Consultant, at any time, on provision of not less than ninety (90) days' written notice to the Corporation's Board of Directors. The Corporation shall have the right to waive the resignation notice period or part thereof, by continuing the Consulting Fees and benefits, if any, for the period so waived. In the case of a voluntary resignation by the Consultant, the Consultant shall forfeit any unvested equity awards and Bruce Linton will execute any documents necessary to resign as director and/or officer of the Corporation;
- b) By the Corporation, at any time, without notice or payment in lieu thereof:
 - i. for cause, as such term is determined by the common law;
 - ii. if the Consultant fails to comply with any material provision of this agreement and after notice in writing has been given by the Corporation to the Consultant specifying such failure and requiring that an end be put to the same, the Consultant shall fail to make good such failure within 30 days of such notification;
 - iii. if the Consultant performs any acts or does anything by which the Corporation shall incur liability out of the ordinary course of its business without the authorization of the Board; or
 - iv. if either the Consultant or the Corporation shall become insolvent or make a general assignment for the benefit of its creditors, or a proposal or petition under the *Bankruptcy and Insolvency Act* shall be filed or presented against either the Consultant or the Corporation or a custodian, receiver or manager or any other officer with similar powers shall be appointed by the Consultant or the Corporation, its properties or any part thereof which is of the opinion of the other party hereto is a substantial part thereof,

upon either the Consultant or the Corporation, as applicable, giving written notice thereof to the other party hereto, in which event neither party shall be under any further obligation to the other party hereto, except for the obligation of the Corporation to make all payments owing to the Consultant hereunder for the period up to the date of such termination.

- c) By the Corporation, at any time, for any reason, or at the election of the Consultant within 60 days of a Liquidation Event, upon provision of the following by the Corporation to the Consultant:
 - i. a lump sum payment equal to the Consultant's earnings (Consulting Fees+ bonus) over the two (2) year period immediately preceding the date of termination;
 - ii. continuation of all benefits for a period of two (2) years from the date of termination, or payment in lieu of same;
 - iii. any RSU's vesting after the date of termination shall continue to vest to the extent permitted by the plan over the two (2) period following termination or payment in lieu thereof; and
 - iv. any unvested stock options held by the Consultant shall be deemed to have vested as at the date of termination and together with already vested options, shall remain outstanding for exercise until their original expiry date.

The receipt of any payments or other benefits pursuant to this section 7.c) will be subject to a) the Consultant signing a full and final release in a form attached hereto as Schedule "A" (the "**Release**"); and b) Bruce Linton executing any documents necessary to resign as director and/or officer of the Corporation. No payments or other benefits will be paid or provided until the Release is executed.

For purposes hereof, "**Liquidation Event**" means any one of:

- (i) the consummation of a merger, amalgamation, plan of arrangement or other transaction or series of related transactions resulting in the combination of the Corporation with or into another entity, where the shareholders of the Corporation immediately prior to any such transaction(s) directly or indirectly do not continue to hold more than a 50% voting interest in the continuing or surviving entity immediately following such transaction or series of related transactions and no shareholder who held less than a 50% voting interest in the Corporation before such event holds directly or indirectly more than a 50% voting interest in the continuing or surviving entity immediately following such event;
- (ii) a transaction, or series of related transactions, as a result of which any person or group affiliated persons become the beneficial owner, directly or indirectly, of securities of the Corporation representing at least 50% of the total voting power represented by the Corporation's then outstanding voting securities other than any such transaction(s) solely related to a financing of the Corporation;
- (iii) a sale or transfer of all or substantially all of the Corporation's assets (other than a sale or transfer to a wholly-owned subsidiary of the Corporation); or
- (iv) an exclusive irrevocable licensing of all or substantially all of the Corporation's intellectual property to a third party that would otherwise qualify as a sale of all or substantially all of the assets of the Corporation under applicable law (other than a licensing to a wholly-owned subsidiary of the Corporation);

provided, however, that a transaction shall not constitute a Liquidation Event for the purposes of this definition if (A) its sole purpose is to change the jurisdiction of the Corporation's incorporation, or (B) it will create a holding Corporation that will be owned in substantially the same proportions by the persons who held the Corporation's securities immediately prior to such transaction.

The Consultant will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that Executive may receive from any other source reduce any such payment.

8. Termination on Death of Bruce Linton

This Agreement shall be automatically terminated by the death of Bruce Linton. Within 30 days of his death, a lump sum payment equal to the Consultant's earnings (Consulting Fees plus actual bonus) over the one (1) year period immediately preceding the date of death shall be made to his estate, and any earned Consulting Fees and bonus payments, if any, up to the date of death, shall also be paid to the Consultant. Stock options and other incentive grants shall be governed by the applicable incentive plans.

The Corporation and Bruce agree to use commercial reasonable efforts to obtain a minimum of \$1 million of life insurance on Bruce. Any insurance policy purchased or obtained by the Corporation on the life of Bruce shall be payable to the Corporation and to the Consultant or Bruce's estate in equal shares.

9. Confidentiality

The parties hereby agree that all trade secrets, trade names, client information, client files and processing and marketing techniques relating to the business of the Corporation shall become, on execution of the Agreement, and shall be thereafter, as the case may be, the sole property of the Corporation, whether arising before or after the execution of this Agreement. The Consultant agrees to keep the affairs of and information relating to the Corporation, whether financial and otherwise, strictly confidential and shall not disclose, divulge or use such information for any interests other than those of the Corporation for so long as such information remains confidential unless the information is in the public domain or has entered the public domain other than by breach of this Agreement or the Consultant is otherwise authorized in writing by the Board of Directors of the Corporation.

10. Confidentiality of Agreement

The parties agree that this Agreement is confidential and shall remain so. The parties agree that this Agreement or the contents hereof shall not be divulged by any party without the consent in writing of the other party, with the exception of personal advisors only and except as may be required by law or regulatory bodies except to the extent necessary to enforce their rights hereunder.

11. Non-solicitation

The Consultant and Bruce Linton agree that neither the Consultant nor Bruce Linton will, at any time, directly or indirectly, during the term of this Agreement and for a period of two (2) years following the termination of this Agreement:

- a) divulge to any person, firm or corporation any name, address, or other personal information of any customer of the Corporation;
- b) attempt, directly or indirectly, to obtain the withdrawal from the Corporation of any of the Corporation's employees; or
- c) attempt to solicit, interfere with, or endeavour to entice away from the Corporation, any customer or any person, firm or corporation, with whom the Consultant had dealings during the twelve (12) months preceding the date of termination.

12. Non-competition

The Consultant and Bruce Linton agree that during the term of this Agreement, and upon termination for any reason, for a period of two (2) years following such termination, neither the Consultant nor Bruce Linton will, whether alone or in partnership or association with any other person, Corporation, partnership, business, or entity, be engaged in any business within Canada which is the same as, or competitive with the business of the Corporation. For the purposes of this Agreement, the "business of the Corporation" is defined as the growing, extraction, and sales of cannabis and cannabis related products.

Notwithstanding the above, this covenant shall not apply in the event of a termination pursuant to section 7c) if the Corporation otherwise refuses or fails to meet its obligations under section 7c).

13. Severability

The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision and any invalid provision will be severable from this Agreement.

14. Governing Law

This Agreement is governed by and is to be construed, interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

15. Heirs/Successors Bound

This Agreement enures to the benefit of and is binding upon the parties and their respective heirs, administrators, executors, successors and assigns, as appropriate.

16. Time of the Essence

Time shall be of the essence in this Agreement.

17. Entire Agreement

The parties to this Agreement agree that any and all prior agreements whether written or oral, express or implied, between them relating to or in any way connected with the engagement of the Consultant by the Corporation or any associated, affiliated, predecessor or parent corporations are declared null and void and are superseded by the terms of this Agreement.

18. Amendment

This Agreement may not be altered, modified or amended except by written instrument signed by both of the parties hereto and properly witnessed.

19. Headings

All headings in this Agreement are for convenience only and shall not be used for the interpretation of this Agreement.

20. Notice

Any notice required or permitted to be made or given under this Agreement to either party shall be in writing and shall be sufficiently given if delivered personally, or if sent by prepaid registered mail to the intended recipient of such notice at:

a) in the case of the Corporation:

1 Hershey Drive
Smiths Falls, ON K7A 4S9

b) in the case of the Consultant:

9 Shamrock Place
Ottawa, ON K2R 1A9

or at such other address as the party to whom such writing is to be given shall provide in writing to the party giving the said notice. Any notice delivered to the party to whom it is addressed shall be deemed to have been given and received on the day it is so delivered or, if such day is not a business day, then on the next business day following any such day. Any notice mailed shall be deemed to have been given and received on the fifth business day following the date of mailing.

21. Currency

All sums of money referred to in this Agreement are expressed in Canadian Dollars unless otherwise stated.

22. Independent Legal Advice

The parties hereby declare that they have had the opportunity to seek independent legal advice with respect to this Agreement and that they fully understand this Agreement.

The remainder of this page is intentionally left blank

The parties have duly executed this Agreement as of the dates indicated below.

CANOPY GROWTH CORPORATION

I have authority to bind the Corporation

May 15, 2017

Per: /s/ John Bell

HBAM HOLDING INC.

I have authority to bind the Corporation

May15, 2017

Per: /s/ Bruce Linton

/s/ Olivia Carey

Witness

The parties have duly executed this Agreement as of the dates indicated below.

CANOPY GROWTH CORPORATION

I have authority to bind the Corporation

Per: _____

HBAM HOLDING INC.

I have authority to bind the Corporation

Per: /s/ Bruce Linton

Date

May15, 2017

/s/ Olivia Carey
Witness

July 2, 2019

VIA HAND DELIVERED

HBAM Holding Inc. c/o
Bruce Linton
9 Shamrock Place
Ottawa, ON K2R 1A9

Dear Sir:

Re: Termination of Consulting Agreement

As we discussed in our meeting today, Canopy Growth Corporation (the "Company") hereby confirms the termination of the Consulting Agreement between the Company, HBAM Holding Inc. ("HBAM") and Bruce Linton ("Linton") dated May 15, 2017 (the "Consulting Agreement"). In this regard, the Company confirms that:

1. The Company will pay HBAM all earned but unpaid Consulting Fee (as defined in the Consulting Agreement) until and including July 2, 2019 (the "Termination Date").
2. The Company will provide the following to HBAM in accordance with section 7(c) of the Consulting Agreement:
 - (a) a lump-sum payment of \$1,500,000, payable on or prior to July 30, 2019;
 - (b) subject to applicable plan terms, continuation of all health benefits for two (2) years after the Termination Date, or alternatively or otherwise at the Company's discretion, payment in lieu of the same;
 - (c) to the extent permitted by the Company's Amended and Restated Omnibus Incentive Plan (the "Plan"), continued vesting of HBAM's and Linton's applicable restricted stock units or, in the alternative, a payment in lieu of such continued vesting; and
 - (d) notwithstanding the terms of the Plan or any award agreement to the contrary, all of HBAM's or Linton's unvested stock options as of the Termination Date shall immediately vest, and all of HBAM's or Linton's vested options shall remain exercisable until their original expiry date as set out in the applicable award agreement(s) and/or the Plan.
3. Provision of the entitlements set out in paragraph 3 above are conditional on:
 - (a) HBAM and Linton executing the Mutual Release attached at Schedule "A", which Mutual Release contains confidentiality and non-disparagement provisions. The Company will also execute a copy of that Mutual Release;
 - (b) Linton executing all documents required by the Company to resign as a director and/or officer of the Company and its applicable direct and indirect subsidiaries and portfolio companies (including, for certainty, as a director of Canopy Rivers Inc.), including, without limitation, the resignation attached at Schedule "B"; and
 - (c) HBAM and Linton continuing to abide by the non-competition and non-solicitation provisions set out at sections 11 and 12 of the Consulting Agreement, which provisions HBAM and Linton acknowledge and agree are reasonable given the nature of HBAM and Linton's engagement with the Company.

To confirm acceptance of this letter agreement, please execute a copy of this letter in the space indicated below, as well as the attached Mutual Release, and return a copy of each to the writer by no later than 5:00 p.m. ET on July 2, 2019.

Yours truly,

CANOPY GROWTH CORPORATION

/s/ John Bell

John Bell
Director

ACCEPTANCE:

HBAM Holding Inc. and Bruce Linton accept the offer as set out at paragraphs 3 and 4 of the above letter. HBAM and Linton agree to execute and comply with the terms of the attached Mutual Release. HBAM and Linton further agree to abide by the non-competition and non-solicitation provisions set out at sections 11 and 12 of the Consulting Agreement, which we acknowledge and agree are reasonable and enforceable.

HBAM HOLDING INC.

/s/ Bruce Linton

/s/ Jonathan Sherman

(signature)

Jonathan Sherman

Witness (print name)

Per: Bruce Linton

/s/ Bruce Linton

BRUCE LINTON

SCHEDULE "A" MUTUAL RELEASE

This Mutual Release is effective the 2nd day of July, 2019.

1. HBAM/LINTON RELEASE

HBAM HOLDING INC. ("HBAM") and BRUCE LINTON ("Linton"), in consideration of the terms of the letter to which this Mutual Release is attached (the "Separation Agreement"), which evidences the settlement between HBAM and Linton and CANOPY GROWTH CORPORATION (the "Company"), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do for themselves, and each of their applicable affiliates, heirs, executors, administrators and assigns (collectively, the "HBAM Parties"), hereby remise, release and forever discharge the Company, its shareholders, affiliates, partners, and each of their former, present and future shareholders, affiliates, officers, directors, trustees, employees, partners, agents and assigns (collectively, the "Releasees") from any and all actions, causes of action, suits, claims, demands, covenants, indemnity, expenses, loss, injury, interest, obligations, contracts, liabilities, debts, duties, expenses, costs and damages, whether absolute or contingent, and of any nature whatsoever which the HBAM Parties may now have or hereafter can, shall or may have against the Releasees or any of them, by reason of or arising out of any cause, matter or thing whatsoever done, occurring or existing up to and including both the present date and, in particular, without in any way restricting the generality of the foregoing, in respect of all claims of any nature whatsoever, past, present or future, directly or indirectly related to or arising out of or in connection to the HBAM Parties' relationship with the Releasees, status as a contractor, consultant employee, director or officer of the Company or its affiliates or subsidiaries, or the cessation of services to or with the Company or its affiliates or subsidiaries, including but not limited to any claims related to any entitlement the HBAM Parties may have or may have had to any payment or claim either under contract, at common law or under any applicable legislation related to the HBAM Parties' engagement with the Releasees.

NOTWITHSTANDING the foregoing, nothing in this Mutual Release releases any rights that the HBAM Parties may have pursuant to:

- (a) the Separation Agreement;
- (b) any corporate indemnity existing by statute, contract or the Company's constating documents as a result of Linton having acted at any time as a director or officer of the Company or its affiliates; or
- (c) any insurance maintained for the benefit or protection of existing or former directors and/or officers of the Company or its affiliates, including without limitation, directors' and officers' liability insurance.

AND FOR THE SAID CONSIDERATION, the HBAM Parties represent and warrant that they have not assigned to any person, firm, or company any of the actions, causes of action, claims, suits, executions or demands which they release by this Mutual Release, or with respect to which they agree not to make any claim or take any proceeding herein.

IT IS FURTHER ACKNOWLEDGED that any benefits the HBAM Parties may have had have ended, or will end, on the terms set out in the Separation Agreement. The HBAM Parties confirm that this constitutes all benefits due to either of them and that they have no further claim against the Releasees for such benefits. The HBAM Parties covenant not to sue the Releasees for insurance or other benefits or loss of the same and the HBAM Parties hereby release the Releasees from any and all further obligations or liabilities arising therefrom.

IT IS FURTHER ACKNOWLEDGED that the HBAM Parties are, or will be once the terms of the Separation Agreement are performed, in receipt of all payments and amounts owed to either of them.

3. COMPANY RELEASE

The Company forever releases, remises and discharges the HBAM Parties from any and all actions, causes of action, suits, claims, demands, covenants, indemnity, expenses, loss, injury, interest, obligations, contracts, liabilities, debts, duties, expenses, costs and damages, whether absolute or contingent, of any and every kind and nature whatsoever, at law or in equity, which against the HBAM Parties the Company ever had, now has, or can hereafter have by reasons of or existing out of any causes whatsoever existing up to and inclusive of the date hereof, including but without limiting the generality of the foregoing, Linton having been a director or officer of the Company or its affiliates. Notwithstanding the foregoing, this release of the HBAM Parties does not include a release for acts of fraud, willful or deliberate misconduct by the HBAM Parties.

4. GENERAL

IT IS HEREBY AGREED that the parties shall not, at any time, make any false, disparaging, derogatory or defamatory statements in public or in private regarding, as applicable, the HBAM Parties' or the Releasees' business affairs, business prospects, financial condition, shareholders, affiliates, subsidiaries or its and their respective directors, officers, employees or agents to any party, including but not limited to any media outlet, industry group, regulatory body, financial institution, or employee, consultant, or customer of the Releasees or the HBAM Parties.

IT IS HEREBY AGREED that the terms of this Mutual Release and the Separation Agreement will be kept confidential. The parties shall not communicate any such terms to any third party under any circumstances whatsoever, excepting any necessary communication with, as applicable, their spouses or legal and financial advisors, as required, on the express condition that they maintain the confidentiality thereof, and any disclosure which is required by law, although any party shall be at liberty to disclose to third parties that a mutually acceptable release and settlement was agreed upon. The invalidity or unenforceability of any provision of this Mutual Release or the Separation Agreement shall not affect the validity or enforceability of any other provision therein, which shall remain in full force and effect.

THE PARTIES ACKNOWLEDGE that the satisfactory arrangements made between them do not constitute any admission of liability by or on behalf of the Releasees or the HBAM Parties.

THE PARTIES HEREBY DECLARE that they have read all of this Mutual Release and the Separation Agreement, fully understand their terms and voluntarily accept the consideration stated therein as consideration for the purpose of making a full and final settlement. The parties acknowledge and confirm that they have been given an adequate period of time to obtain independent legal counsel regarding the meaning and the significance of the terms of this Mutual Release and the Separation Agreement. The parties understand and agree that the terms of this Mutual Release and the Separation Agreement contain the entire agreement between the parties pertaining to the subject matter hereof. The parties further understand that any dispute relating to this Mutual Release or the Separation Agreement will be governed by the laws of the Province of Ontario and agree to submit to the jurisdiction of the courts of that province.

[Signature Page Follows]

THIS MUTUAL RELEASE IS DATED effective as of the date first set out above.

CANOPY GROWTH CORPORATION

Per:

HBAM HOLDING INC.

Per: Bruce Linton

Witness (signature)

BRUCE LINTON

Witness (print name)

SCHEDULE B

TO: The Shareholders and Board of Directors of Canopy Growth Corporation and each of its direct and indirect subsidiaries, affiliates and associated entities (including any and all portfolio companies)

AND TO: The Shareholders and Board of Directors of Canopy Rivers Inc. and each of its direct and indirect subsidiaries, affiliates and associated entities (including any and all portfolio companies)

I, Bruce Linton, hereby resign as a director and officer of each foregoing entities, as applicable, effective July 2, 2019.

Witness (signature)

BRUCE LINTON

Witness (print name)

MUTUAL RELEASE

This Mutual Release is effective the 2nd day of July, 2019.

1. HBAM/LINTON RELEASE

HBAM HOLDING INC. ("HBAM") and BRUCE LINTON ("Linton"), in consideration of the terms of the letter to which this Mutual Release is attached (the "**Separation Agreement**"), which evidences the settlement between HBAM and Linton and **CANOPY GROWTH CORPORATION** (the "**Company**"), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do for themselves, and each of their applicable affiliates, heirs, executors, administrators and assigns (collectively, the "**HBAM Parties**"), hereby remise, release and forever discharge the Company, its shareholders, affiliates, partners, and each of their former, present and future shareholders, affiliates, officers, directors, trustees, employees, partners, agents and assigns (collectively, the "**Releasees**") from any and all actions, causes of action, suits, claims, demands, covenants, indemnity, expenses, loss, injury, interest, obligations, contracts, liabilities, debts, duties, expenses, costs and damages, whether absolute or contingent, and of any nature whatsoever which the HBAM Parties may now have or hereafter can, shall or may have against the Releasees or any of them, by reason of or arising out of any cause, matter or thing whatsoever done, occurring or existing up to and including both the present date and, in particular, without in any way restricting the generality of the foregoing, in respect of all claims of any nature whatsoever, past, present or future, directly or indirectly related to or arising out of or in connection to the HBAM Parties' relationship with the Releasees, status as a contractor, consultant employee, director or officer of the Company or its affiliates or subsidiaries, or the cessation of services to or with the Company or its affiliates or subsidiaries, including but not limited to any claims related to any entitlement the HBAM Parties may have or may have had to any payment or claim either under contract, at common law or under any applicable legislation related to the HBAM Parties' engagement with the Releasees.

NOTWITHSTANDING the foregoing, nothing in this Mutual Release releases any rights that the HBAM Parties may have pursuant to:

- (a) the Separation Agreement;
- (b) any corporate indemnity existing by statute, contract or the Company's constating documents as a result of Linton having acted at any time as a director or officer of the Company or its affiliates; or
- (c) any insurance maintained for the benefit or protection of existing or former directors and/or officers of the Company or its affiliates, including without limitation, directors' and officers' liability insurance.

AND FOR THE SAID CONSIDERATION, the HBAM Parties represent and warrant that they have not assigned to any person, firm, or company any of the actions, causes of action, claims, suits, executions or demands which they release by this Mutual Release, or with respect to which they agree not to make any claim or take any proceeding herein.

IT IS FURTHER ACKNOWLEDGED that any benefits the HBAM Parties may have had have ended, or will end, on the terms set out in the Separation Agreement. The HBAM Parties confirm that this constitutes all benefits due to either of them and that they have no further claim against the Releasees for such benefits. The HBAM Parties covenant not to sue the Releasees for insurance or other benefits or loss of the same and the HBAM Parties hereby release the Releasees from any and all further obligations or liabilities arising therefrom.

IT IS FURTHER ACKNOWLEDGED that the HBAM Parties are, or will be once the terms of the Separation Agreement are performed, in receipt of all payments and amounts owed to either of them.

3. COMPANY RELEASE

The Company forever releases, remises and discharges the HBAM Parties from any and all actions, causes of action, suits, claims, demands, covenants, indemnity, expenses, loss, injury, interest, obligations, contracts, liabilities, debts, duties, expenses, costs and damages, whether absolute or contingent, of any and every kind and nature whatsoever, at law or in equity, which against the HBAM Parties the Company ever had, now has, or can hereafter have by reasons of or existing out of any causes whatsoever existing up to and inclusive of the date hereof, including but without limiting the generality of the foregoing, Linton having been a director or officer of the Company or its affiliates. Notwithstanding the foregoing, this release of the HBAM Parties does not include a release for acts of fraud, willful or deliberate misconduct by the HBAM Parties.

4. GENERAL

IT IS HEREBY AGREED that the parties shall not, at any time, make any false, disparaging, derogatory or defamatory statements in public or in private regarding, as applicable, the HBAM Parties' or the Releasees' business affairs, business prospects, financial condition, shareholders, affiliates, subsidiaries or its and their respective directors, officers, employees or agents to any party, including but not limited to any media outlet, industry group, regulatory body, financial institution, or employee, consultant, or customer of the Releasees or the HBAM Parties.

IT IS HEREBY AGREED that the terms of this Mutual Release and the Separation Agreement will be kept confidential. The parties shall not communicate any such terms to any third party under any circumstances whatsoever, excepting any necessary communication with, as applicable, their spouses or legal and financial advisors, as required, on the express condition that they maintain the confidentiality thereof, and any disclosure which is required by law, although any party shall be at liberty to disclose to third parties that a mutually acceptable release and settlement was agreed upon. The invalidity or unenforceability of any provision of this Mutual Release or the Separation Agreement shall not affect the validity or enforceability of any other provision therein, which shall remain in full force and effect.

THE PARTIES ACKNOWLEDGE that the satisfactory arrangements made between them do not constitute any admission of liability by or on behalf of the Releasees or the HBAM Parties.

THE PARTIES HEREBY DECLARE that they have read all of this Mutual Release and the Separation Agreement, fully understand their terms and voluntarily accept the consideration stated therein as consideration for the purpose of making a full and final settlement. The parties acknowledge and confirm that they have been given an adequate period of time to obtain independent legal counsel regarding the meaning and the significance of the terms of this Mutual Release and the Separation Agreement. The parties understand and agree that the terms of this Mutual Release and the Separation Agreement contain the entire agreement between the parties pertaining to the subject matter hereof. The parties further understand that any dispute relating to this Mutual Release or the Separation Agreement will be governed by the laws of the Province of Ontario and agree to submit to the jurisdiction of the courts of that province.

[Signature Page Follows]

THIS MUTUAL RELEASE IS DATED effective as of the date first set out above.

CANOPY GROWTH CORPORATION

/s/ John Bell

Per:

HBAM HOLDING INC.

/s/ Bruce Linton

Per: Bruce Linton

/s/ Jonathan Sherman

Witness (signature)

/s/ Bruce Linton

BRUCE LINTON

Jonathan Sherman

Witness (print name)



Exhibit 10.17

EXECUTIVE EMPLOYMENT AGREEMENT

BETWEEN:

Tweed Inc., a Company incorporated under the laws of Ontario

(the “**Company**”)

- and -

Mark Zekulin

(the “**Employee**”)

RECITAL:

The Company and the Employee wish to enter into this agreement, which includes the enclosed Intellectual Property and Confidentiality Agreement, (hereinafter collectively referred to as the “**Agreement**”) to set forth the rights and obligations of each of them with respect to the Employee’s employment with the Company;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Company and the Employee agree as follows:

1 Hershey Drive, Smiths Falls, ON K7A 0A8
(855) 558 9333 / tweed.com

ARTICLE 1- DEFINITIONS

Section 1.1 Definitions

In this Agreement:

"Business" means (i) the development, marketing and sale of medical marijuana and related products developed in future by the Company and its' subsidiaries, (ii) any other business conducted by the Company after the date of this Agreement and before the termination of this Agreement; and (iii) any business that the Company is in the process of developing at the time this Agreement is terminated.

"Business Day" means any day of the week other than Saturday, Sunday and statutory holidays in Ontario.

"Confidential Information" means Confidential Information as defined in the Intellectual Property and Confidential Information Agreement.

"Entity" means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns have a similarly extended meaning.

"ESA" means the *Employment Standards Act* (Ontario), 2000 S.O. 2000, c. 41 as amended from time to time;

"Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted; and

"Territory" means Canada.



ARTICLE 2- EMPLOYMENT

Section 2.1Term

The Company shall employ the Employee on an indeterminate basis beginning on September 11, 2013 and ending on the effective date that the Employee's employment under this Agreement is terminated in accordance with Article 7 (the "**Employment Period**").

Section 2.2Position

The Employee's position will be Chief Executive Officer or such other senior position as the Company may from time to time designate.

ARTICLE 3 – PERFORMANCE OF DUTIES

The Employee shall serve the Company faithfully, honestly, diligently and to the best of the Employee's ability. The Employee shall devote all of the Employee's working time and attention to the Employee's employment hereunder and shall use the Employee's best efforts to promote the interests of the Company. In this regard, the Employee may serve on any outside board of directors only after receiving written approval from the Company.

ARTICLE 4 – POLICIES, RULES, REGULATIONS AND PROCEDURES

Section 4.1Employee Handbook

- (a) The Company reserves the right to establish an employee handbook (and subsequently, revise, remove or add to its contents) at any time with or without notice to the Employee (the "**Employee Handbook**").
- (b) The policies, rules, regulations and procedures contained in the Employee Handbook, if established, constitute an integral part of this Agreement.



- (c) In the event of an inconsistency between the Employee Handbook and the terms and conditions of this Agreement, this Agreement shall prevail.

ARTICLE 5 – REMUNERATION

Section 5.1 Basic Remuneration

You will be paid five hundred thousand dollars (\$500,000.00) per annum, subject to statutory and benefits deductions.

Section 5.2 Overtime / Hours of Work

As a managerial employee, the Employee is not entitled to receive overtime, pursuant to the provisions of the ESA. It is understood that the hours of work involved will vary and may be irregular as are required to meet the objectives of the Employee's duties.

Section 5.3 Benefits

- (a) **Group health and insurance benefits.** The Company shall provide to the Employee group health and insurance benefits, subject to any waiting periods that may be prescribed in the applicable policies. The terms, carrier and existence of the group health and insurance benefits are subject to change from time to time at the Company's sole discretion. These benefits will be provided on a premium cost sharing basis and, notwithstanding the foregoing, any issues with respect to entitlement, eligibility or payment of a benefit under the insurance benefit package will be resolved at the sole discretion of the insurer in accordance with the requirements of the applicable policy.
- (b) **Short & Long-term Disability.** The Employee is solely and completely responsible for the costs of the premiums associated with the short and long-term disability component of any group benefits coverage.



Section 5.4 Bonus

You are entitled to be considered for a discretionary annual performance bonus of no more than \$250,000.

Section 5.5 Stock Options

The Employee may have received or be eligible to receive stock options in the amount and on the terms and conditions that may be approved by the Board.

Notwithstanding the above or the terms of the Plan, if a Change of Control occurs and irrespective of whether the above-noted Options are being assumed, substituted, exchanged or terminated in connection with the Change of Control, the vesting and exercisability of the Options shall accelerate such that the Options shall become vested and exercisable to the extent of 100% of the Option Shares then unvested, effective as of immediately prior to consummation of the Change of Control. As used herein, **"Change of Control"** means (a) a sale of all or substantially all of the Corporation's assets; (b) a merger, consolidation or other capital reorganization or business combination transaction of the Corporation with or into another corporation, limited liability company or other entity (other than a wholly-owned subsidiary of the Corporation); or (c) the consummation of a transaction, or series of related transactions, in which any person becomes the beneficial owner, directly or indirectly, of all of the Corporation's then outstanding voting securities. Notwithstanding the foregoing, a transaction shall not constitute a Change of Control if its purpose is to (i) change the jurisdiction of the Corporation's incorporation, (ii) create a holding company that will be owned in substantially the same proportions by the persons who hold the Corporation's securities immediately before such transaction, or (iii) obtain funding for the Corporation in a financing that is approved by the Corporation's Board of Directors.

In addition to the foregoing, all stock options held by the Employee shall become vested exercisable to the extent of 100% of the optioned shares then unvested, effective as of the occurrence of either of the following events (i) the death of the Employee or (ii) if the Consulting Agreement between the Company, HBAM Holding Inc. and Bruce Linton is terminated by the Company without the prior written consent of HBAM Holdings Inc and Bruce Linton, other where such termination is pursuant to the "force cause" provisions in Section 7b) therefor.



Section 5.6 Expenses

The Company will pay or reimburse the Employee for all reasonable and approved travelling and other out-of-pocket expenses incurred by the Employee in connection with his employment.

Section 5.7 Vacation

The Employee will be entitled to five (5) weeks' vacation with pay during each calendar year of service or the prorated equivalent for each partial calendar year of service to be taken at a time(s) that is mutually agreeable to the Employee and the Company. Vacation time shall accrue on a pro-rated, monthly basis. The Employee will not be allowed to carry forward any unused vacation time into the next calendar year unless otherwise agreed to in writing by the Company, or required under the ESA.

ARTICLE 6 – INFORMATION OF EMPLOYEE

Section 6.1 Information to be provided by Employee

The Employee agrees to provide the Company with proof of the Employee's eligibility to work in Canada if requested by the Company from time to time.

Section 6.2 Consent to Use Personal Information

The Employee hereby consents to the collection, use, storage and disclosure of personal information by the Company about the Employee as may be required for the following purposes (subject to the provisions of the *Personal Information Protection and Electronic Documents Act* (Canada), 2000, c. 5 and or other applicable legislation):

- (a) for reporting purposes to any trade or professional association governing the Company or any investigative body having authority over the Company;
- (b) as required by law;
- (c) as required in order to obtain financing, insurance or contracts for the Company;



- (d) in connection with any proposed sale of the shares or assets of the Company;
- (e) in connection with obtaining employee benefits or insurance;
- (f) in connection with any outsourcing of information by the Company to a third party supplier of information processing services, including but not limited to payroll, health benefits, insurance and pension plan benefits;
- (g) for the internal operational purposes of the Company; and
- (h) to the Employee or to any other person with the consent of the Employee.

Section 6.3 Protection of Personal Information

- (a) The Employee agrees that, with respect to any personal information about individuals that is collected, used or disclosed by the Company ("**Personal Information**") and which the Employee learns of or comes in contact with in the course of his or her employment, that he or she will not, without the prior written consent of the Company:
 - i) disclose or make available any Personal Information to any person;
 - ii) use any Personal Information for any purpose not authorized by the Company; or
 - iii) sell, trade, barter, disclose or transfer any Personal Information to any person.

ARTICLE 7 – TERMINATION

This Agreement and the Employee's employment may be terminated in the following manner as set out below.

Section 7.1 Termination by the Company for Cause

- (a) The Employee's employment may be terminated by the Company for cause without notice or payment in lieu of notice or severance pay. Termination for cause includes, but is not limited to, the following: a breach of any material provision of this Agreement including but not limited to any breach of the Intellectual Property and Confidentiality Agreement; an act of dishonesty, fraud, recklessness, carelessness or negligent performance of the Employee's duties; disobeying or disregarding any direct instructions of the Employee's supervisor; engaging in an act involving moral



turpitude or conduct which might adversely affect the reputation of the Company or the Employee in the eyes of the public; a breach of any of the Employee's professional obligations and duties including but not limited to a breach of TSX Venture Exchange; a failure to comply with section 6.1 of this Executive Employment Agreement or a loss or suspension of the Employee's eligibility to work in Canada; and any other serious misconduct by the Employee that would constitute cause at common law.

- (b) In the event the Employee is terminated for cause, the Company's sole obligation will be to pay to the Employee:
 - i) any portion of the Base Salary that has been earned by the Employee prior to the date of termination but has not paid; and
 - ii) accrued vacation pay, if any, that has been earned by the Employee prior to the date of termination, but not paid.
- (c) Failure by the Company to terminate employment based on the provisions of this Section 7.1 shall not constitute a precedent, condonation of the behavior or be deemed a waiver of the Company's right to exercise these provisions as cause for immediate dismissal at another time.

Section 7.2 Termination by the Company without Cause

- (a) The employment of the Employee may be terminated by the Company at any time without cause upon providing the Employee with the following:
 - i. A lump sum payment equal to two (2) times the Employee's then current base salary;
 - ii. continuation of all benefits for a period of two (2) years from the date of termination, or payment in lieu of same, excluding disability, accidental death and dismemberment and life insurance benefits which will end at the end of the minimum notice period required by the ESA;
 - iii. any RSU's vesting after the date of termination shall continue to vest to the extent permitted by the plan over the two (2) year period following termination; and
 - iv. any unvested stock options held by you shall continue to vest over the two (2) year following termination



The receipt of any payments or other benefits pursuant to this Section 7.2(a) will be subject to (1) you signing a full and final release in favour of the Company and its related parties (the "**Release**") and (2) the Employee executing any documents necessary to resign as a director and/or officer of the Company and its affiliates. No payments or other benefits will be paid or provided until the Release is executed.

The Employee will not be required to mitigate the amount of any payment contemplate by this Agreement, nor will any earnings that you may receive from any other source reduce such payment.

In the event that the above terms (or any other term of this Agreement) does not meet or exceed the minimum requirements of the ESA, to the extent of such conflict the minimum provisions of the ESA shall apply and the Company shall instead provide you with such combination of notice, pay in lieu of such notice at the Company's option, severance pay and other benefits and entitlements as may be required to meet the minimum requirements under the ESA and no more.

(b) For the purposes of this Section 7.2 only, the term "Change of Control" shall mean:

- (i) Any person or related group of persons acquires possession, directly or indirectly, of the power to direct or cause the direction or the management or policies of the Company or Canopy Growth Corporation ("CGC"), whether through the ability to exercise voting power, by contract, or otherwise. Without limiting the foregoing, each of the following shall be deemed to be a "Change of Control": (A) a person or related group or persons acquires the ability to nominate a majority of the directors on the board of directors of the Company or CGC through contract or otherwise; or (B) a person or related group or persons acquires securities of the Company or CGC to which are attached more than 50% of the votes that may be cast to elect directors of the corporation are beneficially owned by that person or related group of persons; or
- (ii) the sale or disposition of all or substantially all of the assets of the Company or CGC to a non-affiliated party; or
- (iii) the merger, amalgamation, arrangement or consolidation (or similar transaction) of the Company or CGC with or into any other non-affiliated corporation in which the shareholders of the Company or CGC, as applicable, prior to such transaction do not, in the aggregate, hold securities of the Company or CGC, as applicable, to which are attached more than 50% of the votes that may be cast to elect directors of the corporation.



If at any time during the term of this Agreement the Company or CGC undergoes a Change of Control and either:

- A. the Employee's employment is terminated by the Company for any reason other than for just cause within one (1) year following such Change of Control or
- B. the Employee resigns his employment with the Company within sixty (60) days following either of the following events:
 - (i) the Employee is demoted or his responsibilities are materially reduced without his consent. in either case within one (1) year following the date of such Change of Control; or
 - (ii) the Employee's overall target rate of compensation is reduced within one (1) year following the date of such Change of Control;

the Employee shall be entitled to receive the payments and benefits set out in Section 7.2(a) as though the Employee's employment had been terminated by the Company without cause in accordance with such Section 7.2(a) and any RSUs and unvested stock options held by the Employee as of the date of termination shall be deemed to be fully vested as of the date of termination and shall be exercisable thereafter in accordance with the terms of the CGC omnibus incentive plan. For greater certainty the execution of a Release and other documents required by Section 7.2(a) shall be a pre-condition to such payments.

For greater certainty, a determination by the Company that the Employee will not be paid some or all of a discretionary bonus shall not be considered to be a reduction in the Employee's overall target rate of compensation for the purposes of the foregoing.

For greater certainty, the terms of this Section 7.2(b) shall apply to each and every event that occurs during the term of this Agreement that meets the definition of "Change of Control"



Section 7.3 Termination by the Employee

This Agreement and the employment of the Employee hereunder may be terminated at any time by the Employee giving the Company four weeks' notice of resignation in writing. Upon receipt of such notice, the Company, in its sole discretion, may, by notice in writing, waive the notice of resignation period in whole or in part by specifying an earlier termination date, however, in such an event, the Employee shall be paid the outstanding portion of Base Salary and accrued, but unused, vacation for such waived period. All other entitlements, including coverage under the Company's Benefit Plan(s), if any, shall cease as of the earlier termination date.

Section 7.4 Termination by Mutual Agreement

This Agreement and the employment of the Employee hereunder may be terminated by mutual agreement of the parties hereto in writing, in which event the Employee shall continue to accrue and receive the Base Salary and benefits through to the date of termination reached pursuant to such mutual agreement.

Section 7.5 Resignation as Director and Officer

At the option of the Company, upon any termination of this Agreement, the Employee shall sign forms of resignation indicating the Employee's resignation as a director and officer of the Company and any subsidiaries or affiliates of the Company and of any other entities of which the Employee occupies similar positions as part of or in connection with the performance by the Employee of his or her duties under this Agreement, if applicable.

ARTICLE 8 – REPRESENTATIONS AND COVENANTS

Section 8.1 Non-Competition

- (a) In light of the nature of the Executive's position and the close relationship the Executive will have with the clients, it is important for the Corporation to limit interference with business. Therefore, during the Executive's employment and for twelve (12) months thereafter the Executive will not on his own behalf nor shall he work at, work for, be employed by, provide services to, engage with or assist in any way, whether or not for remuneration, recognition or reward any person,



corporation, or organization, whether or not such organization is operated for profit, that sells or intends to sell marijuana or provides marijuana-related services or products in any jurisdiction in which CGC or its subsidiaries has operations. Without limiting the generality of the foregoing as of the date hereof such jurisdictions include Canada, USA, Brazil, Columbia, Czech Republic, Germany, United Kingdom, Australia, Lesotho, Poland and Italy.

- (b) The Executive shall, however, not be in default under Section 8.1 by virtue of the Executive holding, strictly for portfolio purposes and as a passive investor, no more than five percent (5%) of the issued and outstanding shares of or any other interest in, anybody corporate which is listed on any recognized stock exchange, the business of which body corporate is in competition, in whole or in part, with the Corporation.

Section 8.2 No Solicitation of Customers

The Employee shall not, during the Employment Period and for a period of twelve (12) months thereafter, directly or indirectly, contact or solicit any designated customer or client of the Company for the purpose of selling to the designated customer or client any product or service which is the same as or substantially similar to, or in any way competitive with, a product or service sold by the Company during the last twelve (12) months of the Employment Period. For the purpose of this section, a "designated customer or client" means a Person, who was a customer or client of the Company during the last twelve (12) months of the Employment Period, whom the Employee communicated with during that same period of time.

Section 8.3 No Solicitation of Employees

The Employee shall not, during the Employment Period or for a period of twelve (12) months thereafter, directly or indirectly, employ or retain as an independent contractor any employee of the Company or induce or solicit, or attempt to induce, any such employee to leave that employee's employment.



Section 8.4 Non-Disparagement

The Executive covenants and agrees that he or she shall not, at any time during the term of this Agreement or thereafter, make or publish any written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumours, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or goodwill of the Corporation, its affiliates or its and their management; provided that nothing in this Section 8.4 shall be construed to preclude the Executive from (a) providing truthful information or testimony where required by law or (b) engaging in any protected concerted activity.

Section 8.5 No Conflicting Obligations

The Employee represents and warrants that none of the negotiation, entering into or performance of this Agreement has resulted in or may result in a breach by the Employee of any agreement, duty or other obligation with or to any Person, including, without limitation, any agreement, duty or obligation not to compete with any Person or to keep confidential the confidential information of any Person, and there exists no agreement, duty or other obligation binding upon the Employee that conflicts with the Employee's obligations under to this Agreement.

Section 8.6 Informing Prospective Employers

The Employee shall inform any prospective employer of the existence of the post-employment obligations imposed upon the Employee under this Agreement and the Intellectual Property and Confidentiality Agreement.

Section 8.7 Representations, Covenants and Remedies

- (a) The obligations of the Employee as set forth in Sections 8.1, 8.2, 8.3, 8.4 and 8.6 and the Intellectual Property and Confidentiality Agreement will be deemed to have commenced as of the date on which the Employee was first employed by the Company.
- (b) The Employee understands that the Company has expended significant financial resources in developing its products and services and its Confidential Information (as defined in the Intellectual Property and Confidentiality Agreement attached hereto as Schedule "B"). Accordingly, a breach or threatened breach by the Employee of any of



Sections 8.1, 8.2, 8.3 and Section 8.4 and the Intellectual Property and Confidentiality Agreement could result in unfair competition with the Company and could result in the Company suffering irreparable harm that can neither be calculated nor fully or adequately compensated by the recovery of damages alone. Accordingly, the Employee agrees that the Company will be entitled to interim and permanent injunctive relief, specific performance and other equitable remedies, in addition to any other relief to which the Company may become entitled.

- (c) The Employee acknowledges and agrees that the obligations contained in Article 8 and the Intellectual Property and Confidentiality Agreement are to remain in effect in accordance with each of their terms and will exist and continue in full force and effect despite any breach or repudiation, or alleged breach or repudiation, of this Agreement or the Employee's employment (including, without limitation, the Employee's wrongful dismissal) by the Company.

ARTICLE 9 – RECOGNITION

Section 9.1 Recognition

- (a) The Employee expressly recognizes that Article 8 and the Intellectual Property and Confidentiality Agreement are of the essence of this Agreement, and that the Company would not have entered into this Agreement without the inclusion of the said Article 8 and Intellectual Property and Confidentiality Agreement.
- (b) The Employee further recognizes and expressly acknowledges that: (i) the application of the Article 8 and Intellectual Property and Confidentiality Agreement will not have the effect of prohibiting him or her from earning a living in a satisfactory manner in the event of the termination his employment and of this Agreement, and (ii) the Company would be subject to an irreparable prejudice should one or several Article 8 and Intellectual Property and Confidentiality Agreement be infringed, or should the Employee be in breach of any of his or her obligations thereunder.
- (c) The Employee acknowledges and agrees that during the course of his or her employment with the Company, he or she will be privy to extensive Confidential Information and trade secrets of the Company, as well as the Company's substantial relationships and goodwill with, and information regarding, all of its customers. The Employee further recognizes and expressly acknowledges that the Article 8 and Intellectual Property and Confidentiality Agreement grant to the Company only such reasonable protection as is admittedly necessary to preserve the legitimate interests of the Company and the Employee equally recognizes, in this respect, that the description of the Business is reasonable.



- (d) If the scope of any restriction contained in this Agreement, including without limitation the time limitations associated therewith, is determined by a court or arbitrator of competent jurisdiction to be too broad to permit enforcement thereof to its fullest extent, then such restriction shall be enforced to the maximum extent permitted by law, and the parties hereby consent and agree that such scope may be modified judicially in any proceeding brought to enforce such a restriction.

Section 9.2 Remedies

The Employee hereby recognizes and expressly acknowledges that the Company would be subject to irreparable harm should any of the provisions of Article 8 and Intellectual Property and Confidentiality Agreement be infringed, or should any of the Employee's obligations thereunder be breached by the Employee, and that damages alone will be an inadequate remedy for any breach or violation thereof and that the Company, in addition to all other remedies, shall be entitled as a matter of right to equitable relief, including temporary or permanent injunction to restrain such breach. Such relief shall be in addition to, and not as an alternative to, any other remedies available to the Company at law or in equity. In addition, Employee agrees that if the Company prevails in any action to enforce its rights under Article 8 and Intellectual Property and Confidentiality Agreement, Employee will be obligated to pay the reasonable attorneys' fees and costs incurred by the Company in connection with its efforts to enforce its rights under those Articles of this Agreement. Employee further agrees that if he or she violates any provision of Sections 8.1, 8.2, 8.3 and 8.4 of this Agreement, the duration of those provisions shall be extended by the period of time during which such violation occurred.

ARTICLE 10 – GENERAL PROVISIONS

Section 10.1 Headings

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.



Section 10.2 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

Section 10.3 Entire Agreement

- (a) This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement. This Agreement supersedes and replaces all prior agreements, if any, written or oral, with respect to the Employee's employment by the Company and any rights which the Employee may have by reason of any such prior agreement or by reason of the Employee's prior employment, if any, by the Company. In the event of an inconsistency between this Executive Employment Agreement and the Intellectual Property and Confidentiality Agreement, this Executive Employment Agreement shall prevail. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneously with, or after entering into this Agreement. Furthermore, the Employee acknowledges and agrees that the Employee has not been induced to enter into this Agreement in any way.
- (b) All schedules attached to this Agreement as described below are incorporated into this Agreement by this reference and deemed to be a part of this Agreement.

Schedule "A"

Position Description

Schedule "B"

Intellectual Property and Confidential Information Agreement

Section 10.4 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.



Section 10.5Currency

Except as expressly provided in this Agreement, all amounts in this Agreement are stated and shall be paid in Canadian currency.

Section 10.6Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and Ottawa shall be the forum for any dispute arising out of this Agreement.

Section 10.7Counterparts

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

Section 10.8Acknowledgement

The Employee acknowledges that:

- (a) the Employee has had sufficient time to review and consider this Agreement thoroughly;
- (b) the Employee has read and understands the terms of this Agreement and the Employee's obligations hereunder; and
- (c) the Employee has been given an opportunity to obtain independent legal advice, or such other advice as the Employee may desire, concerning the interpretation and effect of this Agreement.

IN WITNESS WHEREOF the Employee has executed this Agreement as of the 21st day of September, 2018

Witness

Witness's name:

/s/ Mark Zekulin

Mark Zekulin



THE COMPANY has executed this Agreement as of the 21st day of September, 2018.

TWEED INC.

per: /s/ Bruce Linton
Authorized Signatory



SCHEDULE "A"

[Intentionally Deleted]



SCHEDULE "B"

INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

This Intellectual Property and Confidential Information Agreement (the "Agreement") is entered into between Tweed Inc. (the "Company") and Employee (the "Employee"). In the event this Agreement has been entered into with an independent contractor or sub-contractor, the independent contractor or sub-contractor as the case may be shall be referred to, for the purposes of this Agreement only and for simplicity, as an Employee. Any references to an independent contractor or a sub-contractor as an employee in this Agreement are not admissions that the Company and the independent contractor or sub-contractor are engaged in an employment relationship.

Whereas the Company is offering the Employee employment or continued employment and has an interest in protecting its confidential information and other proprietary information and related rights;

And whereas the Employee recognizes the importance of protecting the Company's confidential information and other proprietary information and related rights is a fundamental term of the Employee's employment;

NOW THEREFORE, in consideration of the Company hiring, promoting or continuing to employ the Employee and/or for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), the Employee and the Company hereby agree as follows:

1. Definitions

"Confidential Information" means all of the materials and information (whether or not reduced to writing and whether or not patentable or protected by copyright) provided by the Company to the Employee, or which is available to the Employee during the course of the Employee's employment, including, without limitation the following:

information regarding the Company's business operations, Developments (as defined below), methods and practices, recruiting and training policies, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates, per diems and information regarding the financial affairs of the Company;

customer lists, quotations or proposals given to customers, requirements of specific customers, and the names of the suppliers to the Company and the nature of the Company's relationships with these clients and suppliers;



information regarding the business operations, methods and practices, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates and financial affairs of the Company's stakeholders;

technical and business information of or regarding the clients, customers or stakeholders of the Company, obtained in order to enable or assist the Company in providing such clients, customers or stakeholders with products and services, including information regarding the business operations, methods and practices and product plans of such clients, customers or stakeholders;

any other trade secret or confidential or proprietary information received by the Company from third parties and in the possession or control of the Company; and

any other materials or information related to the Company's business which are not generally known to others, regardless of whether such information is in paper or electronic format or any other format;

provided that, Confidential Information shall not include information which: a) is generally known or in the public domain at the time of disclosure; or b) though originally Confidential Information becomes generally available to the public through no fault of the Employee, as of the date of its becoming part of the public knowledge; or c) is required to be disclosed by any law, regulation, governmental body, or authority or by court Order provided that before disclosure is made, notice of the requirement is provided to the Company, and to the extent possible in the circumstances, the Company is afforded an opportunity to dispute the requirement.

(1) The absence of any notice indicating confidentiality on any material will not imply that same is not Confidential Information.

"Developments" include, without limitation any methods, processes, procedures, systems, inventions (whether patentable or not), devices, discoveries, concepts, know-how, data, databases, technology, products, software (in executable and source code formats), templates, documentation, specifications, compilations, designs, reports, trade-marks, and any enhancements, modifications, or additions to the foregoing or to any products owned, marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company.



2. Non-Disclosure of Confidential Information

At all times during and subsequent to the termination of the Employee's employment, the Employee shall keep in strictest confidence and trust the Confidential Information, the Employee shall take all necessary precautions against unauthorized disclosure of the Confidential Information, and the Employee shall not directly or indirectly disclose, allow access to, transmit or transfer the Confidential Information to a third party, nor shall the Employee copy or reproduce the Confidential Information except as may be reasonably required for the Employee to perform the Employee's duties for the Company.

3. Restricted Use of Confidential Information

At all times during and subsequent to the termination or cessation of the Employee's employment, the Employee shall not use the Confidential Information in any manner except as reasonably required for the Employee to perform the Employee's duties for the Company.

Upon the request of the Company and in any event upon the termination or cessation of the Employee's employment, the Employee shall immediately return to the Company all materials, including all copies in whatever form, containing the Confidential Information which are in the Employee's possession or under the Employee's control.

4. Ownership of Confidential Information and Developments

The Employee acknowledges and agrees that the Employee shall not acquire any right, title or interest in or to the Confidential Information.

The Employee agrees to make full disclosure to the Company of each Development promptly after its creation.

With the sole exception of any intellectual property owned by (and not merely licensed to) the Employee prior to the making of this Agreement, which is also enumerated by the



Employee in the attached Schedule "A" prior to the execution of this Agreement, the Employee hereby assigns and transfers to the Company, and agrees that the Company shall be the exclusive owner of, all of the Employee's right, title and interest to each Development and any enhancement, modification, or addition to any of the intellectual property enumerated in Schedule "A" or any of the intellectual property that is marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company, throughout the world, including all trade secrets, patent rights, copyrights and all other intellectual property rights therein.

The Employee further agrees to cooperate fully at all times during and subsequent to the Employee's Employment with respect to signing further documents and doing such acts and other things reasonably requested by the Company to confirm such transfer of ownership of rights, including intellectual property rights, effective at or after the time the Development is created and to obtain patents or copyrights or the like covering the Developments. The Employee agrees that the Company, its assignees and their licensees are not required to designate the Employee as the author of any Developments. The Employee agrees that the obligations in this subparagraph (c) shall continue beyond the termination of the Employee's employment with respect to Developments created during the Employee's employment.

The Employee acknowledges that the Company shall alone have the right to apply for, prosecute, defend and obtain Letters Patent of invention, copyright registration, industrial design registration in any and all counties of the world with respect to any such invention, discovery, development or improvement, copyright material or industrial design created.



The expense of applying for and obtaining the Letters Patent, copyright registration and industrial design registration referred to in this Agreement shall be borne entirely by the Company.

It is agreed that the Company shall not be entitled to those inventions, discoveries, developments and improvements made by the Employee prior to the time the Employee was engaged in employment by the Company; it being understood and agreed that the inventions, discoveries, developments and improvements enumerated in Schedule "A" constitute the inventions, discoveries, developments and improvements made by the Employee, and the Employee hereby acknowledges that there are no inventions, discoveries, developments and improvements made prior to the employment of the Employee by the Company and which are the property of the Employee other than those that are enumerated in Schedule "A".

The Employee hereby grants a power of attorney to the Company to have the Company execute on the Employee's behalf all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and its successors, assigns and nominees sole and exclusive rights, title and interest in and to such Developments, and any copyrights, patents, trade-marks, industrial designs (design patents), topographies (mask work rights) or other intellectual property rights relating thereto.

The Employee hereby waives in whole all moral rights which the Employee may have in the Developments, including the right to the integrity of the Developments, the right to be associated with the Developments, the right to restrain or claim damages for any distortion, mutilation or other modification of the Developments, and the right to restrain use or reproduction of the Developments in any context and in connection with any product, service, cause or institution. The Employee will confirm any such waiver from time to time as requested by the Company.



5. No Conflicting Obligations

The Employee acknowledges and represents to the Company that the Employee's performance during the period of the Employee's employment shall not breach any agreement or other obligation to keep confidential the proprietary information of any prior employer or client of the Employee or any other third party. The Employee further acknowledges and represents that the Employee is not bound by any agreement or obligation with any third party that conflicts with any of the Employee's obligations under this Agreement.

The Employee represents and agrees that the Employee will not bring to the Company and shall not use in the performance of the Employee's work with the Company, any trade secrets, confidential information and other proprietary information of any prior employer or client of the Employee or any other third party. The Employee represents and agrees that in the Employee's work creating Developments the Employee will not knowingly infringe the intellectual property rights, including copyright, of any third party.

6. Enforcement

The Employee acknowledges and agrees that damages may not be an adequate remedy to compensate the Company for any breach of the Employee's obligations contained in this Agreement, and accordingly the Employee agrees that in addition to any and all other remedies available to it, the Company shall be entitled to seek relief by way of a temporary or permanent injunction to enforce the obligations contained in this Agreement. Such relief shall be in addition to and not in lieu of any other remedies available the Company at law or in equity.

7. Returning the Company Documents

The Employee agrees that upon the termination of the Employee's employment the Employee will deliver to the Company (and will not keep in the Employee's possession or deliver to anyone else) any and all Confidential Information and proprietary information including, without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, together



with any third party information received by the Employee. In the event of the termination of the Employee's employment, the Employee agrees to sign and deliver to the Company the "Termination Certificate" attached hereto as Appendix "A". Notwithstanding the foregoing, the Employee shall be entitled to keep personal copies of (i) the Employee's compensation records, (ii) this Agreement, and (iii) the Employee's letter of offer.

8. General

This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Ontario and any laws of Canada applicable thereto.

If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceable provision or part thereof shall be deemed to be omitted from this Agreement without in any way invalidating or impairing the other provisions of this Agreement.

The obligations herein may not be changed or modified, released or terminated, in whole or in part, except in writing signed by the President of the Company and the Employee.

This Agreement supersedes all previous agreements, if any, between the Company and the Employee with respect to the subject matter of this Agreement. The Employee agrees, however, that this Agreement does not purport to set forth all of the terms and conditions of the Employee's employment and the Employee has other obligations to the Company that are not set forth in this Agreement.

The rights and obligations under this Agreement shall survive the termination of the Employee's employment and shall enure to the benefit of and shall be binding upon (i) the Employee's heirs and personal representatives; (ii) the successors and assigns of the Employee; and (iii) the successors and assigns of the Company.

THE EMPLOYEE HAS READ THIS AGREEMENT, UNDERSTANDS IT, HAS HAD THE OPPORTUNITY TO OBTAIN INDEPENDENT LEGAL ADVICE IN RESPECT OF IT, AND AGREES TO ITS TERMS.



The Employee acknowledges having received a fully executed copy of this Agreement.

(2)

(3) IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the ____th day of _____, 2014.

SIGNED, SEALED AND DELIVERED in the presence of:) /s/ Mark Zekulin

)

)

)

Witness

)

Mark Zekulin

)

Tweed Inc.

By:

Name:

Title:



SCHEDULE "C"
ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE
PRIOR TO THE MAKING OF THIS AGREEMENT

Patents

Please list all those patents both received and applied for using the table below.

Description	Jurisdiction	Patent No.	Date Received or Applied For

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.



Licenses

Please describe all intellectual property, were patented, trademarked, or otherwise protected or not, licensed to third parties by you using the table below.

Description of License	Licensed To:

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.



SCHEDULE "D"

**ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE
PRIOR TO THE MAKING OF THIS AGREEMENT**

Copyrights, trademarks, registered trademarks, and other forms of intellectual property.

Please use the table below to list all other registered intellectual property owned by you prior to the making of this Agreement.

Description	Jurisdiction	Registration Number	Date Received

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.



Acknowledgement

You hereby acknowledge that, the items listed in the tables above (and any attached sheets, if necessary) constitute the full and complete list of intellectual property owned by you prior to making this Agreement with Tweed Inc.

Date:

Signed:

Mark Zekulin



APPENDIX "E"

TO INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

Termination Certificate

To: Tweed Inc. (the "Company")

Re: Intellectual Property and Confidential Information Agreement (the "Agreement") between the Company and the undersigned employee.

This is to certify that I do not have in my possession, nor have I failed to return, nor have a transferred to any third party, any confidential or proprietary information belonging to the Company, its subsidiaries, affiliates, successors, assigns, clients, customers or stakeholders, including without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items. I further certify that I have complied with all the terms of the Agreement signed by me, including the reporting of any Developments, inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, customers or stakeholders.

Date: _____

Signed: _____

Mark Zekulin





December 9, 2019

Mark Zekulin
Employee Number: 5
VIA Email

Dear Mark:

We are pleased to confirm the following changes with respect to your employment and amendments to your Employment Agreement dated June 1, 2014 as amended January 1, 2015, April 8, 2015, April 1, 2016, April 1, 2017, and April 1, 2018, July 1, 2018, and September 21, 2018 (your "Employment Agreement"). Once executed by you and the Company, this letter of agreement will form part of your Employment Agreement. Please note that, unless explicitly changed within this letter of agreement, all other terms of your Employment Agreement remain intact.

1. Effective December 21, 2019:

- Your title shall be changed to **Strategic Advisor to the CEO;**
 - Other than as explicitly may be agreed otherwise, you shall immediately cease to be a Director and/or Officer of the Company and each of its direct and indirect subsidiaries, affiliates and associated entities (including any and all portfolio companies). You and the Company will sign any documents necessary to effect this change as of the effective date;
 - With respect to Section 8.4, the non-disparagement obligations therein shall also apply to the Company such that the Company shall also be obliged not to disparage you;
 - You shall only be expected to provide services to the Company one day per month with your Base Salary adjusted, on a pro rata basis, accordingly, with no further discretionary bonus entitlements;
 - The Company shall pay to you a 2019 discretionary bonus in the amount of \$180,822, calculated as the pro-rata share of the full amount of the discretionary bonus for which you would otherwise have been eligible pursuant to the terms of your Employment Agreement, for the period from April 1, 2019 to December 20, 2019. Your 2019 discretionary bonus shall be payable at the next pay period following December 20;
 - Article 3 of your Employment Agreement shall read "The Employee shall serve the Company faithfully, honestly, diligently, and to the best of the Employee's ability.";
 - Section 7.2 (as amended) of the Employment Agreement is deleted in its entirety and replaced with the following:
 - “**Section 7.2 Termination by the Company without Cause.** The employment of the Employee may be terminated by the Company at any time without cause. In such an event, the minimum provisions of the ESA shall apply and the Company shall provide you with such combination of notice, pay in lieu of such notice at the Company's option, severance pay and such other benefits and entitlements as may be required to meet the minimum requirements under the ESA and no more.”
 - Section 7.3 is amended such that your employment may be terminated at any time by you giving the Company 1 day notice of resignation in writing; and
-

1 Hershey
Drive

• Smiths Falls ON •

K7A
0A8

• +1.613.706-2185 •

www.tweed.com



- With respect to Sections 8.1 (a) (as amended), 8.2, and 8.3 of your Employment Agreement, the twelve (12) month period of the restrictive covenants referred to therein shall begin to run on the date this agreement is terminated;
- 2. The terms of your Employment Agreement, as amended by this letter of agreement, shall continue to apply until **June 30, 2020**, at which time your Employment Agreement and your employment with the Company will be, without further action by either us or you, terminated. You acknowledge that such termination of employment is a voluntary termination by you under Section 7.3 the Employment Agreement. This letter shall serve as our written waiver of your requirement to provide us notice of such termination of employment;
- 3. In exchange for the continued employment, amendments to your Employment Agreement and other consideration hereunder, the receipt and sufficiency of which you hereby acknowledge, upon termination on June 30, 2020, you agree to execute a release in favor of the Company and to immediately comply with Section 7 of the Intellectual Property and Confidential Information Agreement.
- 4. Nothing in this letter or otherwise shall be construed as amending the terms of the Director and Officer Indemnification Agreement executed on January 23, 2019; and
- 5. Upon termination of your employment on June 30, 2020, or such earlier time as may occur, you will have 90 days from that date to exercise any vested options.

Tweed Inc. would like to take this opportunity to thank you for your past, present and future contributions!

Regards,

/s/ Phil Shaer

Phil Shaer
Chief Legal Officer

I acknowledge that I have read and understand the terms of employment set out above.

Dated at Almonte, this 8th day of December, 2019.

/s/ Mark Zekulin
Signature

Mark Zekulin

1 Hershey
Drive

• Smiths Falls ON •

K7A
0A8

• +1.613.706-2185 •

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Function	Date	Initials
Ceridian Updated		
HR Manager Approval		
HR Director Approval		
GWL Updated		
Copies to Payroll		
Changes Verified		
E-File		
Hard File		



FORM OF EXECUTIVE EMPLOYMENT AGREEMENT

BETWEEN:

Tweed Inc., a Company incorporated under the laws of Ontario

(the “**Company**”)

- and -

Tim Saunders

(the “**Employee**”)

RECITAL:

The Company and the Employee wish to enter into this agreement, which includes the enclosed Intellectual Property and Confidentiality Agreement, (hereinafter collectively referred to as the “**Agreement**”) to set forth the rights and obligations of each of them with respect to the Employee’s employment with the Company;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Company and the Employee agree as follows:

1 Hershey Drive, Smiths Falls, ON K7A 0A8
(855) 558 9333 / tweed.com

ARTICLE 1 – DEFINITIONS

Section 1.1 Definitions

In this Agreement:

“**Business**” means (i) the development, marketing and sale of medical marijuana and related products developed in future by the Company and its’ subsidiaries, (ii) any other business conducted by the Company after the date of this Agreement and before the termination of this Agreement; and (iii) any business that the Company is in the process of developing at the time this Agreement is terminated.

“**Business Day**” means any day of the week other than Saturday, Sunday and statutory holidays in Ontario.

“**Confidential Information**” means Confidential Information as defined in the Intellectual Property and Confidential Information Agreement.

“**Entity**” means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns have a similarly extended meaning.

“**ESA**” means the *Employment Standards Act* (Ontario), 2000 S.O. 2000, c. 41 as amended from time to time;

“**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted; and

“**Territory**” means Canada.



ARTICLE 2 – EMPLOYMENT

Section 2.1Term

The Company shall employ the Employee on an indeterminate basis beginning on June 1, 2015 and ending on the effective date that the Employee's employment under this Agreement is terminated in accordance with Article 7 (the "**Employment Period**").

Section 2.2Position

The Employee's position will be Executive Vice President and Chief Financial Officer. The Employee shall report to the CEO or such other person as the Company may designate from time to time. The Employee's duties will include the duties associated with his initial position and attached hereto as schedule "A", as well as such other duties that the Company may assign to the Employee from time to time.

ARTICLE 3 – PERFORMANCE OF DUTIES

The Employee shall serve the Company faithfully, honestly, diligently and to the best of the Employee's ability. The Employee shall devote all of the Employee's working time and attention to the Employee's employment hereunder and shall use the Employee's best efforts to promote the interests of the Company. In this regard, the Employee may serve on any outside board of directors only after receiving written approval from the Company.

ARTICLE 4 – POLICIES, RULES, REGULATIONS AND PROCEDURES

Section 4.1Employee Handbook

- (a) The Company reserves the right to establish an employee handbook (and subsequently, revise, remove or add to its contents) at any time with or without notice to the Employee (the "**Employee Handbook**").
- (b) The policies, rules, regulations and procedures contained in the Employee Handbook, if established, constitute an integral part of this Agreement.
- (c) In the event of an inconsistency between the Employee Handbook and the terms and conditions of this Agreement, this Agreement shall prevail.



ARTICLE 5 – REMUNERATION

Section 5.1 Basic Remuneration

The Company shall pay the Employee an annual gross salary (before statutorily required deductions) of \$450,000 (the “**Basic Salary**”) payable in installments according to the current payroll practices of the Company, which may be subject to change from time to time. The Basic Salary shall be prorated in respect of each partial year of service.

Section 5.2 Overtime / Hours of Work

As a managerial employee, the Employee is not entitled to receive overtime, pursuant to the provisions of the ESA. It is understood that the hours of work involved will vary and may be irregular as are required to meet the objectives of the Employee’s duties.

Section 5.3 Benefits

- (a) **Group health and insurance benefits.** The Company shall provide to the Employee group health and insurance benefits, subject to any waiting periods that may be prescribed in the applicable policies. The terms, carrier and existence of the group health and insurance benefits are subject to change from time to time at the Company’s sole discretion. These benefits will be provided on a premium cost sharing basis and, notwithstanding the foregoing, any issues with respect to entitlement, eligibility or payment of a benefit under the insurance benefit package will be resolved at the sole discretion of the insurer in accordance with the requirements of the applicable policy.
- (b) **Short & Long-term Disability.** The Employee is solely and completely responsible for the costs of the premiums associated with the short and long-term disability component of any group benefits coverage.
- (c) You will be provided with a \$1,200 per month care allowance, subject to CRA guidelines as a taxable benefit.



Section 5.4 Bonus

In addition to your base salary, you are entitled to be considered for an annual target performance bonus of \$250,000 based on achievement of key performance indicators by the Company and the Employee, as determined in the Company's discretion. Additional discretionary bonuses may be awarded by the Board where exceptional circumstances are warranted in addition to the annual target performance bonus. Except as specifically provided otherwise in Article 7 below, the Employee must be employed as of the regular pay-out date of the applicable Bonus to earn and be entitled to receive such a Bonus.

Section 5.5 Stock Options and RSUs

The Employee may be eligible to receive stock options in the amount of up to 250,000 on the terms and conditions that may be approved by the Board.

Notwithstanding the above or the terms of the Plan, if a Change of Control occurs and irrespective of whether the above-noted Options are being assumed, substituted, exchanged or terminated in connection with the Change of Control, the vesting and exercisability of the Options shall accelerate such that the Options shall become vested and exercisable to the extent of 100% of the Option Shares then unvested, effective as of immediately prior to consummation of the Change of Control. As used herein, "**Change of Control**" means (a) a sale of all or substantially all of the Corporation's assets; (b) a merger, consolidation or other capital reorganization or business combination transaction of the Corporation with or into another corporation, limited liability company or other entity (other than a wholly-owned subsidiary of the Corporation); or (c) the consummation of a transaction, or series of related transactions, in which any person becomes the beneficial owner, directly or indirectly, of all of the Corporation's then outstanding voting securities. Notwithstanding the foregoing, a transaction shall not constitute a Change of Control if its purpose is to (i) change the jurisdiction of the Corporation's incorporation, (ii) create a holding company that will be owned in substantially the same proportions by the persons who hold the Corporation's securities immediately before such transaction, or (iii) obtain funding for the Corporation in a financing that is approved by the Corporation's Board of Directors.



Section 5.6 Expenses

The Company will pay or reimburse the Employee for all reasonable and approved travelling and other out-of-pocket expenses incurred by the Employee in connection with his employment.

Section 5.7 Vacation

The Employee will be entitled to four (4) weeks' vacation with pay during each calendar year of service or the prorated equivalent for each partial calendar year of service to be taken at a time(s) that is mutually agreeable to the Employee and the Company. Vacation time shall accrue on a pro-rated, monthly basis. The Employee will not be allowed to carry forward any unused vacation time into the next calendar year unless otherwise agreed to in writing by the Company, or required under the ESA.

ARTICLE 6 – INFORMATION OF EMPLOYEE

Section 6.1 Information to be provided by Employee

The Employee agrees to provide the Company with proof of the Employee's eligibility to work in Canada if requested by the Company from time to time.

Section 6.2 Consent to Use Personal Information

The Employee hereby consents to the collection, use, storage and disclosure of personal information by the Company about the Employee as may be required for the following purposes (subject to the provisions of the *Personal Information Protection and Electronic Documents Act* (Canada), 2000, c. 5 and or other applicable legislation):

- (a) for reporting purposes to any trade or professional association governing the Company or any investigative body having authority over the Company;
- (b) as required by law;
- (c) as required in order to obtain financing, insurance or contracts for the Company;



- (d) in connection with any proposed sale of the shares or assets of the Company;
- (e) in connection with obtaining employee benefits or insurance;
- (f) in connection with any outsourcing of information by the Company to a third party supplier of information processing services, including but not limited to payroll, health benefits, insurance and pension plan benefits;
- (g) for the internal operational purposes of the Company; and
- (h) to the Employee or to any other person with the consent of the Employee.

section 6.3 Protection of Personal Information

- (a) The Employee agrees that, with respect to any personal information about individuals that is collected, used or disclosed by the Company ("**Personal Information**") and which the Employee learns of or comes in contact with in the course of his or her employment, that he or she will not, without the prior written consent of the Company:
 - i) disclose or make available any Personal Information to any person;
 - ii) use any Personal Information for any purpose not authorized by the Company; or
 - iii) sell, trade, barter, disclose or transfer any Personal Information to any person.



ARTICLE 7 – TERMINATION

Unless extended by mutual agreement between the Parties, the Employee's employment shall come to an end on December 31, 2020 without further notice or pay in lieu of notice. The Company shall only be required to pay the minimum severance pay, if any, required by the terms of the *Employment Standards Act, 2000*.

Section 7.1 Termination by the Company for Cause

- (a) The Employee's employment may be terminated by the Company for cause without notice or payment in lieu of notice or severance pay. Termination for cause includes, but is not limited to, the following: a breach of any material provision of this Agreement including but not limited to any breach of the Intellectual Property and Confidentiality Agreement; an act of dishonesty, fraud, recklessness, carelessness or negligent performance of the Employee's duties; disobeying or disregarding any direct instructions of the Employee's supervisor; engaging in an act involving moral turpitude or conduct which might adversely affect the reputation of the Company or the Employee in the eyes of the public; a breach of any of the Employee's professional obligations and duties including but not limited to a breach of TSX Venture Exchange; a failure to comply with section 6.1 of this Executive Employment Agreement or a loss or suspension of the Employee's eligibility to work in Canada; and any other serious misconduct by the Employee that would constitute cause at common law.
- (b) In the event the Employee is terminated for cause, the Company's sole obligation will be to pay to the Employee:
 - i) any portion of the Base Salary that has been earned by the Employee prior to the date of termination but has not paid; and
 - ii) accrued vacation pay, if any, that has been earned by the Employee prior to the date of termination, but not paid.
- (c) Failure by the Company to terminate employment based on the provisions of this Section 7.1 shall not constitute a precedent, condonation of the behavior or be deemed a waiver of the Company's right to exercise these provisions as cause for immediate dismissal at another time.



Section 7.2 Termination by the Company without Cause

- (a) The employment of the Employee may be terminated by the Company at any time without cause upon providing the Employee with the following:
- i. A lump sum payment equal to two (2) times the Employee's then current base salary;
 - ii. continuation of all benefits for a period of two (2) years from the date of termination, or payment in lieu of same, excluding disability, accidental death and dismemberment and life insurance benefits which will end at the end of the minimum notice period required by the ESA;
 - iii. any RSU's vesting after the date of termination shall continue to vest to the extent permitted by the plan over the two (2) year period following termination; and
 - iv. any unvested stock options held by you shall continue to vest over the two (2) year following termination

The receipt of any payments or other benefits pursuant to this Section 7.2(a) will be subject to (1) you signing a full and final release in favour of the Company and its related parties (the "**Release**") and (2) the Employee executing any documents necessary to resign as a director and/or officer of the Company and its affiliates. No payments or other benefits will be paid or provided until the Release is executed.

The Employee will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any earnings that you may receive from any other source reduce such payment.

In the event that the above terms (or any other term of this Agreement) does not meet or exceed the minimum requirements of the ESA, to the extent of such conflict the minimum provisions of the ESA shall apply and the Company shall instead provide you with such combination of notice, pay in lieu of such notice at the Company's option, severance pay and other benefits and entitlements as may be required to meet the minimum requirements under the ESA and no more.



- (b) For the purposes of this Section 7.2 only, the term "Change of Control" shall mean:
- (i) Any person or related group of persons acquires possession, directly or indirectly, of the power to direct or cause the direction or the management or policies of the Company or Canopy Growth Corporation ("CGC"), whether through the ability to exercise voting power, by contract, or otherwise. Without limiting the foregoing, each of the following shall be deemed to be a "Change of Control": (A) a person or related group of persons acquires the ability to nominate a majority of the directors on the board of directors of the Company or CGC through contract or otherwise; or (B) a person or related group of persons acquires securities of the Company or CGC to which are attached more than 50% of the votes that may be cast to elect directors of the corporation are beneficially owned by that person or related group of persons; or
 - (ii) the sale or disposition of all or substantially all of the assets of the Company or CGC to a non-affiliated party; or
 - (iii) the merger, amalgamation, arrangement or consolidation (or similar transaction) of the Company or CGC with or into any other non-affiliated corporation in which the shareholders of the Company or CGC, as applicable, prior to such transaction do not, in the aggregate, hold securities of the Company or CGC, as applicable, to which are attached more than 50% of the votes that may be cast to elect directors of the corporation.

If at any time during the term of this Agreement the Company or CGC undergoes a Change of Control and either:

- (a) the Employee's employment is terminated by the Company for any reason other than for just cause within two (2) years following such Change of Control or
- (b) the Employee resigns his employment with the Company within sixty (60) days following either of the following events:
 - (i) the Employee is demoted or his responsibilities are materially reduced without his consent. in either case within two (2) years following the date of such Change of Control; or



(ii) the Employee's overall target rate of compensation is reduced within two (2) years following the date of such Change of Control;

the Employee shall be entitled to receive the payments and benefits set out in Section 7.2(a) as though the Employee's employment had been terminated by the Company without cause in accordance with such Section 7.2(a) and any RSUs and unvested stock options held by the Employee as of the date of termination shall be deemed to be fully vested as of the date of termination and shall be exercisable thereafter in accordance with the terms of the CGC omnibus incentive plan. For greater certainty the execution of a Release and other documents required by Section 7.2(a) shall be a pre-condition to such payments.

For greater certainty, a determination by the Company that the Employee will not be paid some or all of a discretionary bonus shall not be considered to be a reduction in the Employee's overall target rate of compensation for the purposes of the foregoing.

For greater certainty, the terms of this Section 7.2(b) shall apply to each and every event that occurs during the term of this Agreement that meets the definition of "Change of Control"

Section 7.3 Termination by the Employee

This Agreement and the employment of the Employee hereunder may be terminated at any time by the Employee giving the Company four weeks' notice of resignation in writing. Upon receipt of such notice, the Company, in its sole discretion, may, by notice in writing, waive the notice of resignation period in whole or in part by specifying an earlier termination date, however, in such an event, the Employee shall be paid the outstanding portion of Base Salary and accrued, but unused, vacation for such waived period. All other entitlements, including coverage under the Company's Benefit Plan(s), if any, shall cease as of the earlier termination date.

Section 7.4 Termination by Mutual Agreement

This Agreement and the employment of the Employee hereunder may be terminated by mutual agreement of the parties hereto in writing, in which event the Employee shall continue to accrue and receive the Base Salary and benefits through to the date of termination reached pursuant to such mutual agreement.



Section 7.5 Resignation as Director and Officer

At the option of the Company, upon any termination of this Agreement, the Employee shall sign forms of resignation indicating the Employee's resignation as a director and officer of the Company and any subsidiaries or affiliates of the Company and of any other entities of which the Employee occupies similar positions as part of or in connection with the performance by the Employee of his or her duties under this Agreement, if applicable.

ARTICLE 8 – REPRESENTATIONS AND COVENANTS

Section 8.1 Non-Competition

- (a) In light of the nature of the Executive's position and the close relationship the Executive will have with the clients, it is important for the Corporation to limit interference with business. Therefore, during the Executive's employment and for twelve (12) months thereafter the Executive will not on his own behalf nor shall he work at, work for, be employed by, provide services to, engage with, or assist in any way, whether or not for remuneration, recognition, or reward any person, corporation, or organization, whether or not such organization is operated for profit, that sells or intends to sell marijuana or provides marijuana-related services or products in any jurisdiction in which CGC or its subsidiaries has operations. Without limiting the generality of the foregoing, as of the date hereof such jurisdictions include Canada, USA, Brazil, Columbia, Czech Republic, Germany, United Kingdom, Australia, South Africa, Lesotho, Poland and Italy.
- (b) The Executive shall, however, not be in default under Section 8.1 by virtue of the Executive holding, strictly for portfolio purposes and as a passive investor, no more than five percent (5%) of the issued and outstanding shares of or any other interest in, anybody corporate which is listed on any recognized stock exchange, the business of which body corporate is in competition, in whole or in part, with the Corporation.



Section 8.2 No Solicitation of Customers

The Employee shall not, during the Employment Period and for a period of twelve (12) months thereafter, directly or indirectly, contact or solicit any designated customer or client of the Company for the purpose of selling to the designated customer or client any product or service which is the same as or substantially similar to, or in any way competitive with, a product or service sold by the Company during the last twelve (12) months of the Employment Period. For the purpose of this section, a “designated customer or client” means a Person, who was a customer or client of the Company during the last twelve (12) months of the Employment Period, whom the Employee communicated with during that same period of time.

Section 8.3 No Solicitation of Employees

The Employee shall not, during the Employment Period or for a period of twelve (12) months thereafter, directly or indirectly, employ or retain as an independent contractor any employee of the Company or induce or solicit, or attempt to induce, any such employee to leave that employee’s employment.

Section 8.4 Non-Disparagement

The Executive covenants and agrees that he or she shall not, at any time during the term of this Agreement or thereafter, make or publish any written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumours, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or goodwill of the Corporation, its affiliates or its and their management; provided that nothing in this Section 8.4 shall be construed to preclude the Executive from (a) providing truthful information or testimony where required by law or (b) engaging in any protected concerted activity.



Section 8.5 No Conflicting Obligations

The Employee represents and warrants that none of the negotiation, entering into or performance of this Agreement has resulted in or may result in a breach by the Employee of any agreement, duty or other obligation with or to any Person, including, without limitation, any agreement, duty or obligation not to compete with any Person or to keep confidential the confidential information of any Person, and there exists no agreement, duty or other obligation binding upon the Employee that conflicts with the Employee's obligations under to this Agreement.

Section 8.6 Informing Prospective Employers

The Employee shall inform any prospective employer of the existence of the post-employment obligations imposed upon the Employee under this Agreement and the Intellectual Property and Confidentiality Agreement.

Section 8.7 Representations, Covenants and Remedies

- (a) The obligations of the Employee as set forth in Sections 8.1, 8.2, 8.3, 8.4 and 8.6 and the Intellectual Property and Confidentiality Agreement will be deemed to have commenced as of the date on which the Employee was first employed by the Company.
- (b) The Employee understands that the Company has expended significant financial resources in developing its products and services and its Confidential Information (as defined in the Intellectual Property and Confidentiality Agreement attached hereto as Schedule "B"). Accordingly, a breach or threatened breach by the Employee of any of Sections 8.1, 8.2, 8.3 and Section 8.4 and the Intellectual Property and Confidentiality Agreement could result in unfair competition with the Company and could result in the Company suffering irreparable harm that can neither be calculated nor fully or adequately compensated by the recovery of damages alone. Accordingly, the Employee agrees that the Company will be entitled to interim and permanent injunctive relief, specific performance and other equitable remedies, in addition to any other relief to which the Company may become entitled.



- (c) The Employee acknowledges and agrees that the obligations contained in Article 8 and the Intellectual Property and Confidentiality Agreement are to remain in effect in accordance with each of their terms and will exist and continue in full force and effect despite any breach or repudiation, or alleged breach or repudiation, of this Agreement or the Employee's employment (including, without limitation, the Employee's wrongful dismissal) by the Company.

ARTICLE 9 – RECOGNITION

Section 9.1 Recognition

- (a) The Employee expressly recognizes that Article 8 and the Intellectual Property and Confidentiality Agreement are of the essence of this Agreement, and that the Company would not have entered into this Agreement without the inclusion of the said Article 8 and Intellectual Property and Confidentiality Agreement.
- (b) The Employee further recognizes and expressly acknowledges that: (i) the application of the Article 8 and Intellectual Property and Confidentiality Agreement will not have the effect of prohibiting him or her from earning a living in a satisfactory manner in the event of the termination his employment and of this Agreement, and (ii) the Company would be subject to an irreparable prejudice should one or several Article 8 and Intellectual Property and Confidentiality Agreement be infringed, or should the Employee be in breach of any of his or her obligations thereunder.
- (c) The Employee acknowledges and agrees that during the course of his or her employment with the Company, he or she will be privy to extensive Confidential Information and trade secrets of the Company, as well as the Company's substantial relationships and goodwill with, and information regarding, all of its customers. The Employee further recognizes and expressly acknowledges that the Article 8 and Intellectual Property and Confidentiality Agreement grant to the Company only such reasonable protection as is admittedly necessary to preserve the legitimate interests of the Company and the Employee equally recognizes, in this respect, that the description of the Business is reasonable.



- (d) If the scope of any restriction contained in this Agreement, including without limitation the time limitations associated therewith, is determined by a court or arbitrator of competent jurisdiction to be too broad to permit enforcement thereof to its fullest extent, then such restriction shall be enforced to the maximum extent permitted by law, and the parties hereby consent and agree that such scope may be modified judicially in any proceeding brought to enforce such a restriction.

Section 9.2 Remedies

The Employee hereby recognizes and expressly acknowledges that the Company would be subject to irreparable harm should any of the provisions of Article 8 and Intellectual Property and Confidentiality Agreement be infringed, or should any of the Employee's obligations thereunder be breached by the Employee, and that damages alone will be an inadequate remedy for any breach or violation thereof and that the Company, in addition to all other remedies, shall be entitled as a matter of right to equitable relief, including temporary or permanent injunction to restrain such breach. Such relief shall be in addition to, and not as an alternative to, any other remedies available to the Company at law or in equity. In addition, Employee agrees that if the Company prevails in any action to enforce its rights under Article 8 and Intellectual Property and Confidentiality Agreement, Employee will be obligated to pay the reasonable attorneys' fees and costs incurred by the Company in connection with its efforts to enforce its rights under those Articles of this Agreement. Employee further agrees that if he or she violates any provision of Sections 8.1, 8.2, 8.3 and 8.4 of this Agreement, the duration of those provisions shall be extended by the period of time during which such violation occurred.



ARTICLE 10 – GENERAL PROVISIONS

Section 10.1 Headings

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

Section 10.2 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect.

Section 10.3 Entire Agreement

- (a) This Agreement constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement. This Agreement supersedes and replaces all prior agreements, if any, written or oral, with respect to the Employee's employment by the Company and any rights which the Employee may have by reason of any such prior agreement or by reason of the Employee's prior employment, if any, by the Company. In the event of an inconsistency between this Executive Employment Agreement and the Intellectual Property and Confidentiality Agreement, this Executive Employment Agreement shall prevail. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneously with, or after entering into this Agreement. Furthermore, the Employee acknowledges and agrees that the Employee has not been induced to enter into this Agreement in any way.
- (b) All schedules attached to this Agreement as described below are incorporated into this Agreement by this reference and deemed to be a part of this Agreement.

Schedule "A" Position Description

Schedule "B" Intellectual Property and Confidential Information Agreement



Section 10.4 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

Section 10.5 Currency

Except as expressly provided in this Agreement, all amounts in this Agreement are stated and shall be paid in Canadian currency.

Section 10.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and Ottawa shall be the forum for any dispute arising out of this Agreement.

Section 10.7 Counterparts

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

Section 10.8 Acknowledgement

The Employee acknowledges that:

- (a) the Employee has had sufficient time to review and consider this Agreement thoroughly;
- (b) the Employee has read and understands the terms of this Agreement and the Employee's obligations hereunder; and



- (c) the Employee has been given an opportunity to obtain independent legal advice, or such other advice as the Employee may desire, concerning the interpretation and effect of this Agreement.

IN WITNESS WHEREOF the Employee has executed this Agreement as of the 21st day of September, 2018.

Tim Saunders



THE COMPANY has executed this Agreement as of the 21st day of September, 2018.

TWEED INC.

per:
Authorized Signatory



SCHEDULE "A"

POSITION DESCRIPTION

- Create, coordinate, and evaluate the financial programs and supporting information systems of the company to include budgeting, tax planning, real estate, treasury functions, and conservation of assets
- Ensure compliance with local, provincial, and federal budgetary reporting requirements
- Oversee the approval of revenue, expenditure, and position control documents, department budgets, salary updates, ledger, and account maintenance and data entry
- Update the financial policy manual for finance, accounting, billing, and auditing procedures.
- Establish and maintain appropriate internal control safeguards
- Interact with other managers to provide consultative support to planning initiatives through financial and management information analyses, reports, and recommendationsReview and oversight of internal controls
- Analyze cash flow, cost controls, and expenses to guide executive team; analyze financial statements to pinpoint potential weak areas and make recommendations for corrective actions
- Establish and implement short- and long-range departmental goals, objectives, policies, and operating procedures
- Oversee budget and forecast updates
- Maintain positive working relationship with bankers, insurance brokers, auditing firm and other external institutions
- Interact and support the Board of Directors, and its Committees in their governance role



SCHEDULE "B"

INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

This Intellectual Property and Confidential Information Agreement (the "Agreement") is entered into between Tweed Inc. (the "Company") and Employee (the "Employee"). In the event this Agreement has been entered into with an independent contractor or sub-contractor, the independent contractor or sub-contractor as the case may be shall be referred to, for the purposes of this Agreement only and for simplicity, as an Employee. Any references to an independent contractor or a sub-contractor as an employee in this Agreement are not admissions that the Company and the independent contractor or sub-contractor are engaged in an employment relationship.

Whereas the Company is offering the Employee employment or continued employment and has an interest in protecting its confidential information and other proprietary information and related rights;

And whereas the Employee recognizes the importance of protecting the Company's confidential information and other proprietary information and related rights is a fundamental term of the Employee's employment;

NOW THEREFORE, in consideration of the Company hiring, promoting or continuing to employ the Employee and/or for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), the Employee and the Company hereby agree as follows:



1. Definitions

“Confidential Information” means all of the materials and information (whether or not reduced to writing and whether or not patentable or protected by copyright) provided by the Company to the Employee, or which is available to the Employee during the course of the Employee’s employment, including, without limitation the following:

information regarding the Company’s business operations, Developments (as defined below), methods and practices, recruiting and training policies, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates, per diems and information regarding the financial affairs of the Company;

customer lists, quotations or proposals given to customers, requirements of specific customers, and the names of the suppliers to the Company and the nature of the Company’s relationships with these clients and suppliers;

information regarding the business operations, methods and practices, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates and financial affairs of the Company’s stakeholders;

technical and business information of or regarding the clients, customers or stakeholders of the Company, obtained in order to enable or assist the Company in providing such clients, customers or stakeholders with products and services, including information regarding the business operations, methods and practices and product plans of such clients, customers or stakeholders;

any other trade secret or confidential or proprietary information received by the Company from third parties and in the possession or control of the Company; and



any other materials or information related to the Company's business which are not generally known to others, regardless of whether such information is in paper or electronic format or any other format;

provided that, Confidential Information shall not include information which: a) is generally known or in the public domain at the time of disclosure; or b) though originally Confidential Information becomes generally available to the public through no fault of the Employee, as of the date of its becoming part of the public knowledge; or c) is required to be disclosed by any law, regulation, governmental body, or authority or by court Order provided that before disclosure is made, notice of the requirement is provided to the Company, and to the extent possible in the circumstances, the Company is afforded an opportunity to dispute the requirement.

- (1)** The absence of any notice indicating confidentiality on any material will not imply that same is not Confidential Information.



“Developments” include, without limitation any methods, processes, procedures, systems, inventions (whether patentable or not), devices, discoveries, concepts, know-how, data, databases, technology, products, software (in executable and source code formats), templates, documentation, specifications, compilations, designs, reports, trade-marks, and any enhancements, modifications, or additions to the foregoing or to any products owned, marketed or used by the Company which relate, directly or indirectly, to the Company’s present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee’s employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company.

2. Non-Disclosure of Confidential Information

At all times during and subsequent to the termination of the Employee’s employment, the Employee shall keep in strictest confidence and trust the Confidential Information, the Employee shall take all necessary precautions against unauthorized disclosure of the Confidential Information, and the Employee shall not directly or indirectly disclose, allow access to, transmit or transfer the Confidential Information to a third party, nor shall the Employee copy or reproduce the Confidential Information except as may be reasonably required for the Employee to perform the Employee’s duties for the Company.



3. Restricted Use of Confidential Information

At all times during and subsequent to the termination or cessation of the Employee's employment, the Employee shall not use the Confidential Information in any manner except as reasonably required for the Employee to perform the Employee's duties for the Company.

Upon the request of the Company and in any event upon the termination or cessation of the Employee's employment, the Employee shall immediately return to the Company all materials, including all copies in whatever form, containing the Confidential Information which are in the Employee's possession or under the Employee's control.

4. Ownership of Confidential Information and Developments

The Employee acknowledges and agrees that the Employee shall not acquire any right, title or interest in or to the Confidential Information.

The Employee agrees to make full disclosure to the Company of each Development promptly after its creation.



With the sole exception of any intellectual property owned by (and not merely licensed to) the Employee prior to the making of this Agreement, which is also enumerated by the Employee in the attached Schedule "A" prior to the execution of this Agreement, the Employee hereby assigns and transfers to the Company, and agrees that the Company shall be the exclusive owner of, all of the Employee's right, title and interest to each Development and any enhancement, modification, or addition to any of the intellectual property enumerated in Schedule "A" or any of the intellectual property that is marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company, throughout the world, including all trade secrets, patent rights, copyrights and all other intellectual property rights therein.

The Employee further agrees to cooperate fully at all times during and subsequent to the Employee's Employment with respect to signing further documents and doing such acts and other things reasonably requested by the Company to confirm such transfer of ownership of rights, including intellectual property rights, effective at or after the time the Development is created and to obtain patents or copyrights or the like covering the Developments. The Employee agrees that the Company, its assignees and their licensees are not required to designate the Employee as the author of any Developments. The Employee agrees that the obligations in this subparagraph (c) shall continue beyond the termination of the Employee's employment with respect to Developments created during the Employee's employment.



The Employee acknowledges that the Company shall alone have the right to apply for, prosecute, defend and obtain Letters Patent of invention, copyright registration, industrial design registration in any and all counties of the world with respect to any such invention, discovery, development or improvement, copyright material or industrial design created.

The expense of applying for and obtaining the Letters Patent, copyright registration and industrial design registration referred to in this Agreement shall be borne entirely by the Company.

It is agreed that the Company shall not be entitled to those inventions, discoveries, developments and improvements made by the Employee prior to the time the Employee was engaged in employment by the Company; it being understood and agreed that the inventions, discoveries, developments and improvements enumerated in Schedule "A" constitute the inventions, discoveries, developments and improvements made by the Employee, and the Employee hereby acknowledges that there are no inventions, discoveries, developments and improvements made prior to the employment of the Employee by the Company and which are the property of the Employee other than those that are enumerated in Schedule "A".

The Employee hereby grants a power of attorney to the Company to have the Company execute on the Employee's behalf all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and its successors, assigns and nominees sole and exclusive rights, title and interest in and to such Developments, and any copyrights, patents, trade-marks, industrial designs (design patents), topographies (mask work rights) or other intellectual property rights relating thereto.



The Employee hereby waives in whole all moral rights which the Employee may have in the Developments, including the right to the integrity of the Developments, the right to be associated with the Developments, the right to restrain or claim damages for any distortion, mutilation or other modification of the Developments, and the right to restrain use or reproduction of the Developments in any context and in connection with any product, service, cause or institution. The Employee will confirm any such waiver from time to time as requested by the Company.

(2)

5. No Conflicting Obligations

The Employee acknowledges and represents to the Company that the Employee's performance during the period of the Employee's employment shall not breach any agreement or other obligation to keep confidential the proprietary information of any prior employer or client of the Employee or any other third party. The Employee further acknowledges and represents that the Employee is not bound by any agreement or obligation with any third party that conflicts with any of the Employee's obligations under this Agreement.

The Employee represents and agrees that the Employee will not bring to the Company and shall not use in the performance of the Employee's work with the Company, any trade secrets, confidential information and other proprietary information of any prior employer or client of the Employee or any other third party. The Employee represents and agrees that in the Employee's work creating Developments the Employee will not knowingly infringe the intellectual property rights, including copyright, of any third party.



6. Enforcement

The Employee acknowledges and agrees that damages may not be an adequate remedy to compensate the Company for any breach of the Employee's obligations contained in this Agreement, and accordingly the Employee agrees that in addition to any and all other remedies available to it, the Company shall be entitled to seek relief by way of a temporary or permanent injunction to enforce the obligations contained in this Agreement. Such relief shall be in addition to and not in lieu of any other remedies available the Company at law or in equity.

7. Returning the Company Documents

The Employee agrees that upon the termination of the Employee's employment the Employee will deliver to the Company (and will not keep in the Employee's possession or deliver to anyone else) any and all Confidential Information and proprietary information including, without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, together with any third party information received by the Employee. In the event of the termination of the Employee's employment, the Employee agrees to sign and deliver to the Company the "Termination Certificate" attached hereto as Appendix "A". Notwithstanding the foregoing, the Employee shall be entitled to keep personal copies of (i) the Employee's compensation records, (ii) this Agreement, and (iii) the Employee's letter of offer.

8. General

This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Ontario and any laws of Canada applicable thereto.



If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceable provision or part thereof shall be deemed to be omitted from this Agreement without in any way invalidating or impairing the other provisions of this Agreement.

The obligations herein may not be changed or modified, released or terminated, in whole or in part, except in writing signed by the President of the Company and the Employee.

This Agreement supersedes all previous agreements, if any, between the Company and the Employee with respect to the subject matter of this Agreement. The Employee agrees, however, that this Agreement does not purport to set forth all of the terms and conditions of the Employee's employment and the Employee has other obligations to the Company that are not set forth in this Agreement.

The rights and obligations under this Agreement shall survive the termination of the Employee's employment and shall enure to the benefit of and shall be binding upon (i) the Employee's heirs and personal representatives; (ii) the successors and assigns of the Employee; and (iii) the successors and assigns of the Company.

THE EMPLOYEE HAS READ THIS AGREEMENT, UNDERSTANDS IT, HAS HAD THE OPPORTUNITY TO OBTAIN INDEPENDENT LEGAL ADVICE IN RESPECT OF IT, AND AGREES TO ITS TERMS.

The Employee acknowledges having received a fully executed copy of this Agreement.

(3)

(4) IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the ____th day of _____, 2014.



SIGNED, SEALED AND DELIVERED in the presence of:

Witness

)
)
)
)
)
Tim Saunders

Tweed Inc.

By: _____
Name: Bruce Linton
Title: CEO



SCHEDULE "C"
ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE
PRIOR TO THE MAKING OF THIS AGREEMENT

Patents

Please list all those patents both received and applied for using the table below.

Description	Jurisdiction	Patent No.	Date Received or Applied For

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Licenses

Please describe all intellectual property, were patented, trademarked, or otherwise protected or not, licensed to third parties by you using the table below.

Description of License	Licensed To:

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.



SCHEDULE "D"
ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE
PRIOR TO THE MAKING OF THIS AGREEMENT

Copyrights, trademarks, registered trademarks, and other forms of intellectual property.

Please use the table below to list all other registered intellectual property owned by you prior to the making of this Agreement.

Description	Jurisdiction	Registration Number	Date Received

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Acknowledgement

You hereby acknowledge that, the items listed in the tables above (and any attached sheets, if necessary) constitute the full and complete list of intellectual property owned by you prior to making this Agreement with Tweed Inc.

Date: _____

Signed: _____
Tim Saunders



APPENDIX "E"
TO INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT
Termination Certificate

To: Tweed Inc. (the "Company")

Re: Intellectual Property and Confidential Information Agreement (the "Agreement") between the Company and the undersigned employee.

This is to certify that I do not have in my possession, nor have I failed to return, nor have a transferred to any third party, any confidential or proprietary information belonging to the Company, its subsidiaries, affiliates, successors, assigns, clients, customers or stakeholders, including without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items. I further certify that I have complied with all the terms of the Agreement signed by me, including the reporting of any Developments, inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, customers or stakeholders.

Date: _____

Signed: _____
Tim Saunders





1 Hershey Drive
Smiths Falls, ON K7A 0A8
(855) 558 9333
invest@canopygrowth.com
www.canopygrowth.com

October 11, 2019

Mr. Tim Saunders

By email

Re: Agreement re Severance of Employment Relationship

Dear Tim:

The purpose of this letter is to confirm the discussions that we have had concerning the conclusion of your employment relationship with Tweed Inc. ("the Company") and to arrive at a mutually agreeable position.

As discussed, we have now agreed as follows:

1. Except as now modified by the terms of this letter, the terms and conditions of your written contract of employment, as most recently amended on **June 1, 2019**, shall continue to govern the terms of our relationship.
2. Your employment with the Company and, for the avoidance of any doubt, Canopy Growth Corporation and all its related companies, shall terminate effective **November 15, 2019**.
3. The Company shall pay you your Basic Salary, by way of lump sum up to and including **May 31, 2020** on or about November 15, 2019. However, and for the avoidance of any doubt, November 15, 2019, shall be the date on which your employment terminates and all post-employment obligations commence.
4. The Company shall maintain your benefits of employment through to **December 31, 2020**.
5. All options and RSUs of the Company previously granted to you, including any unvested options, shall become fully vested in you effective November 15, 2019. Such options shall continue to be exercisable thereafter in accordance with the terms of the CGC omnibus incentive plan until **March 31, 2021**, on which date, if such instruments have not yet been exercised by you, they shall automatically expire.

[Balance of Page Intentionally Left Blank. Signature Page Follows.]



TOKYO SMOKE





1 Hershey Drive
Smiths Falls, ON K7A 0A8
(855) 558 9333
invest@canopygrowth.com
www.canopygrowth.com

Tim, on behalf of everyone at Tweed, I thank you for your contributions to the Company. We would not be here without you!

Yours most genuinely,

/s/ Mark Zekulin

Mark Zekulin
CEO

I, Tim Saunders, hereby acknowledge receipt of this letter dated **September 25, 2019**. I have had sufficient time to review this letter, ask questions about its contents, and have been advised to review it with a lawyer. If I did not do any of those things, it is because I understood the terms of the letter and did not feel that I needed to do so.

I further hereby wholly and forever release, remise and discharge **CANOPY GROWTH CORP.** and all of its predecessors, subsidiaries and affiliates, and all of the corporation's officers, directors, shareholders, agents and employees (together "**Canopy**") from any and all actions, causes of action, contracts (whether expressed or implied), claims and demands for damages, loss, or injury, suits, debts, sums of money, indemnity, expenses, interest, costs and claims of any and every kind and nature whatsoever, at law or in equity, I ever had, now have, or may hereafter have, by reason of or arising out of my employment with Canopy, or the cessation thereof. Without limiting the generality of the foregoing, I hereby acknowledges that the said payment is in satisfaction of all claims for damages (including pecuniary, general and mental distress damages), including all non-salary benefits ordinarily provided to him or on his behalf in respect of my employment, wages, salary, termination pay, severance pay, vacation pay, commissions, bonuses, expenses, allowances, incentive payments, insurance and other benefits howsoever arising out of my employment with **Canopy**, and the cessation of that employment, whether available pursuant to contract, common law, or any statute including, but not limited to the Ontario *Employment Standards Act, 2000* and the Ontario *Human Rights Code*, and including any claim for reinstatement or other forms of statutory relief. Such release to be held in escrow, and shall be voidable at either party's option, until November 15, 2019.

SIGNED this 11 day of October, 2019

/s/ Tim Saunders

TIM SAUNDERS

BEFORE /s/ Janice Saunders, who witnessed my signature above and would and could attest to such fact if reasonably requested to do so.

/s/ Janice Saunders

WITNESS NAMED ABOVE

Tim Saunders



TOKYO SMOKE





1 Hershey Drive
Smiths Falls, ON K7A 0A8
(855) 558 9333
invest@canopygrowth.com
www.canopygrowth.com

Final Pay

Start Date: Jun 1, 2015
Date of termination: Nov 15, 2019
Effective Last day: Nov 15, 2019
Benefits extended until: Dec 31, 2020

Yearly Salary 270,000.00
Daily Rate 1,038.46
Weekly Rate 5,192.31

Additional Payment (weeks) 28 (Nov 15, 2019 – May 31, 2020)
Vacation days per year 20 Per Contract
Vacation days remaining 38.39 (until May 31, 2020)

FINAL PAY

Last Pay	10,384.62 (10 days = Nov 4,5,6,7,8,11,12,13,14,15, 2019)
Vacation Remaining	39,866.54 (38.39 days)
Additional Payment	<u>145,384.62</u> (28 weeks)
TOTAL FINAL PAY	<u>195,635.77</u>

Notes:

1. Vacation remaining will be paid on November 22, 2019
2. Additional payment would be paid on November 22, 2019
3. Final wages up to and including May 31, 2020, will be included on the November 22, 2019 payroll



TOKYO SMOKE





December 8, 2019

David Klein
Via E-mail

RE: Employment Agreement

Dear Mr. Klein:

We are pleased to make an offer of full-time employment to you pursuant to the terms and conditions contained within this employment agreement (the “**Agreement**”). Your position will be Chief Executive Officer of Canopy Growth Corporation (the “**Company**”), serving at the pleasure of the Company’s Board of Directors (the “**Board**”).

1. Conditional Offer

This offer of employment is conditional upon completion, to the Company’s satisfaction, of the following background checks:

- Criminal Background Check

You agree to sign and return any forms or consents and take any steps necessary for the Company to conduct the above-noted background checks as required by the Company. You also agree that the Company may use the services of a third-party background checking firm to conduct some or all of these background checks, and that the Company may provide your personal information, including any forms and consents, to the background checking firm for this purpose. You also agree that this offer of employment is conditional upon the Company being satisfied, in its discretion, with the results of the background checks. If the Company is not satisfied, we regret that you will not become an employee of the Company. You agree that in the event that you do not become an employee of the Company, you will have no claims against the Company arising out of the Company’s decision or the checks referenced herein.

You also understand and agree that the Company's licenses under the Federal *Cannabis Act* and *Regulations* (together, the "**Cannabis Act**") require the Company's officers to satisfy the requirements of a security clearance. Therefore, you must immediately apply for a security clearance pursuant to the *Cannabis Act*. You agree that in the event you fail to successfully obtain a security clearance (or your security clearance is revoked at any time) as required by the Minister of Health under the requirements of the *Cannabis Act*, your lack of a security clearance will constitute frustration of contract, and this agreement will terminate at law, with no further obligations owed to you by the Company under this Agreement.

2. Duties and Responsibilities

As Chief Executive Officer, you will report to and comply with the directions of the Company's Board of Directors. Your primary duties are set out in the job description attached to this agreement as Schedule "A". You agree to perform the duties of your position diligently and to the best of your ability. We may need to make reasonable changes to these duties as necessary, to achieve our organizational objectives and you agree to accept those changes provided that reasonable notice of those changes is provided to you in advance.

3. Effective Date

The terms of this Agreement shall commence on January 14, 2020, or such other date that may be mutually agreed between you and the Company.

4. Location of Work

The Company's head office is located at 1 Hershey Drive, Smiths Falls, ON. You will be expected to travel throughout the world, on a not infrequent basis, in order to satisfy the terms of this Agreement.

5. Policies

It will be a condition of your employment with the Company that you adhere to all Company rules and policies. The Company reserves the right to revise, revoke, or introduce new rules and policies, as the Company may deem necessary from time to time, and you will also be required to abide by any changes in the rules and policies, once they come into effect.

6. Compensation and Benefits

You will be paid a Base Salary of nine hundred and seventy-five thousand dollars (US\$975,000.00) per year subject to statutory and benefits deductions. The Board will review such salary on an annual basis. All dollar amounts when expressed are expressed as either CAD\$ which are Canadian dollars or US\$ which are U.S. dollars.,

In addition to your Base Salary, you are eligible for a short term annual incentive performance bonus in US\$ of 125% of your Base Salary (the "**Target Award**"), with a payout range of 0-2x the Target Award based on the achievement of certain mutually developed financial/operational/strategic and individual performance objectives which have been approved by the Board ("**STI**"). Notwithstanding the foregoing, for FY20, you shall be entitled to receive a pro-rated amount of the Target Award based on the number of days worked between your start date and March 31, 2020.

You will be eligible to participate in Canopy Growth's Amended and Restated Omnibus Incentive Plan, as approved by the Board and as amended from time to time (the "**Stock Option Plan**"). The vesting and exercise of equity is governed by the Stock Option Plan and related documentation. Equity will continue to vest during any period during which you continue to be an employee of the Company in connection with the resignation of your employment or termination of employment without cause. Unvested options on termination or resignation will expire as per the terms and conditions of the Stock Option Plan. The termination date for the purpose of your entitlement in respect of any equity that you are granted by the Board will be your last day of active service with the Company. For greater certainty, equity will not vest during any period in which you are receiving severance pursuant to Section 7 below.

Pursuant to the Stock Option Plan, you will be eligible to receive an annual long term award of 300% your Base Salary, which utilizes the US\$ Fair Market Value share price (as defined in the Stock Option Plan) ("**FMV price**") on the grant date, 50% of which shall be in the form of stock options ("**Options**") and 50% of which shall be in the form of performance share units ("**PSUs**") subject to the Board's discretion ("**LTI**") and which annual granting practice shall commence in FY21, but in no event occur later than July 1, 2020 and which shall include relative shareholder return and financial metrics to be determined by the Board.

You will be provided with an annual perquisite allowance of CAD\$125,000, reimbursed monthly during your employment. The parties will mutually agree on the tax treatment to ensure that it is for the benefit of both parties.

You will be covered for all reasonable business expenses as outlined in the Corporate Travel & Expense Policy.

Upon the creation by the Company of a retirement plan in which you participate, the Company will contribute CAD\$40,000 per annum on your behalf, subject to the terms and conditions of the applicable plan.

As of the commencement of this Agreement, you will be entitled to apply for the health and insurance benefits offered to executive employees. The terms and carrier of the Company's health and insurance benefits are subject to change from time to time, at the Company's sole discretion. In addition, you will be provided bridge coverage, to the extent any is necessary, until such time as Company has enacted a US based health and insurance benefits plan.

The Company will reimburse you for tax and legal advice relating to this agreement to a maximum amount of CAD\$20,000.

In addition to the LTI described above, prior to any announcement of you accepting your position with the Company, the Corporate Governance and Nominating Committee of the Board, at the next available Board Meeting at which equity may be granted following your execution of this Agreement, shall recommend to the Board that the Board approve the following:

- 1) Replacement Compensation
 - a. A grant of restricted share units (RSUs) of an amount equal to the US\$ amount of your forfeited equity value with your current employer determined on your start date of January 14, 2020 which on the date hereof is approximately US\$7 million. The RSUs will vest on the same dates as the RSUs you currently hold with your current employer.

- b. A lump sum payment in an amount equal to the US\$ amount of your forfeited annual bonus that you would have received from your current employer.

2) Inducement Grant

- a. A grant of Options of CAD\$20,000,000 using the FMV price on the Date of Grant (which shall be set based on the closing price of the Company stock on December 6, 2019), which shall, subject to meeting the conditions set out in i, ii and iii, vest in three equal portions on the 2nd, 3rd and 4th anniversaries of the Date of Grant and have a six-year term (the "**Term**"). The number of stock options to be granted will be determined by dividing the grant value by the FMV and multiplied by 2 (i.e. each option is worth 50% of the FMV price). In addition to the aforementioned time-based vesting, the Options shall also require the following performance objectives to be met in order to vest:
 - i. The first CAD\$6,700,000 of the Options shall only vest if during any 90- day period during the Term, the Company's average closing stock price on the TSX has appreciated by a minimum of 50% from the stock price on the Date of Grant;
 - ii. the second CAD\$6,700,000 of the Options shall only vest if as at the end of any fiscal year of the Company during the Term, Audited Annual Revenue of \$2.50 billion is achieved by the Company for such fiscal year ended, as confirmed by the auditors of the Company ; and
 - iii. CAD\$6,660,000 of the Options shall only vest if as at the end of any fiscal year of the Company during the Term, a CAD\$100M CAET, as defined below is achieved for such fiscal year ended, as confirmed by the auditors of the Company.

Comparable Adjusted EBITDA (CAET) means, for any fiscal year of the Company, Adjusted EBITDA for such fiscal year further adjusted to remove any individual non-core market with negative Adjusted EBITDA outside of the Company's core markets, which for greater certainty are Canada, UK, Germany, Spain, Denmark, Chile and Brazil, as long as the negative Adjusted EBITDA is in-line with the Board approved plan such removed market.

For greater certainty, when used herein Adjusted EBITDA means, for any fiscal year of the Company, earnings before interest, tax, depreciation and amortization of the Company as set forth in the financial statements for the Company for such fiscal year then ended, adjusted to exclude share-based compensation expense, acquisition related costs including SBC, and other non-cash items pursuant to past practices and approved by the Audit Committee of the Board.

Stock Ownership Guidelines

You agree that, within three years of your start date, and thereafter throughout your employment and for one year post the ending of your employment, you shall maintain ownership of a minimum of five times the Base Salary in the Company's equity, which may include RSU ownership, but not stock options and performance share units.

Vacation Entitlement

Subject to the requirements of the *Employment Standards Act, 2000* ("ESA"), you will be entitled to six weeks' vacation time per vacation entitlement year. All such vacation time is to be scheduled in accordance with business requirements.

Any vacation time that you take in any given year shall count first towards your statutory entitlement and then towards any additional vacation time to which you are entitled pursuant to the terms of this Agreement. You may carry-over a maximum of ten (10) days of vacation time with the approval of the Board.

You agree that if you have received vacation pay before it is earned, then the Company may deduct the applicable amount from any payments owing to you when your employment ends.

7. End of Employment

Although it is difficult to contemplate ending our relationship when it is just beginning, it is mutually beneficial to determine our respective obligations ahead of time. Accordingly, your employment may cease under any of the following circumstances:

i) Resignation

You may resign from your employment by giving us not less six (6) weeks' written notice.

At the Company's sole option, the Company may waive the obligation for you to work in active employment during the period following the tendering of such notice of resignation. If the Company elects to exercise its option, then you will be provided with payment in lieu of Base Salary equal to the remaining period between the date the Company exercises its option and your last day of employment as set out in your notice of resignation.

ii) Termination Without Cause

If the Company elects to terminate your employment for reasons other than just cause, then it may do so, for any reason not prohibited by statute, by providing you with the following:

- (a) A lump sum payment equal to two years Base Salary as in effect at the time of termination; and
- (b) two times the average actual amounts paid as STI during the prior two years (or two times the Target Award if you have worked for less than two years); and,
- (c) The continuation of any group insured benefits for a period of two years from the date of termination, subject to the provisions of applicable plans and policies (it being understood that any benefits that cannot be continued for the two year period will be continued for the statutory notice period required under the *ESA* and you will receive a payment equal to the premium cost for any such benefits that cannot be continued beyond the statutory notice period).

You understand and agree that as a condition of receiving any payments pursuant to the above paragraph 8(ii) that exceed the statutory entitlements provided by the *ESA*, you will be required to execute a release in favor of the Company, immediately execute

written resignations from any position as officer or director of the Company or any of its subsidiaries and affiliates, as well as immediately comply with section 7 of the Intellectual Property and Confidential Information Agreement, attached as Schedule "B".

If you are then participating in any incentive compensation plan/program, then incentive compensation (if any) owing to you will be calculated and paid out in the usual manner and at the usual time in accordance with the terms of the applicable plan/program then in effect, but subject to the terms and conditions of the applicable plan on termination or resignation of employment.

Notwithstanding anything in this agreement, the Company guarantees that you will at all times receive your minimum entitlements under the governing employment standards legislation in force at the time of your termination from employment.

Any payments made pursuant to the above provisions are in full satisfaction of any amounts owing to you including statutory entitlements and common law damages in any way related to your employment.

You specifically acknowledge that by entering into this agreement you are hereby forfeiting your right to claim common law notice of termination, which may be greater than the amount of notice required to be provided to you pursuant to the provisions of this Agreement.

These termination provisions will apply throughout your employment with the Company regardless of any changes to your salary, benefits, position title, or job responsibilities.

iii) Termination For Cause

The Company may terminate your employment for just cause at any time without notice, pay in lieu of notice, severance pay, or other liability. For the purposes of this agreement, just cause includes, but is not limited to any conduct that constitutes just cause at common law as well as the following:

- a material breach of this Agreement or material Company employment policies;
- theft, dishonesty or falsifying records;
- intentional destruction, improper use or abuse of company property;
- violence in the workplace;
- unlawful conduct at our premises, property or during Company-related functions at other locations;
- unlawful harassment of your co-workers, supervisors, managers, customers, suppliers or other individuals associated with the Company;
- insubordination or willful refusal to take lawful directions; and,
- intoxication or impairment in the workplace.

8. Protection of Business Interests

Like most organizations, the Company must protect itself from unfair competition. Therefore, we have established the following restrictions to protect our valid business interests. You understand these provisions and agree that they are reasonable in light of all of the circumstances, including the availability to you of employment in areas and fields that are not restricted by this agreement.

(a) Confidentiality

It is a condition of your employment that you execute the Intellectual Property and Confidentiality Agreement, attached as Schedule “B”.

(b) Non-Solicitation

In recognition of the access you will have to our processes, employees and clients, you agree that during your employment and for a period of twelve (12) months after it ends, you will not, either directly or indirectly, communicate with the Company’s employees, or customers for the purpose of inducing them to end their relationship with the Company.

(c) Non-Competition

In light of the nature of your position and the close relationship you will have with our customers, it is important for us to limit interference with our business. Therefore, during your employment and for twelve (12) months thereafter, you will not, whether on your own behalf or on behalf of any other person, corporation, or organization, whether or not such organization is operated for profit, work at, work for, be employed by, provide services to, engage with, or assist in any way, whether or not for remuneration, recognition, or reward any person, corporation, or organization, whether or not such organization is operated for profit, that sells or intends to sell cannabis, including hemp, and/or provides cannabis-related services or products, in any jurisdiction in which the Company or its subsidiaries has operations. Without limiting the generality of the foregoing, as of the date hereof such jurisdictions include Canada, USA, Brazil, Colombia, Czech Republic, Germany, United Kingdom, Australia, South Africa, Lesotho, Poland and Italy.

It is not our intention to unduly restrict your employment prospects. Accordingly, the Company may agree to waive this provision if we are able to establish appropriate safeguards to minimize the impact any proposed employment with a competitor will have on the Company’s business interests. Any such waiver must be in writing and signed by an authorized representative of the Company.

(d) Conflict of Interest

To enable you to meet the demands of your position, we require your full attention. Accordingly, while you are employed with us, you must devote yourself exclusively to the business of the Company.

You agree that you will not engage in any other business activity or employment, including sitting on any board of directors, governors, or trustees (whether the organization is operated for profit or not) during your employment, without the Company’s prior written approval. The Company agrees not to withhold such approval unreasonably.

You confirm that your employment with us does not violate any agreement or understanding to which you are currently bound including any existing non-competition, non-solicitation or confidentiality agreements. You further agree to indemnify and save harmless the Company against all losses, costs, damages, expenses, penalties, fines and other amounts for which it may be found liable at law with respect to your breach of any such agreement.

9. General

This agreement constitutes our entire employment agreement and supersedes any previous written or verbal agreements between us. If any term of this agreement is found to be invalid or unenforceable, in whole or in part, the validity or enforceability of any other provision will not be affected.

Any modifications to this agreement must be in writing and signed by both of us. No waiver of a breach of any term of this agreement is binding unless it is in writing and signed by the party waiving it. Unless otherwise specified, the waiver will be limited to the specific breach waived.

In the event that any provision or part of this Agreement is deemed void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect.

This agreement is governed by the laws of the province of Ontario. References in this agreement to the ESA include any amendments or successor legislation.

The parties agree that, except as may be guaranteed by the provisions of the ESA the Ontario Superior Court of Justice, sitting at Ottawa, shall have exclusive jurisdiction to adjudicate any dispute arising between the parties.

We encourage you to review this offer of employment with legal counsel.

In order to provide you with appropriate time, please return an executed copy of this employment package by December 8, 2019. If we have not received the signed documents (or we have agreed in writing to extend your offer of employment to another date in the future), this offer will become null and void.

/s/Peter Stringham
Peter Stringham, Board Member
Canopy Growth Corporation

December 8, 2019

Dated

I have had sufficient time to review this agreement and have been advised to review it with a lawyer. If I did not do so, it is because I understood the terms of the Company's offer and did not feel that I needed legal advice. I understand and accept the terms of this agreement and am signing it voluntarily.

/s/David Klein
David Klein

December 8, 2019
Dated

SCHEDULE "A"

JOB DESCRIPTION

Position: Chief Executive Officer

Responsibilities:

The Chief Executive Officer of the Company will report to and comply with the direction of the Board of Directors of the Company. The Chief Executive Officer shall be, subject to the authority of the Board of Directors, responsible for the general supervision of the day-to-day affairs of the Company, including, without limitation:

- ▶ **Shape global strategic plans:** Develop and execute the company's strategy with the appropriate scale and pace while retaining the company values and entrepreneurial culture. Targeting the best markets and products for sustainable customer satisfaction with the appropriate sales and earnings growth.
- ▶ **Develop a world-class supply chain:** Define and execute the supply chain strategy, aligning people / process / systems that will optimize output while maintaining high levels of efficiency across product development, manufacturing/production, quality control and logistics.
- ▶ **Deliver consistently:** Produce results based on agreed upon targets and timetable in a rapidly evolving industry.
- ▶ **Build best in class product portfolios:** Continue to innovate and develop new products to fulfill consumers across various channels including medical and recreational.
- ▶ **Embraces social responsibility:** Ensure that the company is adhering to all regulatory requirements and is viewed a leader in quality products and safety around the world. The CEO will be the catalyst to ensure that the company is on the forefront of the rapidly evolving regulatory landscape.
- ▶ **Cultivate high-performing cross-functional teams:** Create a culture through a combination of recruiting top talent, restructuring current roles/responsibilities as needed, and developing high potential team members. Foster an entrepreneurial & fast paced environment that operates with discipline and trust among leaders.
- ▶ **Other:** Such other powers and duties as the Board of Directors may specify from time-to-time

SCHEDULE "B"
INTELLECTUAL PROPERTY AND
CONFIDENTIAL INFORMATION
AGREEMENT

This Intellectual Property and Confidential Information Agreement (the "Agreement") is entered into between Canopy Growth Corporation (the "Company") and David Klein (the "Employee").

Whereas the Company is offering the Employee employment and has an interest in protecting its confidential information and other proprietary information and related rights;

And whereas the Employee recognizes the importance of protecting the Company's confidential information and other proprietary information and related rights is a fundamental term of the Employee's employment;

NOW THEREFORE, in consideration of the Company hiring the Employee and/or for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), the Employee and the Company hereby agree as follows:

1. Definitions

"Confidential Information" means all of the materials and information (whether or not reduced to writing and whether or not patentable or protected by copyright) provided by the Company to the Employee, or which is available to the Employee during the course of the Employee's employment, including, without limitation the following:

- information regarding the Company's business operations, Developments (as defined below), methods and practices, recruiting and training policies, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates, per diems and information regarding the financial affairs of the Company;
- customer lists, quotations or proposals given to customers, requirements of specific customers, and the names of the suppliers to the Company and the nature of the Company's relationships with these clients and suppliers;
- information regarding the business operations, methods and practices, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates and financial affairs of the Company's stakeholders;
- technical and business information of or regarding the clients, customers or stakeholders of the Company, obtained in order to enable or assist the Company in providing such clients, customers or stakeholders with products and services, including information regarding the business operations, methods and practices and product plans of such clients, customers or stakeholders;

- any other trade secret or confidential or proprietary information received by the Company from third parties and in the possession or control of the Company; and
- any other materials or information related to the Company's business which are not generally known to others, regardless of whether such information is in paper or electronic format or any other format;

provided that, Confidential Information shall not include information which:

- a) is generally known or in the public domain at the time of disclosure;
- b) though originally Confidential Information becomes generally available to the public through no fault of the Employee, as of the date of its becoming part of the public knowledge; or
- c) is required to be disclosed by any law, regulation, governmental body, or authority or by court Order provided that before disclosure is made, notice of the requirement is provided to the Company, and to the extent possible in the circumstances, the Company is afforded an opportunity to dispute the requirement.

The absence of any notice indicating confidentiality on any material will not imply that same is not Confidential Information.

"Developments" include, without limitation any methods, processes, procedures, systems, inventions (whether patentable or not), devices, discoveries, concepts, know-how, data, databases, technology, products, software (in executable and source code formats), templates, documentation, specifications, compilations, designs, reports, trade-marks, and any enhancements, modifications, or additions to the foregoing or to any products owned, marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company.

2. Non-Disclosure of Confidential Information

At all times during and subsequent to the termination of the Employee's employment, the Employee shall keep in strictest confidence and trust the Confidential Information, the Employee shall take all necessary precautions against unauthorized disclosure of the Confidential Information, and the Employee shall not directly or indirectly disclose, allow access to, transmit or transfer the Confidential Information to a third party, nor shall the Employee copy or reproduce the Confidential Information except as may be reasonably required for the Employee to perform the Employee's duties for the Company.

3. Restricted Use of Confidential Information

At all times during and subsequent to the termination or cessation of the Employee's employment, the Employee shall not use the Confidential Information in any manner except as reasonably required for the Employee to perform the Employee's duties for the Company.

Upon the request of the Company and in any event upon the termination or cessation of the Employee's employment, the Employee shall immediately return to the Company all materials, including all copies in whatever form, containing the Confidential Information which are in the Employee's possession or under the Employee's control.

4. Ownership of Confidential Information and Developments

The Employee acknowledges and agrees that the Employee shall not acquire any right, title or interest in or to the Confidential Information.

The Employee agrees to make full disclosure to the Company of each Development promptly after its creation.

With the sole exception of any intellectual property owned by (and not merely licensed to) the Employee prior to the making of this Agreement, which is also enumerated by the Employee in the attached Schedule "A" prior to the execution of this Agreement, the Employee hereby assigns and transfers to the Company, and agrees that the Company shall be the exclusive owner of, all of the Employee's right, title and interest to each Development and any enhancement, modification, or addition to any of the intellectual property enumerated in Schedule "A" or any of the intellectual property that is marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company, throughout the world, including all trade secrets, patent rights, copyrights and all other intellectual property rights therein.

The Employee further agrees to cooperate fully at all times during and subsequent to the Employee's Employment with respect to signing further documents and doing such acts and other things reasonably requested by the Company to confirm such transfer of ownership of rights, including intellectual property rights, effective at or after the time the Development is created and to obtain patents or copyrights or the like covering the Developments. The Employee agrees that the Company, its assignees and their licensees are not required to designate the Employee as the author of any Developments. The Employee agrees that the obligations in this subparagraph (c) shall continue beyond the termination of the Employee's employment with respect to Developments created during the Employee's employment.

The Employee acknowledges that the Company shall alone have the right to apply for, prosecute, defend and obtain Letters Patent of invention, copyright registration, industrial design registration in any and all counties of the world with respect to any such invention, discovery, development or improvement, copyright material or industrial design created.

The expense of applying for and obtaining the Letters Patent, copyright registration and industrial design registration referred to in this Agreement shall be borne entirely by the Company.

It is agreed that the Company shall not be entitled to those inventions, discoveries, developments and improvements made by the Employee prior to the time the Employee was engaged in employment by the Company; it being understood and agreed that the inventions, discoveries, developments and improvements enumerated in Schedule "A" constitute the inventions, discoveries, developments and improvements made by the Employee, and the Employee hereby acknowledges that there are no inventions, discoveries, developments and improvements made prior to the employment of the Employee by the Company and which are the property of the Employee other than those that are enumerated in Schedule "A".

The Employee hereby grants a power of attorney to the Company to have the Company execute on the Employee's behalf all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to

assign and convey to the Company and its successors, assigns and nominees sole and exclusive rights, title and interest in and to such Developments, and any copyrights, patents, trade-marks, industrial designs (design patents), topographies (mask work rights) or other intellectual property rights relating thereto.

The Employee hereby waives in whole all moral rights which the Employee may have in the Developments, including the right to the integrity of the Developments, the right to be associated with the Developments, the right to restrain or claim damages for any distortion, mutilation or other modification of the Developments, and the right to restrain use or reproduction of the Developments in any context and in connection with any product, service, cause or institution. The Employee will confirm any such waiver from time to time as requested by the Company.

5. No Conflicting Obligations

The Employee acknowledges and represents to the Company that the Employee's performance during the period of the Employee's employment shall not breach any agreement or other obligation to keep confidential the proprietary information of any prior employer or client of the Employee or any other third party. The Employee further acknowledges and represents that the Employee is not bound by any agreement or obligation with any third party that conflicts with any of the Employee's obligations under this Agreement.

The Employee represents and agrees that the Employee will not bring to the Company and shall not use in the performance of the Employee's work with the Company, any trade secrets, confidential information and other proprietary information of any prior employer or client of the Employee or any other third party. The Employee represents and agrees that in the Employee's work creating Developments the Employee will not knowingly infringe the intellectual property rights, including copyright, of any third party.

6. Enforcement

The Employee acknowledges and agrees that damages may not be an adequate remedy to compensate the Company for any breach of the Employee's obligations contained in this Agreement, and accordingly the Employee agrees that in addition to any and all other remedies available to it, the Company shall be entitled to seek relief by way of a temporary or permanent injunction to enforce the obligations contained in this Agreement. Such relief shall be in addition to and not in lieu of any other remedies available the Company at law or in equity.

7. Returning the Company Documents

The Employee agrees that upon the termination of the Employee's employment the Employee will deliver to the Company (and will not keep in the Employee's possession or deliver to anyone else) any and all Confidential Information and proprietary information including, without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, together with any third party information received by the Employee. In the event of the termination of the Employee's employment, the Employee agrees to sign and deliver to the Company the "Termination Certificate" attached hereto as Appendix "A". Notwithstanding the foregoing, the Employee shall be entitled to keep personal copies of (i) the Employee's compensation records, (ii) this Agreement, and (iii) the Employee's letter of offer.

8. General

This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Ontario and any laws of Canada applicable thereto.

If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceable provision or part thereof shall be deemed to be omitted from this Agreement without in any way invalidating or impairing the other provisions of this Agreement.

The obligations herein may not be changed or modified, released or terminated, in whole or in part, except in writing signed by the Chairman of the Board of Directors of the Company and the Employee.

This Agreement supersedes all previous agreements, if any, between the Company and the Employee with respect to the subject matter of this Agreement. The Employee agrees, however, that this Agreement does not purport to set forth all of the terms and conditions of the Employee's employment and the Employee has other obligations to the Company that are not set forth in this Agreement.

The rights and obligations under this Agreement shall survive the termination of the Employee's employment and shall enure to the benefit of and shall be binding upon (i) the Employee's heirs and personal representatives; (ii) the successors and assigns of the Employee; and (iii) the successors and assigns of the Company.

THE EMPLOYEE HAS READ THIS AGREEMENT, UNDERSTANDS IT, HAS HAD THE OPPORTUNITY TO OBTAIN INDEPENDENT LEGAL ADVICE IN RESPECT OF IT, AND AGREES TO ITS TERMS.

The Employee acknowledges having received a fully executed copy of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the 8th day of December, 2019.

Canopy Growth Corp.

By: /s/Peter Stringham
Name: Peter Stringham
Title: Board Member

/s/David Klein
David Klein

SCHEDULE "A"

**ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE PRIOR TO
THE MAKING OF THIS AGREEMENT**

Patents

Please list all those patents both received and applied for using the table below.

Description	Jurisdiction	Patent No.	Date Received or Applied For

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Licenses

Please describe all intellectual property, were patented, trademarked, or otherwise protected or not, licensed to third parties by you using the table below.

Description of License	Licensed To:

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

SCHEDULE "A"

**ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE PRIOR TO
THE MAKING OF THIS AGREEMENT**

Copyrights, trademarks, registered trademarks, and other forms of intellectual property.

Please use the table below to list all other registered intellectual property owned by you prior to the making of this Agreement.

Description	Jurisdiction	Registration Number	Date Received

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Acknowledgement

You hereby acknowledge that, the items listed in the tables above (and any attached sheets, if necessary) constitute the full and complete list of intellectual property owned by you prior to making this Agreement with Canopy Growth Corporation.

Date: _____

Signed: _____
name

APPENDIX "A"

TO INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

Termination Certificate

To: Canopy Growth Corporation (the "Company")

Re: Intellectual Property and Confidential Information Agreement (the "Agreement") between the Company and the undersigned employee.

This is to certify that I do not have in my possession, nor have I failed to return, nor have I transferred to any third party, any confidential or proprietary information belonging to the Company, its subsidiaries, affiliates, successors, assigns, clients, customers or stakeholders, including without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items. I further certify that I have complied with all the terms of the Agreement signed by me, including the reporting of any Developments, inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, customers or stakeholders.

Date: _____

Signed: _____
name



December 12, 2019

Rade Kovacevic
Via E-mail

RE: Employment Agreement

Dear Rade:

We are pleased to offer you pursuant to the terms and conditions contained within this employment agreement (the "Agreement") the continuing position of President of Canopy Growth Corporation (the "Company"), reporting to the Chief Executive Officer, once appointed, and in the interim serving at the pleasure of the Board of Directors (the "**Board**").

1. Duties and Responsibilities

As President, you will report to and comply with the directions of the Company's Chief Executive Officer, once appointed, and in the interim, to those of the Board of Directors. Your primary duties are set out in the job description attached to this agreement as Schedule "A". You agree to perform the duties of your position diligently and to the best of your ability. We may need to make reasonable changes to these duties as necessary, to achieve our organizational objectives and you agree to accept those changes provided that reasonable notice of those changes is provided to you in advance.

2. Effective Date

The Term and terms of this Agreement shall commence on December 12, **2019**, or such other date that may be mutually agreed between you and the Company.

3. Location of Work

The Company's head office is located at 1 Hershey Drive, Smiths Falls, ON. However, the Company operates on a global scale. You will be expected to travel throughout the world, on a not infrequent basis, in order to satisfy the terms of this Agreement.

4. Policies

It will be a condition of your employment with the Company that you adhere to all Company rules and policies. The Company reserves the right to revise, revoke, or introduce new rules and policies, as the Company may deem necessary from time to time, and you will also be required to abide by any changes in the rules and policies, once they come into effect.

5. Compensation and Benefits

You will be paid a Base Salary of six hundred thousand dollars (CAD\$600,000.00) per year subject to statutory and benefits deductions. The Board will review such salary on an annual basis. For greater certainty, the Base Salary shall be retroactive to July 1, 2019 and payable in one lump sum on the next possible payroll.

In addition to your Base Salary, you are eligible for a short term annual incentive performance bonus of 75% of your Base Salary (the "**Target Award**"), with a payout range of 0-2x the Target Award based on the achievement of certain mutually developed financial/operational/strategic and individual performance objectives which have been developed jointly with the Chief Executive Officer, President and Chief Financial Officer, and approved by the Board ("**STI**").

You will continue to be eligible to participate in Canopy Growth's Amended and Restated Omnibus Incentive Plan, as approved by the Board and as amended from time to time (the "**Stock Option Plan**"). Except as otherwise provided below, the vesting and exercise of equity is governed by the Stock Option Plan and related documentation. Equity will not vest during any period of notice or pay in lieu of notice in connection with the resignation of your employment or termination of employment without cause. Unvested options on termination or resignation will expire as per the terms and conditions of the Stock Option Plan. The termination date for the purpose of your entitlement in respect of any equity that you are granted by the Board will be the date that either you or the Company provide the other with notice of resignation or termination of employment. Notwithstanding the foregoing, any Options or RSUs held by you at the time of your termination (but which for greater certainty shall not include any granted as of or following the signing of this Agreement) shall continue to vest for a one year period following your termination provided it was without cause.

Pursuant to the Stock Option Plan, you will be eligible to receive an annual long term award of 300% your Base Salary, which utilizes the Fair Market Value share price (as defined in the Stock Option Plan) ("**FMV price**") on the grant date, 50% of which shall be in the form of stock options ("**Options**") and 50% of which shall be in the form of performance share units ("**PSUs**") subject to the Board's discretion ("**LTI**") and which annual granting practice shall commence in FY21, but in no event occur later than July 1, 2020. The LTI shall vest based on the achievement of certain mutually developed financial/operational/strategic and individual performance objectives which have been developed jointly with the Chief Executive Officer and Chief Financial Officer, and approved by the Board.

The Company will reimburse you for tax, legal and accounting advice relating to this agreement to a maximum amount of CAD\$15,000.

In addition to the LTI described above, at the next available Board Meeting at which equity may be granted following your execution of this Agreement, the Chief Executive Officer shall recommend to the Board that the Board approve the following:

1) Inducement Grant

- a. A grant of Options of CAD\$1,350,000 using the FMV price on the Date of Grant (which shall be set based on the closing price of the Company stock on December 12, 2019), which shall, subject to meeting the conditions set out in i, ii and iii, vest in three equal portions on the 2nd, 3rd and 4th anniversaries of the Date of Grant and have a six-year term (the "**Term**"). The number of stock options to be granted will be determined by dividing the grant value by the FMV and multiplied by 2 (i.e. each option is worth 50% of the FMV price). In addition to the aforementioned time-based vesting, the Options shall also require the following performance objectives to be met in order to vest:
 - i. CAD\$450,000 of the Options shall only vest if during any 90- day period during the Term, the Company's average closing stock price on the TSX has appreciated by a minimum of 50% from the stock closing price on December 6, 2019;
 - ii. CAD\$450,000 of the Options shall only vest if as at the end of any fiscal year of the Company during the Term, Audited Annual Revenue of \$2.50 billion is achieved by the Company for such fiscal year ended, as confirmed by the auditors of the Company ; and
 - iii. CAD\$450,000 of the Options shall only vest if as at the end of any fiscal year of the Company during the Term, a CAD\$100M CAET, as defined below is achieved for such fiscal year ended, as confirmed by the auditors of the Company.

Comparable Adjusted EBITDA (CAET) means, for any fiscal year of the Company, Adjusted EBITDA for such fiscal year further adjusted to remove any individual non-core market with negative Adjusted EBITDA outside of the Company's core markets, which for greater certainty are Canada, UK, Germany, Spain, Denmark, Chile and Brazil, as long as the negative Adjusted EBITDA is in-line with the Board approved plan such removed market.

For greater certainty, when used herein Adjusted EBITDA means, for any fiscal year of the Company, earnings before interest, tax, depreciation and amortization of the Company as set forth in the financial statements for the Company for such fiscal year then ended, adjusted to exclude share-based compensation expense, acquisition related costs including SBC, and other non-cash items pursuant to past practices and approved by the Audit Committee of the Board.

You will be covered for all reasonable business expenses as outlined in the Corporate Travel & Expense Policy.

As of the commencement of the Term of this Agreement if not already, you will be entitled to apply for the health and insurance benefits offered to executive employees. The terms and carrier of the Company's health and insurance benefits are subject to change from time to time, at the Company's sole discretion

Stock Ownership Guidelines

The Employee agrees that, within five years of your start date, and thereafter throughout your employment and for one year post the ending of your employment, the Employee shall maintain ownership of a minimum of three times the Base Salary in the Company's equity, which may include RSU ownership, but not stock options and performance share units.

Vacation Entitlement

Subject to the requirements of the *Employment Standards Act, 2000*, you will be entitled to six (6) weeks vacation time per vacation entitlement year. All such vacation time is to be scheduled in accordance with business requirements.

You will also be entitled to vacation pay in the following amounts:

- i) For the first five years of your employment, 4% of your Wages earned, excluding vacation pay.
- ii) After your fifth year of service, 6% of your Wages earned, excluding vacation pay.

For the purpose of this section "Wages" has the definition assigned to it in the *Employment Standards Act, 2000*.

Any vacation time that you take in any given year shall count first towards your statutory entitlement and then towards any additional vacation time to which you are entitled pursuant to the terms of this Agreement. You may carry-over a maximum of ten (10) days of vacation time with the approval of the Board.

You agree that if you have received vacation pay before it is earned, then the Company may deduct the applicable amount from any payments owing to you when your employment ends.

6. End of Employment

Although it is difficult to contemplate ending our relationship when it is just beginning, it is mutually beneficial to determine our respective obligations ahead of time. Accordingly, your employment may cease under any of the following circumstances:

i) Resignation

You may resign from your employment by giving us not less four (4) weeks' written notice.

At the Company's sole option, the Company may waive the obligation for you to work in active employment during the period following the tendering of such notice of resignation. If the Company elects to exercise its option to waive the obligation to work during the notice of resignation period, then you will be provided with a payment in lieu of Base Salary equal to the minimum amount of notice of termination as is required to be provided to you pursuant to the provisions of Ontario *Employment Standards Act, 2000*.

ii) Termination Without Cause

If the Company elects to terminate your employment for reasons other than just cause, then it may do so, for any reason not prohibited by statute, by providing you with the following:

- (a) The greater of:
 - i. seventy eight weeks' notice or payment of Base Salary in lieu of such notice; and
 - ii. the minimum amount of notice or pay in lieu of notice as is required to be provided to you pursuant to the provisions of Ontario *Employment Standards Act, 2000*;
- (b) one and a half times the average actual amounts paid as STI during the prior two years;
- (c) in addition to (b) pro rated STI for the year worked to the date of termination based on paragraph 5
- (d) Any statutory severance pay that may be required to be provided to you pursuant to the provisions of the *Employment Standards Act, 2000*; and
- (e) The continuation of any statutorily prescribed benefits for the minimum amount of time prescribed by the provisions of the *Employment Standards Act, 2000*.

The Employee understands and agrees that as a condition of receiving any payments pursuant to the above paragraph 8(ii) (a) that exceed the statutory entitlements provided by the *ESA*, the Employee will be required to execute a release in favor of the Company, immediately execute written resignations from any position as officer or director of the Company or any of its subsidiaries and affiliates, as well as immediately comply with section 7 of the Intellectual Property and Confidential Information Agreement. The Employee also understands and agrees that the Employee shall be obligated to use all reasonable efforts to mitigate any and all damages suffered as a result of termination, with all remuneration received as a result of such mitigation forming a credit to those payments that are due by the Company to the Employee pursuant to paragraph 8(ii) (a), which are in excess of the statutory entitlements provided by the *ESA*.

If you are then participating in any incentive compensation plan/program, then incentive compensation (if any) owing to you will be calculated and paid out in the usual manner and at the usual time in accordance with the terms of the applicable

plan/program then in effect, but subject to the terms and conditions of the applicable plan on termination or resignation of employment.

Notwithstanding anything in this agreement, the Company guarantees that you will at all times receive your minimum entitlements under the governing employment standards legislation in force at the time of your termination from employment.

Any payments made pursuant to the above provisions are in full satisfaction of any amounts owing to you including statutory entitlements and common law damages in any way related to your employment.

You specifically acknowledge that by entering into this agreement you are hereby forfeiting your right to claim common law notice of termination, which may be greater than the amount of notice required to be provided to you pursuant to the provisions of this Agreement.

These termination provisions will apply throughout your employment with the Company regardless of any changes to your salary, benefits, position title, or job responsibilities.

iii) Termination For Cause

The Company may terminate your employment for just cause at any time without notice, pay in lieu of notice, severance pay, or other liability. For the purposes of this agreement, just cause includes, but is not limited to any conduct that constitutes just cause at common law as well as the following:

- a material breach of this agreement or our employment policies;
- unacceptable performance standards;
- theft, dishonesty or falsifying records, including providing false information as part of your application for employment;
- intentional destruction, improper use or abuse of company property;
- violence in the workplace;
- obscene conduct at our premises property or during company-related functions at other locations;
- harassment of your co-workers, supervisors, managers, customers, suppliers or other individuals associated with the Company;
- insubordination or willful refusal to take directions;
- intoxication or impairment in the workplace;
- repeated, unwarranted lateness, absenteeism or failure to report for work; or
- personal conduct that prejudices the Company's reputation, services or morale.

7. Protection of Business Interests

Like most organizations, the Company must protect itself from unfair competition. Therefore, we have established the following restrictions to protect our valid business interests. You understand these provisions and agree that they are reasonable in light of all of the circumstances, including the availability to you of employment in areas and fields that are not restricted by this agreement.

(a) Confidentiality

In the course of your employment, you will receive confidential information about the Company and its clients. For the purposes of this agreement, confidential information includes but is not limited to:

- processes, research and development information;
- trade secrets;
- information about the Company's operations, including products and services offered;
- financial information, such as pricing and rate information;
- documents, records or other information concerning the Company's sales or marketing strategies;
- client lists, records and information including lists of present and prospective clients and related information;
- information relating to employees, vendors and contractors of the Company including employment status, vendor/contractor status, personnel records, performance information, compensation information and job history;
- privileged information, including advice received from professional advisors such as legal counsel and financial advisors; and
- information contained in the Company's manuals, training materials, plans, drawings, designs, specifications and other documents and records belonging to the Company, even if such information has not been labeled or identified as confidential.

Information will not be considered confidential for the purposes of this agreement if:

- i) it was rightfully in your possession prior to your employment with the Company;
- ii) it was publicly available through legitimate means; or
- iii) it was received by you in a non-confidential manner from a third party that was not under obligation to the Company to maintain such information in confidence.

You understand that disclosure of confidential information would be highly detrimental to the Company's best interests and agree:

- i) to take precautions to protect and maintain the Company's confidential information;
- ii) to only release confidential information to those authorized to receive it, and then only on a need-to-know basis;
- iii) not to disclose, publish or disseminate to any unauthorized person, at any time either during your employment or after it ends, confidential information;
- iv) not to remove any confidential information from the Company's premises without our express permission

- v) not to make improper use, either directly or indirectly, of confidential information; and
- vi) to safeguard against unintentionally disclosing confidential information (e.g., by not discussing confidential information in public or on a cell phone and by not working with confidential information on a laptop in public, or transmitting such information by unsecured means).

When your employment ends, you must immediately return all materials or property belonging to the Company. You agree not to retain, reproduce or use any confidential or proprietary information or property belonging to the Company. A detailed Intellectual Property and Confidentiality Agreement is attached (Schedule "B") for your review and signature.

(b) Non-Solicitation

In recognition of the access you will have to our processes, employees and clients, you agree that during your employment and for a period of one year after it ends, you will not, either directly or indirectly, communicate with the Company's employees, clients, or customers for the purpose of inducing them to end their relationship with the Company.

(c) Non-Competition

In light of the nature of your position and the close relationship you will have with our clients, it is important for us to limit interference with our business. Therefore, during your employment and for twelve (12) months thereafter, you will not, whether on your own behalf or on behalf of any other person, corporation, or organization, whether or not such organization is operated for profit, work at, work for, be employed by, provide services to, engage with, or assist in any way, whether or not for remuneration, recognition, or reward any person, corporation, or organization, whether or not such organization is operated for profit, that sells or intends to sell cannabis, including hemp, and/or provides cannabis-related services or products, in any jurisdiction in which the Company or its subsidiaries has operations. Without limiting the generality of the foregoing, as of the date hereof such jurisdictions include Canada, USA, Brazil, Colombia, Czech Republic, Germany, United Kingdom, Australia, South Africa, Lesotho, Poland and Italy.

It is not our intention to unduly restrict your employment prospects. Accordingly, the Company may agree to waive this provision if we are able to establish appropriate safeguards to minimize the impact any proposed employment with a competitor will have on the Company's business interests. Any such waiver must be in writing and signed by an authorized representative of the Company.

(d) Conflict of Interest

To enable you to meet the demands of your position, we require your full attention. Accordingly, while you are employed with us, you must devote yourself exclusively to the business of the Company.

You agree that you will not engage in any other business activity or employment, including sitting on any board of directors, governors, or trustees (whether the organization is operated for profit or not) during your employment, without the Company's prior written approval. The Company agrees not to withhold such approval unreasonably.

You confirm that your employment with us does not violate any agreement or understanding to which you are currently bound including any existing non-competition, non-solicitation or confidentiality agreements. You further agree to indemnify and save harmless the Company against all losses, costs, damages, expenses, penalties, fines and other amounts for which it may be found liable at law with respect to your breach of any such agreement.

8. General

This agreement constitutes our entire employment agreement and supersedes any previous written or verbal agreements between us. If any term of this agreement is found to be invalid or unenforceable, in whole or in part, the validity or enforceability of any other provision will not be affected.

This agreement will continue to govern our employment relationship regardless of any changes to your employment including, but not limited to, changes to your position, location of employment, hours of work, compensation and benefits.

Any modifications to this agreement must be in writing and signed by both of us. No waiver of a breach of any term of this agreement is binding unless it is in writing and signed by the party waiving it. Unless otherwise specified, the waiver will be limited to the specific breach waived.

In the event that any provision or part of this Agreement is deemed void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect.

This agreement is governed by the laws of the province of Ontario. References in this agreement to the *Employment Standards Act, 2000*, SO 2000, c 41 include any amendments or successor legislation.

The parties agree that, except as may be guaranteed by the provisions of the *Employment Standards Act, 2000*, the **Ontario Superior Court of Justice**, sitting at **Ottawa**, shall have exclusive jurisdiction to adjudicate any dispute arising between the parties.

We encourage you to review this offer of employment with legal counsel.

In order to provide you with appropriate time, please return an executed copy of this employment package by December 13, 2019. If we have not received the signed documents (or we have agreed in writing to extend your offer of employment to another date in the future), this offer will become null and void.

/s/Phil Shaer
Canopy Growth Corp.

December 12, 2019
Dated

I have had sufficient time to review this agreement and have been advised to review it with a lawyer. If I did not do so, it is because I understood the terms of the Employer's offer and did not feel that I needed legal advice. I understand and accept the terms of this agreement and am signing it voluntarily.

/s/Rade Kovacevic
Rade Kovacevic

December 12, 2019
Dated

SCHEDULE "A"

JOB DESCRIPTION

Position:President

Responsibilities:

The President of the Company will report to and comply with the direction of the Chief Executive Officer, once appointed, and in the interim, to those of the Board of Directors of the Company. The President shall be, subject to the authority of the Board of Directors, responsible for the general supervision of the day-to-day affairs of the Company.

SCHEDULE "B"

INTELLECTUAL PROPERTY AND

CONFIDENTIAL INFORMATION AGREEMENT

This Intellectual Property and Confidential Information Agreement (the "Agreement") is entered into between Canopy Growth Corp. (the "Company") and Employee (the "Employee"). In the event this Agreement has been entered into with an independent contractor or sub-contractor, the independent contractor or sub-contractor as the case may be shall be referred to, for the purposes of this Agreement only and for simplicity, as an Employee. Any references to an independent contractor or a sub-contractor as an employee in this Agreement are not admissions that the Company and the independent contractor or sub-contractor are engaged in an employment relationship.

Whereas the Company is offering the Employee employment or continued employment and has an interest in protecting its confidential information and other proprietary information and related rights;

And whereas the Employee recognizes the importance of protecting the Company's confidential information and other proprietary information and related rights is a fundamental term of the Employee's employment;

NOW THEREFORE, in consideration of the Company hiring, promoting or continuing to employ the Employee and/or for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), the Employee and the Company hereby agree as follows:

1. Definitions

"Confidential Information" means all of the materials and information (whether or not reduced to writing and whether or not patentable or protected by copyright) provided by the Company to the Employee, or which is available to the Employee during the course of the Employee's employment, including, without limitation the following:

- information regarding the Company's business operations, Developments (as defined below), methods and practices, recruiting and training policies, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates, per diems and information regarding the financial affairs of the Company;
- customer lists, quotations or proposals given to customers, requirements of specific customers, and the names of the suppliers to the Company and the nature of the Company's relationships with these clients and suppliers;

- information regarding the business operations, methods and practices, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates and financial affairs of the Company's stakeholders;
- technical and business information of or regarding the clients, customers or stakeholders of the Company, obtained in order to enable or assist the Company in providing such clients, customers or stakeholders with products and services, including information regarding the business operations, methods and practices and product plans of such clients, customers or stakeholders;
- any other trade secret or confidential or proprietary information received by the Company from third parties and in the possession or control of the Company; and
- any other materials or information related to the Company's business which are not generally known to others, regardless of whether such information is in paper or electronic format or any other format;

provided that, Confidential Information shall not include information which:

- a) is generally known or in the public domain at the time of disclosure;
- b) though originally Confidential Information becomes generally available to the public through no fault of the Employee, as of the date of its becoming part of the public knowledge; or
- c) is required to be disclosed by any law, regulation, governmental body, or authority or by court Order provided that before disclosure is made, notice of the requirement is provided to the Company, and to the extent possible in the circumstances, the Company is afforded an opportunity to dispute the requirement.

The absence of any notice indicating confidentiality on any material will not imply that same is not Confidential Information.

"Developments" include, without limitation any methods, processes, procedures, systems, inventions (whether patentable or not), devices, discoveries, concepts, know-how, data, databases, technology, products, software (in executable and source code formats), templates, documentation, specifications, compilations, designs, reports, trade-marks, and any enhancements, modifications, or additions to the foregoing or to any products owned, marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company.

2. Non-Disclosure of Confidential Information

At all times during and subsequent to the termination of the Employee's employment, the Employee shall keep in strictest confidence and trust the Confidential Information, the Employee shall take all necessary precautions against unauthorized disclosure of the Confidential Information, and the Employee shall not directly or indirectly disclose, allow access to, transmit or transfer the Confidential Information to a third party, nor shall the Employee copy or reproduce the Confidential Information except as may be reasonably required for the Employee to perform the Employee's duties for the Company.

3. Restricted Use of Confidential Information

At all times during and subsequent to the termination or cessation of the Employee's employment, the Employee shall not use the Confidential Information in any manner except as reasonably required for the Employee to perform the Employee's duties for the Company.

Upon the request of the Company and in any event upon the termination or cessation of the Employee's employment, the Employee shall immediately return to the Company all materials, including all copies in whatever form, containing the Confidential Information which are in the Employee's possession or under the Employee's control.

4. Ownership of Confidential Information and Developments

The Employee acknowledges and agrees that the Employee shall not acquire any right, title or interest in or to the Confidential Information.

The Employee agrees to make full disclosure to the Company of each Development promptly after its creation.

With the sole exception of any intellectual property owned by (and not merely licensed to) the Employee prior to the making of this Agreement, which is also enumerated by the Employee in the attached Schedule "A" prior to the execution of this Agreement, the Employee hereby assigns and transfers to the Company, and agrees that the Company shall be the exclusive owner of, all of the Employee's right, title and interest to each Development and any enhancement, modification, or addition to any of the intellectual property enumerated in Schedule "A" or any of the intellectual property that is marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company, throughout the world, including all trade secrets, patent rights, copyrights and all other intellectual property rights therein.

The Employee further agrees to cooperate fully at all times during and subsequent to the Employee's Employment with respect to signing further documents and doing such acts and other things reasonably requested by the Company to confirm such transfer of ownership of rights, including intellectual property rights, effective at or after the time the Development is created and to obtain patents or copyrights or the like covering the Developments. The Employee agrees that the Company, its assignees and their licensees are not required to designate the Employee as the author of any Developments. The Employee agrees that the obligations in this subparagraph (c) shall continue beyond the termination of the Employee's employment with respect to Developments created during the Employee's employment.

The Employee acknowledges that the Company shall alone have the right to apply for, prosecute, defend and obtain Letters Patent of invention, copyright registration, industrial design registration in any and all counties of the world with respect to any such invention, discovery, development or improvement, copyright material or industrial design created.

The expense of applying for and obtaining the Letters Patent, copyright registration and industrial design registration referred to in this Agreement shall be borne entirely by the Company.

It is agreed that the Company shall not be entitled to those inventions, discoveries, developments and improvements made by the Employee prior to the time the Employee was engaged in employment by the Company; it being understood and agreed that the inventions, discoveries, developments and improvements enumerated in Schedule "A" constitute the inventions, discoveries, developments and improvements made by the Employee, and the Employee hereby acknowledges that there are no inventions, discoveries, developments and improvements made prior to the employment of the Employee by the Company and which are the property of the Employee other than those that are enumerated in Schedule "A".

The Employee hereby grants a power of attorney to the Company to have the Company execute on the Employee's behalf all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and its successors, assigns and nominees sole and exclusive rights, title and interest in and to such Developments, and any copyrights, patents, trade-marks, industrial designs (design patents), topographies (mask work rights) or other intellectual property rights relating thereto.

The Employee hereby waives in whole all moral rights which the Employee may have in the Developments, including the right to the integrity of the Developments, the right to be associated with the Developments, the right to restrain or claim damages for any distortion, mutilation or other modification of the Developments, and the right to restrain use or reproduction of the Developments in any context and in connection with any product, service, cause or institution. The Employee will confirm any such waiver from time to time as requested by the Company.

5. No Conflicting Obligations

The Employee acknowledges and represents to the Company that the Employee's performance during the period of the Employee's employment shall not breach any agreement or other obligation to keep confidential the proprietary information of any prior employer or client of the Employee or any other third party. The Employee further acknowledges and represents that the Employee is not bound by any agreement or obligation with any third party that conflicts with any of the Employee's obligations under this Agreement.

The Employee represents and agrees that the Employee will not bring to the Company and shall not use in the performance of the Employee's work with the Company, any trade secrets, confidential information and other proprietary information of any prior employer or client of the Employee or any other third party. The Employee represents and agrees that in the Employee's work creating Developments the Employee will not knowingly infringe the intellectual property rights, including copyright, of any third party.

6. Enforcement

The Employee acknowledges and agrees that damages may not be an adequate remedy to compensate the Company for any breach of the Employee's obligations contained in this Agreement, and accordingly the Employee agrees that in addition to any and all other remedies available to it, the Company shall be entitled to seek relief by way of a temporary or permanent injunction to enforce the obligations contained in this Agreement. Such relief shall be in addition to and not in lieu of any other remedies available the Company at law or in equity.

7. Returning the Company Documents

The Employee agrees that upon the termination of the Employee's employment the Employee will deliver to the Company (and will not keep in the Employee's possession or deliver to anyone else) any and all Confidential Information and proprietary information including, without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, together with any third party information received by the Employee. In the event of the termination of the Employee's employment, the Employee agrees to sign and deliver to the Company the "Termination Certificate" attached hereto as Appendix "A". Notwithstanding the foregoing, the Employee shall be entitled to keep personal copies of (i) the Employee's compensation records, (ii) this Agreement, and (iii) the Employee's letter of offer.

8. General

This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Ontario and any laws of Canada applicable thereto.

If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceable provision or part thereof shall be deemed to be omitted from this Agreement without in any way invalidating or impairing the other provisions of this Agreement.

The obligations herein may not be changed or modified, released or terminated, in whole or in part, except in writing signed by the Chairman of the Board of Directors of the Company and the Employee.

This Agreement supersedes all previous agreements, if any, between the Company and the Employee with respect to the subject matter of this Agreement. The Employee agrees, however, that this Agreement does not purport to set forth all of the terms and conditions of the Employee's employment and the Employee has other obligations to the Company that are not set forth in this Agreement.

The rights and obligations under this Agreement shall survive the termination of the Employee's employment and shall enure to the benefit of and shall be binding upon (i) the Employee's heirs and personal representatives; (ii) the successors and assigns of the Employee; and (iii) the successors and assigns of the Company.

THE EMPLOYEE HAS READ THIS AGREEMENT, UNDERSTANDS IT, HAS HAD THE OPPORTUNITY TO OBTAIN INDEPENDENT LEGAL ADVICE IN RESPECT OF IT, AND AGREES TO ITS TERMS.

The Employee acknowledges having received a fully executed copy of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the 12th day of December, 2019.

SIGNED, SEALED AND DELIVERED in the)	
presence of:)	
)	/s/Rade Kovacevic
/s/ Witness)	
Witness)	_____
)	Rade Kovacevic

Canopy Growth Corp.

By: /s/Phil Shaer
Name:Phil Shaer

Title:Chief Legal Officer

SCHEDULE "C"

ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE

PRIOR TO THE MAKING OF THIS AGREEMENT

Patents

Please list all those patents both received and applied for using the table below.

Description	Jurisdiction	Patent No.	Date Received or Applied For

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Licenses

Please describe all intellectual property, were patented, trademarked, or otherwise protected or not, licensed to third parties by you using the table below.

Description of License	Licensed To:

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

SCHEDULE "C"

ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE

PRIOR TO THE MAKING OF THIS AGREEMENT

Copyrights, trademarks, registered trademarks, and other forms of intellectual property.

Please use the table below to list all other registered intellectual property owned by you prior to the making of this Agreement.

Description	Jurisdiction	Registration Number	Date Received

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Acknowledgement

You hereby acknowledge that, the items listed in the tables above (and any attached sheets, if necessary) constitute the full and complete list of intellectual property owned by you prior to making this Agreement with Canopy Growth Corp.

Date:

December 12, 2019

Signed:

/s/Rade Kovacevic

Rade Kovacevic

APPENDIX "A"

TO INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

Termination Certificate

To: Canopy Growth Corp. (the "Company")

Re: Intellectual Property and Confidential Information Agreement (the "Agreement") between the Company and the undersigned employee.

This is to certify that I do not have in my possession, nor have I failed to return, nor have a transferred to any third party, any confidential or proprietary information belonging to the Company, its subsidiaries, affiliates, successors, assigns, clients, customers or stakeholders, including without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items. I further certify that I have complied with all the terms of the Agreement signed by me, including the reporting of any Developments, inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, customers or stakeholders.

Date:

December 12, 2019

Signed:

/s/Rade Kovacevic
Rade Kovacevic



March 31, 2020

Mike Lee
Via E-mail

RE: Employment Agreement

Dear Mike:

We are pleased to offer you pursuant to the terms and conditions contained within this employment agreement (the "Agreement") the continuing position of Executive Vice President and Chief Financial Officer of Canopy Growth Corporation (the "Company"), reporting to the Chief Executive Officer. This Agreement replaces your prior employment agreement with the Company in its entirety, but for greater certainty, the Directors and Officers Indemnification Agreement, dated July 8, 2019, continues in full force and effect.

1. Duties and Responsibilities

As Executive Vice President and Chief Financial Officer, you will report to and comply with the directions of the Company's Chief Executive Officer. Your primary duties are set out in the job description attached to this agreement as Schedule "A". You agree to perform the duties of your position diligently and to the best of your ability. We may need to make reasonable changes to these duties as necessary, to achieve our organizational objectives and you agree to accept those changes provided that reasonable notice of those changes is provided to you in advance.

2. Effective Date

The Term and terms of this Agreement shall commence on February 26, 2020, or such other date that may be mutually agreed between you and the Company.

3. Location of Work

You will be working primarily at our Tweed locations, located at 1 Hershey Drive, Smiths Falls, ON and 555 Legget Drive, Kanata, ON, subject to a failure to obtain, maintain and/or renew your visa (which for greater certainty shall be at the Company's sole cost and expense), in which case your primary location shall be determined with the CEO. However, the Company operates on a global scale. You will be expected to travel throughout the world, on a not infrequent basis, in order to satisfy the terms of this Agreement. For greater certainty, as you have not relocated, costs associated with travel to either of the above locations, as well as related food and lodging, shall be your sole responsibility (whereas travel to our Toronto location, by way of example, would be reimbursable under our Corporate Travel and Expense Policy).

4. Policies

It will be a condition of your employment with the Company that you adhere to all Company rules and policies. The Company reserves the right to revise, revoke, or introduce new rules and policies, as the Company may deem necessary from time to time, and you will also be required to abide by any changes in the rules and policies, once they come into effect.

5. Compensation and Benefits

You will be paid a Base Salary of four hundred and thirty five thousand six hundred and thirty seven dollars (USD\$435,637) per year, payable in US dollars, and subject to statutory and benefits deductions. The Board will review such salary on an annual basis. For greater certainty, the Base Salary shall be retroactive to July 1, 2019 and payable in one lump sum in Canadian dollars (converted using an F/X rate of .7576) on the next possible payroll.

The Company will indemnify you with respect to any Canadian statutory deductions, e.g., Canadian income tax, employment insurance premiums, and Canada Pension Plan premiums, which are not otherwise rebated or credited to you by a taxing agency, e.g., the CRA or IRS, provided that you demonstrate a good faith effort to obtain such rebates and/or credits. For greater certainty, for each full or partial year during your employment (including for the partial year in which the termination occurs and in connection with any severance payments to which you are entitled), the Company will make you whole for any additional tax liability that may be incurred as a result of any time worked in Canada over that which would be incurred for work completed solely in the United States. The tax equalization amount for any year during your employment shall be paid to you (grossed-up for taxes) in the second quarter of the following year.

In addition to your Base Salary, you are eligible for a short term annual incentive performance bonus of 75% of your Base Salary (the “**Target Award**”) payable in US dollars, with a payout range of 0-2x the Target Award based on the achievement of certain mutually developed financial/operational/strategic and individual performance objectives which have been developed jointly with the Chief Executive Officer, President and Chief Financial Officer, and approved by the Board (“**STI**”). For clarity, the Target Award will be determined using base salary earned during the performance period, including any retroactive salary adjustments during the same performance period.

The Company will pay for your reasonable continuing education requirements and professional license renewals.

You will continue to be eligible to participate in Canopy Growth’s Amended and Restated Omnibus Incentive Plan, as approved by the Board and as amended from time to time (the “**Stock Option Plan**”). Except as otherwise provided below, the vesting and exercise of equity is governed by the Stock Option Plan and related documentation. Equity will not vest during any period of notice or pay in lieu of notice in connection with the resignation of your employment or termination of employment without cause. Unvested options on termination or resignation will expire as per the terms and conditions of the Stock Option Plan. The termination date for the purpose of your entitlement in respect of any equity that you are granted by the Board will be the date that either you or the Company provide the other with notice of resignation or termination of employment.

Pursuant to the Stock Option Plan, you will be eligible to receive an annual long term award of 300% your Base Salary, which utilizes the Fair Market Value share price (as defined in the Stock Option Plan) ("**FMV price**") on the grant date, 50% of which shall be in the form of stock options ("**Options**") and 50% of which shall be in the form of performance share units ("**PSUs**") subject to the Board's discretion ("**LTI**") and which annual granting practice shall commence in FY21, but in no event occur later than July 1, 2020. The LTI shall vest based on the achievement of certain mutually developed financial/operational/strategic and individual performance objectives which have been developed jointly with the Chief Executive Officer and Chief Financial Officer, and approved by the Board.

Notwithstanding the above or the terms of the Plan, if: **(a)** a Change of Control occurs, irrespective of whether the above-noted Options are being assumed, substituted, exchanged or terminated in connection with the Change of Control, and **(b)** the Company elects to exercise its option to terminate your employment without cause no later than one year subsequent to the occurrence of a Change in Control, then any Options then granted to you, which have not yet then vested, shall continue to vest, if they otherwise would have vested, for a period of one year subsequent to the date on which note of termination is provided to you.

As used herein, "**Change of Control**" means

- (a) Any person or related group of persons acquires possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the Company, whether through the ability to exercise voting power, by contract, or otherwise. Without limiting the foregoing, the following shall be deemed to be a "Change of Control": a person or related group of persons acquires securities of the Company or CBC to which are attached more than 50% of the votes that may be cast to elect directors of the corporation are beneficially owned by that person or related group of persons;
- (b) the sale or disposition of all or substantially all of the assets of the Company to a non-affiliated party; or
- (c) the merger, amalgamation, arrangement or consolidation (or similar transaction) of the Company with or into any other non-affiliated corporation in which the shareholders of the Company, prior to such transaction do not, in the aggregate, hold securities of the Company, to which are attached more than 50% of the votes that may be cast to elect directors of the corporation.

Notwithstanding the foregoing, a transaction shall not constitute a Change of Control if its purpose is to: (i) change the jurisdiction of the Corporation's incorporation, (ii) create a holding company that will be owned in substantially the same proportions by the persons who hold the Corporation's securities immediately before such transaction, or (iii) obtain funding for the Corporation in a financing that is approved by the Corporation's Board of Directors.

The Company will reimburse you for tax, legal and accounting advice relating to this Agreement to a maximum amount of CAD\$15,000.

You will be provided with an annual perquisite allowance of CAD\$82,000, reimbursed monthly during your employment. The parties will mutually agree on the tax treatment to ensure that it is for the benefit of both parties.

You will be covered for all reasonable business expenses as outlined in the Corporate Travel & Expense Policy.

Upon the creation by the Company of a retirement plan in which you participate, the Company will contribute US\$17,500 per annum on your behalf, subject to applicable law as well as the terms and conditions of the applicable plan. Additionally, you will qualify for any future 401(k) match or profit sharing contributions that are available to US employees.

As of the commencement of this Agreement, you will be entitled to apply for the health and insurance benefits offered to executive employees. Such benefits shall include the reasonable costs of an annual executive health exam. The terms and carrier of the Company's health and insurance benefits are subject to change from time to time, at the Company's sole discretion. In addition, you will be provided bridge coverage, to the extent any is necessary, until such time as Company has enacted a US based health and insurance benefits plan. In addition to your enrollment in such benefits plan, the Company agrees to reimburse you for COBRA payments related to benefit continuation post employment with Constellation. This reimbursement will continue for 18 months following the cessation of your secondment (i.e., which commenced on February 4, 2019).

Stock Ownership Guidelines

The Employee agrees that, within five years of your start date, and thereafter throughout your employment and for one year post the ending of your employment, the Employee shall maintain ownership of a minimum of three times the Base Salary in the Company's equity, which may include RSU ownership, but not stock options and performance share units.

Vacation Entitlement

Subject to the requirements of the *Employment Standards Act, 2000*, you will be entitled to five (5) weeks vacation time per vacation entitlement year. All such vacation time is to be scheduled in accordance with business requirements.

You will also be entitled to vacation pay in the following amounts:

- i) For the first five years of your employment, 4% of your Wages earned, excluding vacation pay.
- ii) After your fifth year of service, 6% of your Wages earned, excluding vacation pay.

For the purpose of this section “Wages” has the definition assigned to it in the *Employment Standards Act, 2000*.

Any vacation time that you take in any given year shall count first towards your statutory entitlement and then towards any additional vacation time to which you are entitled pursuant to the terms of this Agreement. You may carry-over a maximum of ten (10) days of vacation time with the approval of the Board.

You agree that if you have received vacation pay before it is earned, then the Company may deduct the applicable amount from any payments owing to you when your employment ends.

6. End of Employment

Although it is difficult to contemplate ending our relationship when it is just beginning, it is mutually beneficial to determine our respective obligations ahead of time. Accordingly, your employment may cease under any of the following circumstances:

i) Resignation

You may resign from your employment by giving us not less four (4) weeks’ written notice.

At the Company’s sole option, the Company may waive the obligation for you to work in active employment during the period following the tendering of such notice of resignation. If the Company elects to exercise its option to waive the obligation to work during the notice of resignation period, then you will be provided with a payment in lieu of Base Salary equal to the minimum amount of notice of termination as is required to be provided to you pursuant to the provisions of Ontario *Employment Standards Act, 2000*.

ii) Termination Without Cause

If the Company elects to terminate your employment for reasons other than just cause, then it may do so, for any reason not prohibited by statute, by providing you with the following:

- (a) The greater of:
 - i. Seventy eight weeks’ notice or payment of Base Salary in lieu of such notice; and
 - ii. the minimum amount of notice or pay in lieu of notice as is required to be provided to you pursuant to the provisions of Ontario *Employment Standards Act, 2000*;
- (b) one and a half times the average actual amounts paid as STI during the prior two years;
- (c) COBRA benefits during the severance period;
- (d) Any statutory severance pay that may be required to be provided to you pursuant to the provisions of the *Employment Standards Act, 2000*; and

- (e) The continuation of any statutorily prescribed benefits for the minimum amount of time prescribed by the provisions of the *Employment Standards Act, 2000*

The Employee understands and agrees that as a condition of receiving any payments pursuant to the above paragraph 8(ii) (a) that exceed the statutory entitlements provided by the *ESA*, the Employee will be required to execute a release in favor of the Company, immediately execute written resignations from any position as officer or director of the Company or any of its subsidiaries and affiliates, as well as immediately comply with section 7 of the Intellectual Property and Confidential Information Agreement.

If you are then participating in any incentive compensation plan/program, then incentive compensation (if any) owing to you will be calculated and paid out in the usual manner and at the usual time in accordance with the terms of the applicable plan/program then in effect, but subject to the terms and conditions of the applicable plan on termination or resignation of employment.

Notwithstanding anything in this agreement, the Company guarantees that you will at all times receive your minimum entitlements under the governing employment standards legislation in force at the time of your termination from employment.

Any payments made pursuant to the above provisions are in full satisfaction of any amounts owing to you including statutory entitlements and common law damages in any way related to your employment.

You specifically acknowledge that by entering into this agreement you are hereby forfeiting your right to claim common law notice of termination, which may be greater than the amount of notice required to be provided to you pursuant to the provisions of this Agreement.

These termination provisions will apply throughout your employment with the Company regardless of any changes to your salary, benefits, position title, or job responsibilities.

iii) Termination For Cause

The Company may terminate your employment for just cause at any time without notice, pay in lieu of notice, severance pay, or other liability. For the purposes of this agreement, just cause includes, but is not limited to any conduct that constitutes just cause at common law as well as the following:

- a material breach of this agreement or our employment policies;
- unacceptable performance standards;
- theft, dishonesty or falsifying records, including providing false information as part of your application for employment;
- intentional destruction, improper use or abuse of company property;
- violence in the workplace;

- obscene conduct at our premises property or during company-related functions at other locations;
- harassment of your co-workers, supervisors, managers, customers, suppliers or other individuals associated with the Company;
- insubordination or willful refusal to take directions;
- intoxication or impairment in the workplace;
- repeated, unwarranted lateness, absenteeism or failure to report for work; or
- personal conduct that prejudices the Company's reputation, services or morale.

7. Protection of Business Interests

Like most organizations, the Company must protect itself from unfair competition. Therefore, we have established the following restrictions to protect our valid business interests. You understand these provisions and agree that they are reasonable in light of all of the circumstances, including the availability to you of employment in areas and fields that are not restricted by this agreement.

(a) Confidentiality

In the course of your employment, you will receive confidential information about the Company and its clients. For the purposes of this agreement, confidential information includes but is not limited to:

- processes, research and development information;
- trade secrets;
- information about the Company's operations, including products and services offered;
- financial information, such as pricing and rate information;
- documents, records or other information concerning the Company's sales or marketing strategies;
- client lists, records and information including lists of present and prospective clients and related information;
- information relating to employees, vendors and contractors of the Company including employment status, vendor/contractor status, personnel records, performance information, compensation information and job history;
- privileged information, including advice received from professional advisors such as legal counsel and financial advisors; and
- information contained in the Company's manuals, training materials, plans, drawings, designs, specifications and other documents and records belonging to the Company, even if such information has not been labeled or identified as confidential.

Information will not be considered confidential for the purposes of this agreement if:

- i) it was rightfully in your possession prior to your employment with the Company;
- ii) it was publicly available through legitimate means; or
- iii) it was received by you in a non-confidential manner from a third party that was not under obligation to the Company to maintain such information in confidence.

You understand that disclosure of confidential information would be highly detrimental to the Company's best interests and agree:

- i) to take precautions to protect and maintain the Company's confidential information;
- ii) to only release confidential information to those authorized to receive it, and then only on a need-to-know basis;
- iii) not to disclose, publish or disseminate to any unauthorized person, at any time either during your employment or after it ends, confidential information;
- iv) not to remove any confidential information from the Company's premises without our express permission
- v) not to make improper use, either directly or indirectly, of confidential information; and
- vi) to safeguard against unintentionally disclosing confidential information (e.g., by not discussing confidential information in public or on a cell phone and by not working with confidential information on a laptop in public, or transmitting such information by unsecured means).

When your employment ends, you must immediately return all materials or property belonging to the Company. You agree not to retain, reproduce or use any confidential or proprietary information or property belonging to the Company. A detailed Intellectual Property and Confidentiality Agreement is attached (Schedule "B") for your review and signature.

(b) Non-Solicitation

In recognition of the access you will have to our processes, employees and clients, you agree that during your employment and for a period of one year after it ends, you will not, either directly or indirectly, communicate with the Company's employees, clients, or customers for the purpose of inducing them to end their relationship with the Company.

(c) Non-Competition

In light of the nature of your position and the close relationship you will have with our clients, it is important for us to limit interference with our business. Therefore, during your employment and for twelve (12) months thereafter, you will not, whether on your own behalf or on behalf of any other person, corporation, or organization, whether or not such organization is operated for profit, work at, work for, be employed by, provide services to, engage with, or assist in any way, whether or not for remuneration, recognition, or reward any person, corporation, or organization, whether or not such organization is operated for profit, that sells or intends to sell cannabis, including hemp, and/or provides cannabis-related services or products, in any jurisdiction in which the Company or its subsidiaries has operations. Without limiting the generality of the foregoing, as of the date hereof such jurisdictions include Canada, USA, Brazil, Colombia, Czech Republic, Germany, United Kingdom, Australia, South Africa, Lesotho, Poland and Italy.

It is not our intention to unduly restrict your employment prospects. Accordingly, the Company may agree to waive this provision if we are able to establish appropriate safeguards

to minimize the impact any proposed employment with a competitor will have on the Company's business interests. Any such waiver must be in writing and signed by an authorized representative of the Company.

(d) Conflict of Interest

To enable you to meet the demands of your position, we require your full attention. Accordingly, while you are employed with us, you must devote yourself exclusively to the business of the Company.

You agree that you will not engage in any other business activity or employment, including sitting on any board of directors, governors, or trustees (whether the organization is operated for profit or not) during your employment, without the Company's prior written approval. The Company agrees not to withhold such approval unreasonably.

You confirm that your employment with us does not violate any agreement or understanding to which you are currently bound including any existing non-competition, non-solicitation or confidentiality agreements. You further agree to indemnify and save harmless the Company against all losses, costs, damages, expenses, penalties, fines and other amounts for which it may be found liable at law with respect to your breach of any such agreement.

8. General

This agreement constitutes our entire employment agreement and supersedes any previous written or verbal agreements between us. If any term of this agreement is found to be invalid or unenforceable, in whole or in part, the validity or enforceability of any other provision will not be affected.

This agreement will continue to govern our employment relationship regardless of any changes to your employment including, but not limited to, changes to your position, location of employment, hours of work, compensation and benefits.

Any modifications to this agreement must be in writing and signed by both of us. No waiver of a breach of any term of this agreement is binding unless it is in writing and signed by the party waiving it. Unless otherwise specified, the waiver will be limited to the specific breach waived.

In the event that any provision or part of this Agreement is deemed void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect.

This agreement is governed by the laws of the province of Ontario. References in this agreement to the *Employment Standards Act, 2000*, SO 2000, c 41 include any amendments or successor legislation.

The parties agree that, except as may be guaranteed by the provisions of the *Employment Standards Act, 2000*, the **Ontario Superior Court of Justice**, sitting at **Ottawa**, shall have exclusive jurisdiction to adjudicate any dispute arising between the parties.

We encourage you to review this offer of employment with legal counsel.

In order to provide you with appropriate time, please return an executed copy of this employment package by April 15, 2020. If we have not received the signed documents (or we have agreed in writing to extend your offer of employment to another date in the future), this offer will become null and void.

/s/David Klein

Canopy Growth Corp.

April 1, 2020

Dated

I have had sufficient time to review this agreement and have been advised to review it with a lawyer. If I did not do so, it is because I understood the terms of the Employer's offer and did not feel that I needed legal advice. I understand and accept the terms of this agreement and am signing it voluntarily.

/s/Mike Lee

Mike Lee

March 31, 2020

Dated

SCHEDULE "A"

JOB DESCRIPTION

Position:Executive Vice President and Chief Financial Officer

Responsibilities:

The Executive Vice President and Chief Financial Officer of the Company will report to and comply with the direction of the Chief Executive Officer. The Executive Vice President and Chief Financial Officer shall be, subject to the authority of the Board of Directors, responsible for the general supervision of the day-to-day financial affairs of the Company.

- Oversee all financial related matters where depth and scope is relative to the size of the company.
- Create financial plans as defined by the board of directors.
- Direct financing strategies, analysis, forecasting and budget management.
- Develop tools and systems to provide critical financial and operational information to the CEO, leadership team, and divisions and make actionable recommendations on both strategy and operations.
- Engage the board audit and investment committees around issues, trends, and changes in the operating model(s) and operational delivery. Assist in establishing yearly objectives and meeting agendas, and selecting and engaging outside consultants (auditors, investment advisors).
- Oversee long-term budgetary planning and costs management in alignment with CI's strategic plan, especially as the organization considers sponsorships, potential acquisitions, and collaborations with external organizations.
- Mentor and develop the finance team, managing work allocation, training, problem resolution, and the building of an effective team dynamic.
- Guide larger, cross-functional teams outside of direct span of control within the main program areas
- Act as an advisor and support to leadership in strategy formulation, development and execution.
- Monitor alignment of country strategy with overall Canopy corporate objectives and strategy.
- Oversee, summarize and conduct analytics to support strategy development and specific targeted acquisitions/strategies.
- Monitor industry developments (internal and external) and report on key insights and feedbacks.
- Assist in evaluating individual acquisitions and "build out" initiatives to ensure alignment to strategy and develop tactical options for implementation.
- Assist in identifying key target businesses for investment and/or acquisition.
- Other duties as assigne

SCHEDULE "B"

INTELLECTUAL PROPERTY AND

CONFIDENTIAL INFORMATION AGREEMENT

This Intellectual Property and Confidential Information Agreement (the "Agreement") is entered into between Canopy Growth Corp. (the "Company") and Employee (the "Employee"). In the event this Agreement has been entered into with an independent contractor or sub-contractor, the independent contractor or sub-contractor as the case may be shall be referred to, for the purposes of this Agreement only and for simplicity, as an Employee. Any references to an independent contractor or a sub-contractor as an employee in this Agreement are not admissions that the Company and the independent contractor or sub-contractor are engaged in an employment relationship.

Whereas the Company is offering the Employee employment or continued employment and has an interest in protecting its confidential information and other proprietary information and related rights;

And whereas the Employee recognizes the importance of protecting the Company's confidential information and other proprietary information and related rights is a fundamental term of the Employee's employment;

NOW THEREFORE, in consideration of the Company hiring, promoting or continuing to employ the Employee and/or for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties), the Employee and the Company hereby agree as follows:

1. Definitions

"Confidential Information" means all of the materials and information (whether or not reduced to writing and whether or not patentable or protected by copyright) provided by the Company to the Employee, or which is available to the Employee during the course of the Employee's employment, including, without limitation the following:

- information regarding the Company's business operations, Developments (as defined below), methods and practices, recruiting and training policies, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates, per diems and information regarding the financial affairs of the Company;
- customer lists, quotations or proposals given to customers, requirements of specific customers, and the names of the suppliers to the Company and the nature of the Company's relationships with these clients and suppliers;

- information regarding the business operations, methods and practices, including marketing strategies, product plans (including unannounced products), product pricing, margins, hourly rates and financial affairs of the Company's stakeholders;
- technical and business information of or regarding the clients, customers or stakeholders of the Company, obtained in order to enable or assist the Company in providing such clients, customers or stakeholders with products and services, including information regarding the business operations, methods and practices and product plans of such clients, customers or stakeholders;
- any other trade secret or confidential or proprietary information received by the Company from third parties and in the possession or control of the Company; and
- any other materials or information related to the Company's business which are not generally known to others, regardless of whether such information is in paper or electronic format or any other format;

provided that, Confidential Information shall not include information which:

- a) is generally known or in the public domain at the time of disclosure;
- b) though originally Confidential Information becomes generally available to the public through no fault of the Employee, as of the date of its becoming part of the public knowledge; or
- c) is required to be disclosed by any law, regulation, governmental body, or authority or by court Order provided that before disclosure is made, notice of the requirement is provided to the Company, and to the extent possible in the circumstances, the Company is afforded an opportunity to dispute the requirement.

The absence of any notice indicating confidentiality on any material will not imply that same is not Confidential Information.

"Developments" include, without limitation any methods, processes, procedures, systems, inventions (whether patentable or not), devices, discoveries, concepts, know-how, data, databases, technology, products, software (in executable and source code formats), templates, documentation, specifications, compilations, designs, reports, trade-marks, and any enhancements, modifications, or additions to the foregoing or to any products owned, marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company.

2. Non-Disclosure of Confidential Information

At all times during and subsequent to the termination of the Employee's employment, the Employee shall keep in strictest confidence and trust the Confidential Information, the Employee shall take all necessary precautions against unauthorized disclosure of the Confidential Information, and the Employee shall not directly or indirectly disclose, allow access to, transmit or transfer the Confidential Information to a third party, nor shall the

Employee copy or reproduce the Confidential Information except as may be reasonably required for the Employee to perform the Employee's duties for the Company.

3. Restricted Use of Confidential Information

At all times during and subsequent to the termination or cessation of the Employee's employment, the Employee shall not use the Confidential Information in any manner except as reasonably required for the Employee to perform the Employee's duties for the Company.

Upon the request of the Company and in any event upon the termination or cessation of the Employee's employment, the Employee shall immediately return to the Company all materials, including all copies in whatever form, containing the Confidential Information which are in the Employee's possession or under the Employee's control.

4. Ownership of Confidential Information and Developments

The Employee acknowledges and agrees that the Employee shall not acquire any right, title or interest in or to the Confidential Information.

The Employee agrees to make full disclosure to the Company of each Development promptly after its creation.

With the sole exception of any intellectual property owned by (and not merely licensed to) the Employee prior to the making of this Agreement, which is also enumerated by the Employee in the attached Schedule "A" prior to the execution of this Agreement, the Employee hereby assigns and transfers to the Company, and agrees that the Company shall be the exclusive owner of, all of the Employee's right, title and interest to each Development and any enhancement, modification, or addition to any of the intellectual property enumerated in Schedule "A" or any of the intellectual property that is marketed or used by the Company which relate, directly or indirectly, to the Company's present or reasonably foreseeable business and which are developed, created, generated or reduced to practice by the Employee, alone or jointly with others, during the Employee's employment, whether during or after working hours and whether or not resulting from the use of the premises or property of the Company, throughout the world, including all trade secrets, patent rights, copyrights and all other intellectual property rights therein.

The Employee further agrees to cooperate fully at all times during and subsequent to the Employee's Employment with respect to signing further documents and doing such acts and other things reasonably requested by the Company to confirm such transfer of ownership of rights, including intellectual property rights, effective at or after the time the Development is created and to obtain patents or copyrights or the like covering the Developments. The Employee agrees that the Company, its assignees and their licensees are not required to designate the Employee as the author of any Developments. The Employee agrees that the obligations in this subparagraph (c) shall continue beyond the termination of the Employee's employment with respect to Developments created during the Employee's employment.

The Employee acknowledges that the Company shall alone have the right to apply for, prosecute, defend and obtain Letters Patent of invention, copyright registration, industrial design registration in any and all counties of the world with respect to any such invention, discovery, development or improvement, copyright material or industrial design created.

The expense of applying for and obtaining the Letters Patent, copyright registration and industrial design registration referred to in this Agreement shall be borne entirely by the Company.

It is agreed that the Company shall not be entitled to those inventions, discoveries, developments and improvements made by the Employee prior to the time the Employee was engaged in employment by the Company; it being understood and agreed that the inventions, discoveries, developments and improvements enumerated in Schedule "A" constitute the inventions, discoveries, developments and improvements made by the Employee, and the Employee hereby acknowledges that there are no inventions, discoveries, developments and improvements made prior to the employment of the Employee by the Company and which are the property of the Employee other than those that are enumerated in Schedule "A".

The Employee hereby grants a power of attorney to the Company to have the Company execute on the Employee's behalf all applications, specifications, oaths, assignments and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and its successors, assigns and nominees sole and exclusive rights, title and interest in and to such Developments, and any copyrights, patents, trade-marks, industrial designs (design patents), topographies (mask work rights) or other intellectual property rights relating thereto.

The Employee hereby waives in whole all moral rights which the Employee may have in the Developments, including the right to the integrity of the Developments, the right to be associated with the Developments, the right to restrain or claim damages for any distortion, mutilation or other modification of the Developments, and the right to restrain use or reproduction of the Developments in any context and in connection with any product, service, cause or institution. The Employee will confirm any such waiver from time to time as requested by the Company.

5. No Conflicting Obligations

The Employee acknowledges and represents to the Company that the Employee's performance during the period of the Employee's employment shall not breach any agreement or other obligation to keep confidential the proprietary information of any prior employer or client of the Employee or any other third party. The Employee further acknowledges and represents that the Employee is not bound by any agreement or obligation with any third party that conflicts with any of the Employee's obligations under this Agreement.

The Employee represents and agrees that the Employee will not bring to the Company and shall not use in the performance of the Employee's work with the Company, any trade secrets,

confidential information and other proprietary information of any prior employer or client of the Employee or any other third party. The Employee represents and agrees that in the Employee's work creating Developments the Employee will not knowingly infringe the intellectual property rights, including copyright, of any third party.

6. Enforcement

The Employee acknowledges and agrees that damages may not be an adequate remedy to compensate the Company for any breach of the Employee's obligations contained in this Agreement, and accordingly the Employee agrees that in addition to any and all other remedies available to it, the Company shall be entitled to seek relief by way of a temporary or permanent injunction to enforce the obligations contained in this Agreement. Such relief shall be in addition to and not in lieu of any other remedies available the Company at law or in equity.

7. Returning the Company Documents

The Employee agrees that upon the termination of the Employee's employment the Employee will deliver to the Company (and will not keep in the Employee's possession or deliver to anyone else) any and all Confidential Information and proprietary information including, without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items belonging to the Company, together with any third party information received by the Employee. In the event of the termination of the Employee's employment, the Employee agrees to sign and deliver to the Company the "Termination Certificate" attached hereto as Appendix "A". Notwithstanding the foregoing, the Employee shall be entitled to keep personal copies of (i) the Employee's compensation records, (ii) this Agreement, and (iii) the Employee's letter of offer.

8. General

This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Ontario and any laws of Canada applicable thereto.

If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceable provision or part thereof shall be deemed to be omitted from this Agreement without in any way invalidating or impairing the other provisions of this Agreement.

The obligations herein may not be changed or modified, released or terminated, in whole or in part, except in writing signed by the Chairman of the Board of Directors of the Company and the Employee.

This Agreement supersedes all previous agreements, if any, between the Company and the Employee with respect to the subject matter of this Agreement. The Employee agrees, however, that this Agreement does not purport to set forth all of the terms and conditions of

the Employee's employment and the Employee has other obligations to the Company that are not set forth in this Agreement.

The rights and obligations under this Agreement shall survive the termination of the Employee's employment and shall enure to the benefit of and shall be binding upon (i) the Employee's heirs and personal representatives; (ii) the successors and assigns of the Employee; and (iii) the successors and assigns of the Company.

THE EMPLOYEE HAS READ THIS AGREEMENT, UNDERSTANDS IT, HAS HAD THE OPPORTUNITY TO OBTAIN INDEPENDENT LEGAL ADVICE IN RESPECT OF IT, AND AGREES TO ITS TERMS.

The Employee acknowledges having received a fully executed copy of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the 31st day of March , 2020 .

SIGNED, SEALED AND DELIVERED in the))))
presence of:

/s/Witness _____ Witness))	/s/Mike Lee _____ Mike Lee
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Canopy Growth Corp.

By:

/s/Phil Shaer _____ Name:Phil Shaer

Title:Chief Legal Officer

SCHEDULE "C"

ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE

PRIOR TO THE MAKING OF THIS AGREEMENT

Patents

Please list all those patents both received and applied for using the table below.

Description	Jurisdiction	Patent No.	Date Received or Applied For

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Licenses

Please describe all intellectual property, were patented, trademarked, or otherwise protected or not, licensed to third parties by you using the table below.

Description of License	Licensed To:

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

SCHEDULE "C"

ENUMERATION OF INTELLECTUAL PROPERTY OWNED BY THE EMPLOYEE

PRIOR TO THE MAKING OF THIS AGREEMENT

Copyrights, trademarks, registered trademarks, and other forms of intellectual property.

Please use the table below to list all other registered intellectual property owned by you prior to the making of this Agreement.

Description	Jurisdiction	Registration Number	Date Received

If additional space is required, please tick this box and attach additional pages as required using the format of the table shown above.

Acknowledgement

You hereby acknowledge that, the items listed in the tables above (and any attached sheets, if necessary) constitute the full and complete list of intellectual property owned by you prior to making this Agreement with Canopy Growth Corp.

Date:

____ March 31, 2020 _____

Signed:

/s/Mike Lee

Mike Lee

APPENDIX "A"

TO INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION AGREEMENT

Termination Certificate

To: Canopy Growth Corp. (the "Company")

Re: Intellectual Property and Confidential Information Agreement (the "Agreement") between the Company and the undersigned employee.

This is to certify that I do not have in my possession, nor have I failed to return, nor have a transferred to any third party, any confidential or proprietary information belonging to the Company, its subsidiaries, affiliates, successors, assigns, clients, customers or stakeholders, including without limitation, devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items. I further certify that I have complied with all the terms of the Agreement signed by me, including the reporting of any Developments, inventions and original works of authorship (as defined therein), conceived or made by me (solely or jointly with others) covered by that Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its clients, customers or stakeholders.

Date:

Signed:

Mike Lee



CODE OF BUSINESS CONDUCT AND ETHICS

Effective September 24, 2019 Version 2.0

Canopy Growth Corporation (the “**Company**” or “**Canopy**”) conducts its business in strict compliance with both the letter and spirit of all applicable laws and in full adherence with the highest standards of business integrity and ethics. Ethical business conduct as described in this Code of Business Conduct and Ethics (the “**Code**”) is part of all our dealings with our colleagues, customers, suppliers, licensors, licensees, investors and the general public. This Code is intended to promote that conduct in conjunction with the Company’s Disclosure Policy (the “**Policy**”).

1. General

The Code applies to the directors, officers (which term shall include executive officers) and employees (which term shall include consultants and contractors working for the Company under services agreements) of the Company and its subsidiaries. Directors, officers and employees are responsible for reading, understanding and complying with the Code.

The Code is not meant to be a complete listing of ethics and business conduct covering every eventuality. Consequently, if a director, officer or employee is confronted with a situation where further guidance is required, the matter should be discussed with your supervisor or a member of the Canopy management team. If the matter cannot be resolved, it must be referred to the Chief Executive Officer or the Company’s outside legal counsel and Corporate Secretary, who have overall responsibility to provide guidance and ensure all enquiries and issues are addressed in a timely manner.

Nothing in this Code alters the terms and conditions of an employee’s employment or service provider arrangement.

This Code is meant to supplement and not replace any operating procedures or policies adopted by the Company or its subsidiaries in connection with their respective obligations under the Cannabis Act as well as any other laws applicable to the Company’s operations with respect to the growth, cultivation, production, manufacture and sale of cannabis.

Canopy is committed to conducting its business affairs in compliance with all applicable laws, statutes, rules, regulations and stock exchange policies and expects directors, officers and employees acting on its behalf to do likewise. In addition, business dealings among directors, officers and employees, and by directors, officers and employees, with shareholders, customers, suppliers, licensors, licensees, community organizations and governmental and regulatory authorities must be based on principles of honesty, integrity and the ethical standards outlined in the Code.

2. Reporting Violations

Directors, officers and employees are expected not only to comply with various laws, statutes, rules, regulations, stock exchange policies and the Code's ethical standards but are expected to report situations of non-compliance with respect to this Code of which they become aware. Beyond instances of non-compliance, directors, officers and employees may also report concerns relating to ethics and business conduct.

If any director, officer or employee chooses to remain anonymous, every effort will be made to respect this request. No one will be punished for asking about possible breaches of law, regulation or company policy. It is corporate policy not to take any action against a director, officer or employee who reports in good faith regardless of whether or not the report proves to be accurate. Any allegation of a reprisal will be investigated. Canopy has adopted a Whistleblower Protection Policy, a copy of which may be obtained via LumApps.

Any report can be made to Canopy's Chairman of the Board, Chief Executive Officer or outside legal counsel and Corporate Secretary (LaBarge Weinstein LLP, Attention: Debbie Weinstein by mail at 515 Legget Drive, Suite 800, Kanata, Ontario K2K 3G4, by fax at 613-599-0018 or by phone at 613-599-9600).

3. Disciplinary Matters

A failure to comply with the Code may result in disciplinary actions up to and including termination of employment. Canopy's Board of Directors (the "**Board**") shall determine or designate appropriate persons to determine, appropriate actions to be taken in the event of violations of the Code. Such actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code. In determining what action is appropriate in a particular case, the Board or such designee shall take into account all relevant information, including the nature and severity of the violation, whether the violation was intentional or inadvertent, the extent of the likely damage to the Company and its shareholders resulting from the violation and whether the individual has committed previous violations of the Code or another policy, if any, of Canopy concerning ethical behavior.

The Board will provide written notice to an individual involved in the violation stating that the Board or such designee has determined that there has been a violation and indicate the action to be taken by the Board against the individual.

4. Integrity of Records and Compliance with Sound Accounting

Accuracy and reliability in the preparation of all business records is of critical importance to the decision-making process and to the proper discharge of financial, legal and reporting obligations. All business records, expense accounts, invoices, bills, payroll and employee records and other reports are to be prepared with care and honesty. False or misleading entries are not permitted in Canopy's books and records. All of Canopy's assets and liabilities are to be recorded in compliance with the Company's accounting and internal control procedures.

5. Protection and Proper Use of Assets

All directors, officers and employees have a responsibility to protect Canopy's assets against loss, theft, abuse and unauthorized use or disposal. Canopy's assets should only be used for legitimate business purposes. The term "**Canopy's assets**" refers to all property whether tangible, intangible or electronic in form, which includes Canopy's products, inventory, equipment, office supplies, facilities, vehicles, computers and software, intellectual property, including but not limited to proprietary information, trade secrets and confidential information.

6. Confidentiality

During the normal course of business, directors, officers and employees will have access to business and information records of a confidential nature. In some cases, the information may affect the value of Canopy's shares or those of another company. Such confidential business information is not to be disclosed externally or used as a basis for trading in shares.

The confidential nature of any such information could include information developed by other employees or information acquired from outside sources, sometimes under obligations of secrecy. Directors, officers and employees are expected to utilize such information exclusively for business purposes and this information must not be disclosed externally without a confidentiality agreement and/or the prior approval of the Chief Executive Officer or Chairman.

In cases where information or records are obtained under an agreement with a third party, such as license agreements or technology purchases, employees must ensure that the provisions of such agreements are strictly adhered to so that Canopy will not be deemed to be in default. Unauthorized disclosure or use of information or records associated with these agreements could expose the employee involved and/or Canopy to serious consequences.

Nothing contained in Section 6 of this Code limits Canopy's directors, officers, employees and consultants' ability to file a charge or complaint with a governmental regulatory agency and nothing herein limits their ability to communicate with any such agencies or otherwise participate in any investigation or proceeding that may be conducted by any such agency, including providing documents or other information, without notice to Canopy.

7. Conflict of Interest

Directors, officers and employees should not engage in conduct, which is harmful to the Company or its reputation.

All directors, officers and employees have an obligation to be free of conflicting interests when they represent the Company in business dealings or are making recommendations which could influence the Company's subsequent actions.

In general terms, a conflict of interest would exist when an obligation or situation arising from the personal activities or financial affairs of a director, officer or employee, may adversely influence their judgment in the performance of their duties to Canopy. It should be understood that the conflicting interest referred to throughout this section may be direct or indirect. For example, the interest may be that of the director, officer, employee, a family member, a relative, or a business enterprise in which any of these individuals has an interest, financial or otherwise. Conflicts of interest may include:

A. Financial Interests: a conflict of interest will likely exist when a director, officer or employee who is able to influence business with Canopy, owns, directly or indirectly, a beneficial interest in an organization which is a competitor of Canopy, or which has current or prospective business as a supplier, licensors, licensees, customer, or contractor with Canopy. A conflict is not likely to exist, however, where the financial interest in question consists of shares, bonds or other securities of a company listed on a securities exchange and where the amount of this interest is less than one percent of the value of the class of security involved.

B. Outside Work: a conflict of interest will likely exist when a director, officer or employee, directly or indirectly, acts as a director, officer, employee, consultant, or agent of an organization that is a competitor of Canopy, or which has current or prospective business as a supplier, licensors, licensees, customer or contractor with Canopy. Similarly, a conflict of interest may exist when an employee undertakes to engage in an independent business venture or to perform work or services for another business, civic or charitable institution to the extent that the activity involved prevents such employee from devoting the time and effort to the conduct of Canopy's business, which the employee's position requires.

If a director, officer or employee has an agreement with Canopy with respect to non-competition and/or non-solicitation, such agreement shall govern only to the extent of any conflict between this Code and such agreement.

C. Gifts or Favours: a conflict of interest will arise when a director, officer or employee, either directly or indirectly, solicits and/or accepts any gift or favour from an organization which is a competitor of Canopy, or which has current or prospective business with Canopy as a customer, supplier, licensors, licensees or contractor. In such cases, the acceptance or prospect of gifts or favours may tend to limit or give the appearance of limiting the director-, officer- or employee-recipient from acting solely in the best interests of Canopy in dealings with these organizations.

For this purpose, a "gift" or "favour" includes any gratuitous service, loan, discount, money or article of value. It does not include loans from financial institutions on customary terms; articles of nominal value normally used for sales promotion purposes; or ordinary business meals or reasonable entertainment consistent with local social or business customs.

D. Trading with Canopy: a conflict of interest may exist when a director, officer or employee is directly or indirectly a party to any business transaction with Canopy.

E. Misappropriation of Business Opportunities: a conflict of interest will exist when a director, officer or employee, without the knowledge and consent of Canopy, appropriates for their own use, or that of another person or organization, the benefit of any business venture, opportunity or potential about which the director, officer or employee may have learned or may have developed during the course of his/her association with Canopy. Employees, officers and directors of Canopy are prohibited from: (i) taking for themselves personal opportunities that are discovered through the use of corporate property, information or position; (ii) using corporate property, information, or position for personal gain; and (iii) competing with Canopy.

In accordance with all applicable privacy legislation, Canopy respects the right of employees to privacy in their personal activities and financial affairs. The prime purpose of this section of the Code is to provide guidance to directors, officers and employees so that they can avoid situations in their personal activities and financial affairs, which are, or may appear to be, in conflict with their responsibility to act in the best interests of Canopy.

Employees are requested to inform management and bring any potential or actual conflict of interest situation to the attention of the Chief Executive Officer or Chairman for discussion, review and written approval, if required.

As soon as a director or officer becomes aware that he or she has a potential or actual conflict of interest situation he or she must bring such conflict to the attention of the Board either in writing or in person at the next board meeting.

In respect of a conflicted officer, the Board shall determine whether the conflict is material or of sufficient concern to necessitate termination of such officer's involvement with Canopy. If not, the Board shall determine what, if any, procedures shall be implemented to ensure that such officer's potential or actual conflict does not interfere with his or her duties to Canopy and that he or she is not part of any decision making process where his or her potential or actual conflict could reasonably impair his or her ability to act in Canopy's best interests.

In respect of directors, all directors must keep the Board informed of actual or potential conflicts so that the disinterested Board members may adopt appropriate procedures in light of such actual or potential conflict. Without limiting the foregoing, a director that has declared a potential conflict because he or she is (i) a party to a material contract or transaction or proposed material contract or transaction with Canopy; or (ii) a director or an officer of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with Canopy, shall not attend any part of a meeting of the Board during which the contract or transaction is discussed and shall not vote on any resolution to approve the contract or transaction unless the contract or transaction is:

One that relates primarily to his or her remuneration as a director of Canopy or an affiliate thereof;

- (a) one for indemnity or directors and officers liability insurance; or
- (b) one with an affiliate of Canopy.

Public disclosure shall be made with respect to the material interest of any officer or director of Canopy in any material agreement or proposed agreement between Canopy and that director or officer. The majority of disinterested directors must consider the proper scope and nature of the disclosure.

8. Improper Business Payments

The following are deemed improper business payments and are therefore prohibited:

A. the offering or accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction or to influence any decision; and

B. the offering of gifts, gratuities, entertainment or other similar payments, except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient.

In addition, the *United States Foreign Corrupt Practices Act of 1977*, as amended (the "**FCPA**"), contains certain prohibitions with respect to giving anything of value, directly or indirectly, to foreign government officials or certain other individuals in order to obtain, retain or direct business for or to any person. Accordingly, corporate funds, property or anything of value may not be, directly or indirectly, offered or given by Canopy's directors, officers and employees or an agent acting on Canopy's behalf to a government official or employee, employee or agent of a state-owned or controlled enterprise, employee or agent of a public international organization, political party or official or any candidate for political office, including any family member or household member of any of the above, for the purpose of influencing any act or decision of such party or person or inducing such party or person to use his or her influence or to otherwise secure any improper advantage, in order to assist in obtaining or retaining business for, or directing business to, any person. Please refer to Canopy's Anti-Bribery and Anti-Corruption Policy for details concerning compliance with the FCPA by Canopy's employees, agents and suppliers.

9. Laws, Statutes, Regulations and Stock Exchange Policies

Canopy is required to maintain compliance with various laws, statutes, rules, regulations and stock exchange policies governing activities in the jurisdictions in which Canopy carries on business, including but not limited to the *Cannabis Act* and the FCPA.

This Code does not seek to provide legal guidance for all laws, statutes, rules, regulations and stock exchange policies that impact on the Company's activities. There are, however, several items that warrant specific mention. These are listed below along with some general guidelines for compliance.

A. Workplace Health and Safety Laws: Canopy is committed to create and maintain healthy and safe workplaces for its people. Employees are expected to comply with all safety laws, regulations and Canopy policies (which may not necessarily be a law or regulation).

B. Human Rights Legislation: Canopy does not discriminate on the basis of citizenship, race, colour, religion, sex/pregnancy, age, place of origin, ethnic origin or ancestry, sexual orientation, gender identity or expression, disability, veteran status, marital or family status, political affiliation, receipt of public assistance or any other factors prohibited by federal, state/provincial, or local law. This policy applies to all terms and conditions of employment including but not limited to hiring, placement, promotion, termination, layoff, transfers, leave of absence, compensation and training. In addition, Canopy does not and will not condone any discriminatory conduct of its agents and non-employees who have contact with employees during working hours.

Discrimination will not be tolerated. Any discrimination should be reported to the Chief Executive Officer or any member of the Canopy management team.

C. Competition: Canopy is committed to the ideals of free and competitive enterprise. To comply with fair competition laws, Canopy is required to make its own decisions on the basis of the best interests of Canopy and must do so independent of agreements and understandings with competitors. Certain statutes and regulations prohibit certain arrangements or agreements with others regarding product prices, terms of sale, division of markets, allocation of customers and any other practice, which restrains competition.

D. Securities Laws: All directors, officers or employees must only trade in the shares of Canopy in strict compliance with applicable securities laws. They must make themselves aware of matters pertaining to "insider trading" and the use of non-public information. Insider trading is a violation of Canopy's rules and is against the law.

Any director, officer or employee who possesses material, non-public information may not buy or sell Canopy securities while such information remains non-public. These trading prohibitions apply to directors, officers at all levels and employees. The prohibition on such trading is based on such information potentially providing an unfair advantage to such director, officer or employee. You should consider information to be material if there is a reasonable prospect that an investor would consider the information to be important in arriving at a decision to buy, sell or hold Canopy securities. If you have any questions about whether information is material or public, contact the General Counsel & Corporate Secretary. In this regard, you must also be familiar with and act in accordance with the Policy and with the Company's *Insider Trading Policy*.

E. Stock Exchange Policies: As a corporation listed on the Toronto Stock Exchange (the “**TSX**”) and the New York Stock Exchange (the “**NYSE**”), the Company is required to operate in strict compliance with the rules and policies of the TSX and the NYSE. All directors, officers and employees are responsible to ensure compliance with TSX and NYSE policies insofar as they impact upon their field of responsibility. Any officer or employee that is not aware whether or how the policies of the TSX or the NYSE might impact on his or her role and responsibilities should discuss with his or her supervisor and/or the Company’s external legal counsel. The TSX’s rules and policies are also available to the public at www.TMX.com.

F. Health Canada Considerations: The Company and its subsidiaries are dependent on licenses granted by Health Canada pursuant to the Cannabis Act. Accordingly, compliance with the Cannabis Act, the Controlled Drugs and Substances Act, requirements of Health Canada and related laws and regulations is to be considered the top operational priority for every director, officer and employee.

10. Amendment, Modification, Waiver and Termination of the Code

Canopy reserves the right to amend, modify, waive or terminate the rules, guidelines and policies associated with this Code at any time for any reason.

Canopy will report any changes to this Code to the extent required by applicable regulatory authorities.

Any waiver of any provision of this Code made to any officer or director may only be made by the Board and any waiver of any provision of this Code made to any employee, officer or director will be disclosed in accordance with the regulations set forth by applicable regulatory authorities, including in accordance with Section 303A.10 of the NYSE Listed Company Manual.

11. Public Company Reporting and Other Public Communication

As a public company, it is of critical importance that Canopy’s filings and submissions to securities regulatory authorities and stock exchanges are timely and accurate. Depending on his or her position with Canopy, a director, officer or employee may be called upon to provide necessary information to assure that Canopy’s public reports and documents filed with the securities regulatory authorities and stock exchanges and other public communications by Canopy are full, fair, accurate, timely and understandable. Canopy expects its directors, officers and employees to provide prompt, accurate answers to inquiries related to Canopy’s public disclosure requirements.

All directors, officers and employees must, and must cause Canopy to comply with the system of disclosure controls and procedures devised, implemented and maintained by Canopy to provide reasonable assurances that information required to be disclosed by Canopy in reports that it files or submits under the rules and regulations of the securities regulatory authorities or stock exchanges is properly authorized, executed, recorded, processed and reported. In this regard, you must also be familiar with and act in accordance with the Policy.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Canopy in the reports filed with the securities regulatory authorities or stock exchanges is accumulated and communicated to Canopy’s management, as appropriate, to allow timely decisions regarding required disclosure.

12. Fair Dealing

Canopy competes for its business fairly. All directors, officers and employees must observe the highest standards of ethical conduct in dealing with Canopy's employees as well as the outside parties with which Canopy does business, including customers, suppliers and competitors. None of the directors, officers and employees should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

Responsibility for the periodic review and revision of this Code lies with Canopy's board of directors.

A. Questions concerning the Code should be referred to the Chief Executive Officer or Chairman.

B. Any reports of non-compliance with the Code or concerns relating to ethics and business conduct can be made to Canopy's Chair of the Board, Chief Executive Officer, Corporate Secretary or external legal counsel (LaBarge Weinstein LLP, Attention: Debbie Weinstein, by mail at 515 Legget Drive, Suite 800, Kanata, Ontario K2K 3G4, by fax at 613-599-0018 or by phone at 613-599-9600).

13. Policy History

Ver	Comments	Approved by	Name	Position	Date
1.0	Policy Origination	/s/ Bruce Linton	Bruce Linton	Chief Executive Officer	April 30, 2018
2.0	Policy Review	Board of Directors			September 24, 2019

SUBSIDIARIES OF CANOPY GROWTH CORPORATION

As of March 31, 2020

Entity Name	Jurisdiction of Incorporation or Organization
10006215 Manitoba Ltd.	Canada
102021766 Saskatchewan Ltd.	Canada
10252832 Canada Inc.	Canada
10607410 Canada Inc.	Canada
10663824 Canada Inc.	Canada
11065220 Canada Inc.	Canada
11128752 Canada Inc.	Canada
11239490 Canada Inc.	Canada
11318152 Canada Inc.	Canada
1135024 B.C. Ltd.	Canada
1175908 B.C. Ltd.	Canada
150486 Limited	Jamaica
1955625 Ontario Inc.	Canada
2102397 Alberta Ltd.	Canada
2344823 Ontario Inc.	Canada
2532461 Ontario Inc.	Canada
2605837 Ontario Inc.	Canada
2703740 Ontario Inc.	Canada
80694 Newfoundland & Labrador Inc.	Canada
9388036 Canada Inc.	Canada
Algorithm Ingredients Inc.	Canada
Andina Investimentos e Participacoes Ltda.	Brazil
Apollo Applied Research Inc.	Canada
Apollo CRO Inc.	Canada
Batavia Bio Processing Limited	US
BC Tweed Joint Venture Inc.	Canada
Beckley Biomedical Limited	UK
Beckley Canopy Therapeutics Limited	UK
Bionorica Ethics GmbH	Germany

BioSteel Sports Nutrition Inc.	Canada
Bloom Investimentos Ltda.	Brazil
Bow Lake Cannabis Ltd.	Canada
C3 Cannabinoid Compound Company GmbH	Germany
C3 Ethics Austria GmbH	Austria
Canamo y Fibras Naturales S.L.	Spain
Canindica Capital Ltd.	Bahamas
Canopy Biomedical LATAM S. de. R.L.	Panama
Canopy Growth Africa (Pty) Ltd.	South Africa
Canopy Growth APAC Holdings PTY Ltd.	Australia
Canopy Growth Argentina Corporation SRL	Argentina
Canopy Growth Australia Pty Ltd.	Australia
Canopy Growth Brasil Biomedical Ltda	Brazil
Canopy Growth Chile SPA	Chile
Canopy Growth Colombia SAS	Colombia
Canopy Growth Corporation de Mexico S. de R.L. de C.V.	Mexico
Canopy Growth Czech s.r.o.	Czech
Canopy Growth Denmark ApS	Denmark
Canopy Growth Farms Australia PTY Ltd.	Australia
Canopy Growth Germany GmbH	Germany
Canopy Growth Hellas S.A.	Greece
Canopy Growth Holdings BV	Netherlands
Canopy Growth Italia S.r.l.	Italy
Canopy Growth LATAM Holdings Corporation	Canada
Canopy Growth Lesotho (Pty) Ltd.	Lesotho
Canopy Growth New Zealand Limited	New Zealand
Canopy Growth Panama Pacifico, S.de R.L.	Panama
Canopy Growth Peru S.A.C.	Peru
Canopy Growth Polska Sp. Z.o.o.	Poland
Canopy Growth South Africa (Pty) Ltd.	South Africa
Canopy Growth UK Limited	UK
Canopy Growth USA LLC	US
Canopy Hemp Corporation	Canada

Canopy Rivers Corporation	Canada
Canopy Rivers Inc.	Canada
Coldstream Manufacturing I LLC	US
Coldstream Real Estate Holdings I LLC	US
Coldstream Real Estate Holdings II LLC	US
Coldstream Real Estate Holdings III LLC	US
Coldstream Real Estate Holdings Inc.	Canada
DOJA Café Ltd.	Canada
DOJA Cannabis Ltd.	Canada
EB Transaction Corp.	US
EB Transaction Sub I LLC	US
GRRBWA Coffee Inc.	US
GRRBWA LLC	US
Hiku Brands Company Ltd.	Canada
HIP Developments LLC	US
HIP NY Developments LLC	US
Joint Investment Group Inc.	Canada
JuJu Joints Canada Corp.	Canada
Les Serres Vert Cannabis Inc.	Canada
Mettrum Hempworks Inc.	Canada
Midas Letter Films 420 Ltd.	Canada
Mixibrite (Pty) Ltd.	South Africa
Nature's Health Products Canada Corp.	Canada
POS Bio-Sciences USA Inc.	US
POS Capital Ltd.	Canada
POS Holdings Corp.	Canada
POS Management Corp.	Canada
POS Pilot Plant Corporation	Canada
Rivers Brands Inc.	Canada
SG Spirit Subco Inc.	US
SG Spirit Subco LLC	US
Spectrum Biomedical South Africa (Pty) Ltd.	South Africa
Spectrum Biomedical UK Limited	UK

Spectrum Cannabis Canada Ltd.	Canada
Spectrum Health Corp.	Canada
Spectrum Labs Brasil S.A.	Brazil
Stobi GmbH & Co. KG	Germany
Storz & Bickel America, Inc.	US
Storz & Bickel GmbH	Germany
Storz & Bickel GmbH & Co. KG	Germany
THC Pharm GmbH Health Concept	Germany
The Tweed Tree Lot Inc.	Canada
This Works! Products Ltd.	UK
Thoth Investimentos Ltda.	Brazil
TS Brand Co Inc.	Canada
TS Calgary Beltline Coffee Inc.	Canada
TS Prairie Retail Corp.	Canada
Tweed Farms Inc.	Canada
Tweed Franchise Inc.	Canada
Tweed Grasslands Cannabis Inc.	Canada
Tweed Inc.	Canada
Tweed Leasing Corp.	Canada
TWP IP Ltd.	UK
TWP UK Holdings Ltd.	UK
TWP USA Inc.	US
Vapormed GmbH & Co. KG	Germany
Vert Cannabis Inc.	Canada
Wachstum Assets Inc.	Canada
Wachstum GP Inc.	Canada
Wachstum Produce (Delta) Inc.	Canada
Wachstum Produce (Delta) Limited Liability Partnership	Canada
Wachstum Produce (Holdings) Inc.	Canada
Wachstum Produce GP Inc.	Canada
Wachstum Produce Limited Liability Partnership	Canada
Wachstum Produce Limited Partnership	Canada

Consent of Independent Registered Public Accounting Firm

The Board of Directors

Canopy Growth Corporation

We, KPMG LLP, consent to the incorporation by reference in the Registration Statement No. 333-229352 on Form S-8 of Canopy Growth Corporation (the “Company”), of our report dated June 1, 2020, with respect to the consolidated financial statements of the Company, which comprise the consolidated balance sheets as at March 31, 2020 and March 31, 2019, the related consolidated statements of operation and comprehensive loss, changes in shareholders’ equity and cash flows for each of the years in the three-year period ended March 31, 2020, and the related notes (collectively, the “consolidated financial statements”) and the effectiveness of internal control over financial reporting as of March 31, 2020, which report appears in the annual report on Form 10-K of the Company for the fiscal year ended March 31, 2020.

Our report dated June 1, 2020, on the effectiveness of internal control over financial reporting as of March 31, 2020, contains an explanatory paragraph that states that the Company acquired Cannabinoid Compound Company, TWP UK Holdings Limited, BioSteel Sports Nutrition Inc., Beckley Canopy Therapeutics Limited and Spectrum Biomedical UK Limited (collectively, the “Acquired Entities”) during the year ended March 31, 2020, and management excluded the Acquired Entities from its assessment of the effectiveness of the Company’s internal control over financial reporting as of March 31, 2020. The Acquired Entities represent approximately 10% of total assets and 19% of total revenues of the consolidated financial statements of the Company as of and for the year ended March 31, 2020. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Acquired Entities.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 1, 2020
Ottawa, Canada

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Canopy Growth Corporation

Date: June 1, 2020

By: /s/ David Klein

David Klein
Chief Executive Officer
(Principal Executive Officer)

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David Klein and Michael Lee, and each of them, as his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ David Klein David Klein	Director and Chief Executive Officer (Principal Executive Officer)	June 1, 2020
/s/ Michael Lee Michael Lee	Chief Financial Officer (Principal Financial Officer)	June 1, 2020
/s/ Thomas Stewart Thomas Stewart	Vice President and Chief Accounting Officer (Principal Accounting Officer)	June 1, 2020
/s/ Robert Hanson Robert Hanson	Director	June 1, 2020
/s/ David Lazzarato David Lazzarato	Director	June 1, 2020
/s/ William Newlands William Newlands	Director	June 1, 2020
/s/ Judy Schmeling Judy Schmeling	Director, Chair	June 1, 2020
/s/ Theresa Yanofsky Theresa Yanofsky	Director	June 1, 2020

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Klein, certify that:

1. I have reviewed this Annual Report on Form 10-K of Canopy Growth Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 1, 2020

By: /s/ David Klein

David Klein
Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Lee, certify that:

1. I have reviewed this Annual Report on Form 10-K of Canopy Growth Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 1, 2020

By: /s/ Michael Lee
 Michael Lee
Chief Financial Officer
 (Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Canopy Growth Corporation (the “Company”) on Form 10-K for the period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David Klein, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 1, 2020

/s/ David Klein

David Klein

Chief Executive Officer

(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Canopy Growth Corporation and will be retained by Canopy Growth Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Canopy Growth Corporation (the “Company”) on Form 10-K for the period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Lee, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 1, 2020

/s/ Michael Lee

Michael Lee

Chief Financial Officer

(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Canopy Growth Corporation and will be retained by Canopy Growth Corporation and furnished to the Securities and Exchange Commission or its staff upon request.