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

FORM 40-F

☐ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

☒ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended March 31, 2018 **Commission File Number** 001-38496

Canopy Growth Corporation

(Exact name of Registrant as specified in its charter)

Canada	2833	N/A
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1 Hershey Drive
Smith Falls, Ontario K7A 0A8
Canada
(855) 558-9333
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System
1015 15th Street N.W., Suite 1000
Washington DC 20005
(202) 572-3100
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

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

Title of each class	Name of each exchange on which registered
Common Shares, no par value	New York Stock Exchange

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

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

☒ **Annual information form** ☒ **Audited annual financial statements**

Indicate the number of outstanding shares of each of the registrant's classes of capital or common stock as of the close of the period covered by the annual report: 200,989,264

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). ☐ Yes ☐ No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

EXPLANATORY NOTE

Canopy Growth Corporation (the "Company" or the "Registrant") is a Canadian issuer that is permitted, under the multijurisdictional disclosure system adopted in the United States, to prepare this annual report on Form 40-F (this "Annual Report") pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and Rule 405 under the Securities Act of 1933, as amended. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 thereunder.

FORWARD LOOKING STATEMENTS

The Exhibits incorporated by reference into this Annual Report contain forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of the United States Private Securities Litigation Reform Act of 1995 and within the meaning of applicable Canadian securities legislation, respectively. Often, but not always, forward-looking statements can be identified by the use of words such as "plan", "expect", "is expected", "intend", "believe", "anticipate", "estimate", or variations of such words and phrases (including negative and grammatical variations) or state that certain actions, events, or results "may", "could", "would", "might", or "will" be taken, occur, or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company to differ materially from those anticipated in the forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements in the Exhibits incorporated by reference into this Annual Report speak only as of the respective dates set forth in such Exhibits. Forward-looking statements in the Exhibits incorporated by reference into this Annual Report include, but are not limited to, statements with respect to:

- our expectations in connection with the production and expansion plans at our facilities and the capacity thereof;
- our expectations regarding the timing of construction, development and production of our expansion projects for both existing facility expansion and new facilities;
- advancement of our international projects and targeting other opportunities as the laws and regulations governing cannabis evolve internationally;
- the performance of our business and operations;
- our ability to obtain additional licenses or renewal of existing licenses;
- the legalization of cannabis for recreational use in Canada and our ability to participate in such market, when it is legalized;
- the legalization of cannabis for recreational and/or medical use in jurisdictions outside of Canada and our ability to participate in any such markets, if and when such use is legalized;
- the effect of government regulations (or changes thereto) with respect to the restrictions on production, sale, consumption, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use and receipt of necessary permits;
- future liquidity and financial capacity;
- our expectations regarding revenues and expenses;
- expectations regarding our ability to raise capital;
- the competitive landscape in which we operate;
- our investments in community relations, cannabis health and safety, educational programming in the locations where we operate and the further development of our social responsibility programs;
- our future product offerings;
- the payment of any future dividends;
- the outcome of any current or pending litigation against us; and
- treatment under government regulatory and taxation regimes.

With respect to the forward-looking statements contained in the Exhibits incorporated by refere nce into this Annual Report, we have made assumptions regarding, among other things: (i) our ability to generate cash flow from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial market, regulatory and political conditions in which we operate; (iii) the yield from the growing operations of the Company's licensed producers; (iv) consumer interest in our products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of our activities and products and in the areas of taxation and environmental protection; (viii) the timely receipt of any required regulatory approvals; (ix) our ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) our ability to conduct operations in a safe, efficient and effective manner; and (xi) our construction plans and timeframe for completion of such plans.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in the Exhibits incorporated by reference into this Annual Report include, but are not limited to, the risk factors set forth in the Exhibits incorporated by reference into this Annual Report, such as: continued listing requirements of the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange (the "NYSE") and increased price volatility; changes in laws, regulations and guidelines; risks inherent in strategic alliances; difficulty of forecasting the medical marijuana and recreational marijuana industries; exchange restrictions on business; risks relating to the *Access to Cannabis for Medical Purposes Regulations* (Canada) issued pursuant to the *Controlled Drugs and Substances Act* (Canada); risks relating to our expansion into foreign jurisdictions; political and other risks in emerging markets; risks of corruption and fraud in emerging markets; inflation risks in emerging markets; foreign ownership or control restrictions; risks relating to international advisors and consultants; increased operational, regulatory and other risks; our limited operating history; reliance on licenses; reliance on certain facilities; reliance on management; reliance on key inputs; dependence on suppliers and skilled labor; risks inherent in an agricultural business; vulnerability to rising energy costs; transportation risks; operating risk and insurance coverage; environmental and employee health and safety regulations; product liability risks; risks of product recalls; unfavorable publicity or consumer perception; risks relating to client acquisitions; growth-related risks; our history of net losses, and risks relating in incurring significant net losses in the future and not being able to achieve or maintain profitability; risks relating to additional financing; risks relating to conflicts of interest; risks relating to competition from other companies; and reputational risk to third parties, as well as those risk factors discussed herein or in documents incorporated by reference. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

NOTE TO UNITED STATES READERS - DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted, under a multijurisdictional disclosure system adopted by the United States Securities and Exchange Commission (the "SEC"), to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant prepares its financial statements, which are filed with this Annual Report in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and which are not comparable to financial statements of United States companies.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report on Form 40-F are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on March 29, 2018 based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = Cdn.$1.2894.

ANNUAL INFORMATION FORM

The AIF for the fiscal year ended March 31, 2018 is filed as Exhibit 99.1 to this Annual Report and is incorporated by reference herein.

AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the years ended March 31, 2018 and 2017, including the report of the independent auditor thereon, are filed as Exhibit 99.2 to this Annual Report, and are incorporated by reference herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's MD&A for the year ended March 31, 2018 is filed as Exhibit 99.3 to this Annual Report, and is incorporated by reference herein.

TAX MATTERS

Purchasing, holding, or disposing of the Company's securities may have tax consequences under the laws of the United States and Canada that are not described in this Annual Report.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report, the Company carried out an evaluation, under the supervision of the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, the Company's CEO and CFO have concluded that, as of the end of the period covered by this Annual Report, because of the material weakness in our internal control over financial reporting described below, our disclosure controls were not effective as at March 31, 2018.

Internal Control Over Financial Reporting

In connection with the Company's reporting obligations in Canada, management, under the supervision and with the participation of its CEO and CFO, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of March 31, 2018, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013) (the "COSO 2013 Framework"). Based on this evaluation management concluded that a material weakness existed as of March 31, 2018, as described below.

As of March 31, 2018, the Company did not maintain effective internal controls over Company-wide end user computing ("EUC") spreadsheets and the accounting complexities encountered in the financial reporting relies on equally complex spreadsheets. Spreadsheets are inherently prone to error due to their manual nature. The Company's controls related to spreadsheets did not address all risks associated with updating assumptions, manual entry into spreadsheets, completeness of data entry, nor evidence of review of completed spreadsheets.

Because of the material weakness described above, management concluded that the Company's internal controls over financial reporting were not effective as at March 31, 2018. Accordingly, a reasonable possibility exists that material misstatements in the Company's financial statements will not be prevented or detected on a timely basis.

The Company's management, with the participation of its CEO and CFO, has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of the recently acquired operations of Tweed Grasslands Cannabis Inc. (acquired May 1, 2017), Spot Thrapeutics Inc (acquired on August 28, 2017), Grow House JA Limited (acquired 49% on September 6, 2017), Spectrum Cannabis Denmark ApS (acquired control on September 20, 2017), Les Serres Vert Cannabis (acquired 66.7% interest on December 18, 2017) and BC Tweed Joint Venture Inc (acquired 66.7% interest on October 10, 2017). The operations of Tweed Grasslands Cannabis

Inc., Spot Therapeutics Inc.,Grow House JA Limited, Spectrum Cannabis Denmark ApS , Les Serres Vert Cannabis and BC Tweed Joint Venture Inc combined, represent approximately 12% of the Company's assets (approximately 1% of current assets and 21% of non-current assets); they also represent approximately 26% of current liabilities and 6% of long-term liabilities, 0% of the Company's revenues and 7% of operating expenses for the year ended March 31, 2018 and 0% of the Company's revenues and 24% of operating expenses for the three months ended March 31, 2018.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the SEC for newly public companies.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of the Company's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Changes in Internal Control over Financial Reporting

Reliance on End User Computing

Throughout fiscal 2018 management continued to strengthen and improve controls related to the remaining material weaknesses related to EUC in the following ways:

1. Continued engagement of third party resources to assist the Company in its risk assessment process and in completing the design and implementation of certain internal controls over financial reporting pursuant to the COSO 2013 Framework;
2. Inventoried EUC spreadsheets in use and associated control and implementation of several IT supported systems to reduce reliance on EUC tools. Further IT support initiatives are underway to reduce the use of EUC tools; and
3. A cross-functional business transformation process, enabled by a new end to end Enterprise Resource Planning ("ERP") system was launched in June 2017 to standardize and automate business processes and controls across the organization domestically and internationally. The project is a major initiative that is utilizing third party consultants and will expand the depth and breadth of the finance and information technology organizations. The project, named Project Summit, will enable continuous improvement and scalability.

The material weakness related to reliance on EUC has not been fully remediated as at March 31, 2018. Remediation is expected to be completed in fiscal 2019 with the implementation of the ERP system.

IT General Controls

Management previously concluded that, as of March 31, 2017, the Company's IT general controls, specifically user access and change management processes, were determined to be a material weakness in the Company's internal control over financial reporting. Management implemented process improvements in both the areas of user access and change management. A revalidation of information technology user access and refresher training was undertaken. Additionally, tools to allow for tighter management of user access were implemented on key systems. Management considers the previously identified material weakness related to IT General Controls to be remediated as at March 31, 2018.

Other than those described above, there have been no changes in the Company's internal control over financial reporting during the period covered by this Annual Report that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

CORPORATE GOVERNANCE

The Company's Board of Directors (the "Board of Directors") is responsible for the Company's corporate governance and has a separately designated standing Corporate Governance, Compensation and Nominating Committee, and Audit Committee. The Board of Directors has determined that all the members of the Audit Committee are independent, based on the criteria for independence prescribed by Section 303A.02 of the NYSE Listed Company Manual. Under the same criteria, the Board of Directors has determined that three of the four members of the Corporate Governance, Compensation and Nominating Committee (John K. Bell (Chair), Peter Stringham and Chris Schnarr) are independent.

Corporate Governance, Compensation and Nominating Committee

Compensation of the Company's CEO and all other executive officers is recommended to the Board of Directors for determination by the Corporate Governance, Compensation and Nominating Committee. Nominees for the election to the Board of Directors are selected, or recommended to the Board of Directors for selection, by the Corporate Governance, Compensation and Nominating Committee. The Company's Corporate Governance, Compensation and Nominating Committee is comprised of John K. Bell (Chair), Peter Stringham, Murray Goldman and Chris Schnarr.

The Corporate Governance, Compensation and Nominating Committee is responsible for, among other things: reviewing and approving corporate goals and objectives relevant to the Company's CEO's compensation and evaluating the Company's CEO's performance in light of such corporate goals and objectives; reviewing and making recommendations to the Company's Board of Directors with respect to the compensation level of the Company's CEO and other executives, including bonuses; reviewing and approving the actual compensation to be paid to the Company's CEO and executives; reviewing and determining the remuneration paid by the Company to its directors; monitoring, reviewing and recommending to the Company's Board of Directors the Company's compensation and benefit programs; reviewing executive compensation disclosure prior to its public disclosure by the Company; establishing and monitoring the terms and conditions of the Company's equity-based plans; identifying individuals qualified to become members of the Board of Directors; selecting, or recommending to the Board of Directors for selection, director nominees for annual meetings of shareholders; developing and recommending to the Board of Directors a set of corporate governance guidelines applicable to the Company; and overseeing the evaluation of the Board of Directors and management of the Company. The Company's Corporate Governance, Compensation and Nominating Committee Charter is available on the Company's website at www.canopygrowth.com.

AUDIT COMMITTEE

The Board of Directors has a separately designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act and Section 303A.06 of the NYSE Listed Company Manual. The Company's Audit Committee is comprised of Chris Schnarr (Chair), John K. Bell and Peter Stringham, all of whom, in the opinion of the Company's Board of Directors, are independent (as determined under Rule 10A-3 of the Exchange Act and Section 303A.02 of the NYSE Listed Company Manual). All three members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The Audit Committee meets the composition requirements set forth by Section 303A.07 of the NYSE Listed Company Manual.

The members of the Audit Committee are appointed by the Company's Board of Directors annually. Each member of the Audit Committee will remain on the committee until the next annual meeting of shareholders after his or her appointment, unless otherwise removed or replaced by the Board of Directors at any time.

The full text of the Audit Committee Charter is available on the Company's website at www.canopygrowth.com and is attached as Schedule "A" to the AIF, which is filed as Exhibit 99.1 to this Annual Report.

Audit Committee Financial Expert

The Board of Directors has determined that John K. Bell qualifies as a financial expert (as defined in Item 407 (d)(5)(ii) of Regulation S-K under the Exchange Act), has financial management expertise (pursuant to section 303A.07 of the NYSE Listed Company Manual) and is independent (as determined under Exchange Act Rule 10A-3 and section 303A.02 of the NYSE Listed Company Manual).

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITOR

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors and requires the Audit Committee to pre-approve all permitted non-audit services to be provided by the Company's external auditors, in accordance with applicable law.

PRINCIPAL ACCOUNTANT FEES AND SERVICES – INDEPENDENT AUDITOR

The following table shows the aggregate fees for services rendered to the Company by Deloitte LLP and its affiliates, Chartered Professional Accountants, the Company's independent auditor, in each of the last two years.

	2017	2018
Audit Fees	$ 747,500	$ 1,670,867
Audit-Related Fees (1)	0	360,820
Tax Fees (2)	340,000	434,925
All Other Fees	0	0
Total	$ 1,087,500	$ 2,466,612

(1) "Audit-Related Fees" refers to the aggregate audit related fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit Fees"

(2) "Tax Fees" refers to the aggregate tax fees billed for tax compliance, advice, planning and assistance with the preparation of tax returns.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CODE OF ETHICS

The Company has adopted a Code of Business Conduct and Ethics that applies to directors, officers and employees of, and consultants and contractors to, the Company (the "Code"). The Code has been posted on the Company's website at www.canopygrowth.com. The Code meets the requirements for a "code of ethics" within the meaning of that term in General Instruction 9(b) of the Form 40-F.

All waivers of the Code with respect to any of the employees, officers or directors covered by it will be promptly disclosed as required by applicable securities rules and regulations. During the fiscal year ended March 31, 2018, the Company did not waive or implicitly waive any provision of the Code with respect to any of the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists, as of March 31, 2018, information with respect to the Company's known contractual obligations (in thousands):

		Payments due by period			
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Accounts payable and accrued liabilities	$89,571	$89,571	$-	$-	$-
Finance lease payments	344	217	117	7	3
Minimum lease and royalty payments	190,138	21,767	42,729	40,442	85,200
Long-term debt	8,078	1,330	4,468	1,844	436
Total	$288,131	$112,885	$47,314	$42,293	$85,639

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended December 31, 2017 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

NYSE CORPORATE GOVERNANCE

The Company complies with corporate governance requirements of both the TSX and the NYSE. As a foreign private issuer the Company is not required to comply with all of the corporate governance requirements of the NYSE; however, the Company adopts best practices consistent with domestic NYSE listed companies when appropriate to its circumstances.

The Company has reviewed the NYSE corporate governance requirements and confirms that except as described below, the Company is in compliance with the NYSE corporate governance standards in all significant respects:

Shareholder Meeting Quorum Requirement: The NYSE is of the opinion that the quorum required for any meeting of shareholders should be sufficiently high to insure a representative vote. The Company's quorum requirement is set forth in its Bylaws. A quorum for a meeting of shareholders of the Company is present if at least two shareholders are present in person or represented by proxy.

Proxy Delivery Requirement: The NYSE requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

The foregoing are consistent with the laws, customs and practices in Canada.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CANOPY GROWTH CORPORATION

By: /s/ Tim Saunders
Name: Tim Saunders
Title: Executive Vice President and Chief Financial Officer

Date: June 28, 2018

EXHIBIT INDEX

The following documents are being filed with the Commission as Exhibits to this Annual Report:

Exhibit	Description
99.1	Annual Information Form dated June 27, 2018
99.2	Audited Annual Consolidated Financial Statements and notes thereto as at and for the years ended March 31, 2018 and March 31, 2017, together with the report thereon of the independent auditor
99.3	Management's Discussion and Analysis for the year ended March 31, 2018
99.4	Certificate of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.5	Certificate of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.6	Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of Deloitte LLP
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

Exhibit 99.1

CANOPY GROWTH CORPORATION

ANNUAL INFORMATION FORM

FOR THE PERIOD ENDED MARCH 31, 2018

DATED: JUNE 27, 2018

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ANNUAL INFORMATION FORM

In this annual information form ("**Annual Information Form**"), unless otherwise noted or the context indicates otherwise, the "**Corporation**", "we", "us" and "our" refer to Canopy Growth Corporation and its subsidiaries and affiliates; "**Canopy Growth**" refers to Canopy Growth Corporation on a stand-alone basis; "**Tweed**" refers to Canopy Growth's wholly-owned subsidiary Tweed Inc.; "**Tweed Farms**" refers to Canopy Growth's wholly-owned subsidiary Tweed Farms Inc.; "**Bedrocan**" refers to Canopy Growth's wholly-owned subsidiary Bedrocan Canada Inc., "**Spectrum"** refers to Canopy Growth's wholly-owned subsidiary Spectrum Cannabis Canada Ltd.; **"Tweed Grasslands"** refers to Canopy Growth's wholly-owned subsidiary Tweed Grasslands Cannabis Inc.; and **"Vert"** refers to Canopy Growth's wholly-owned subsidiary Vert Cannabis Inc.

All financial information in this Annual Information Form is reported in Canadian dollars and using International Financial Reporting Standards as issued by the International Accounting Standards Board. The information contained herein is dated as of March 31, 2018, unless otherwise stated.

FORWARD LOOKING INFORMATION

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- our expectations in connection with the production and expansion plans at our facilities and the capacity thereof;
- our expectations regarding the timing of construction, development and production of our expansion projects for both existing facility expansion and new facilities;
- advancement of our international projects and targeting other opportunities as the laws and regulations governing cannabis evolve internationally;
- the performance of our business and operations;
- our ability to obtain additional licenses or renewal of existing licenses;
- the legalization of cannabis for recreational use in Canada and our ability to participate in such market when it is legalized;
- the legalization of cannabis for recreational and/or medical use in jurisdictions outside of Canada and our ability to participate in any such markets, if and when such use is legalized;
- the effect of government regulations (or changes thereto) with respect to the restrictions on production, sale, consumption, export controls, income taxes, expropriation of property, repatriation of profits, environmental legislation, land use, water use and receipt of necessary permits;

- future liquidity and financial capacity;
- our expectations regarding revenues and expenses;
- expectations regarding our ability to raise capital;
- the competitive landscape in which we operate;
- our investments in community relations, cannabis health and safety, educational programming in the locations where we operate and the further development of our social responsibility programs;
- our future product offerings;
- the payment of any future dividends;
- the outcome of any current or pending litigation against us; and
- treatment under government regulatory and taxation regimes.

With respect to the forward-looking statements contained in this Annual Information Form, we have made assumptions regarding, among other things: (i) our ability to generate cash flow from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial market, regulatory and political conditions in which we operate; (iii) the yield from the growing operations of the Corporation's Licensed Producers; (iv) consumer interest in our products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of our activities and products and in the areas of taxation and environmental protection; (viii) the timely receipt of any required regulatory approvals; (ix) our ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) our ability to conduct operations in a safe, efficient and effective manner; and (xi) our construction plans and timeframe for completion of such plans.

Some of the risks and other factors which could cause actual results to differ materially from those expressed in the forward-looking statements contained in this Annual Information Form include, but are not limited to, the factors included under "*Risk Factors*", such as: continued listing requirements of the TSX and NYSE and increased price volatility; changes in laws, regulations and guidelines; risks inherent in strategic alliances; difficulty of forecasting the medical marijuana and recreational marijuana industries; exchange restrictions on business; risks relating to the ACMPR; risks relating to our expansion into foreign jurisdictions; political and other risks in emerging markets; risks of corruption and fraud in emerging markets; inflation risks in emerging markets; foreign ownership or control restrictions; risks relating to international advisors and consultants; increased operational, regulatory and other risks; our limited operating history; reliance on licenses; reliance on certain facilities; reliance on management; reliance on key inputs; dependence on suppliers and skilled labor; risks inherent in an agricultural business; vulnerability to rising energy costs; transportation risks; operating risk and insurance coverage; environmental and employee health and safety regulations; product liability risks; risks of product recalls; unfavorable publicity or consumer perception; risks relating to client acquisitions; growth-related risks; our history of net losses, and risks relating in incurring significant net losses in the future and not being able to achieve or maintain profitability; risks relating to additional financing; risks relating to conflicts of interest; risks relating to competition from other companies; and reputational risk to third parties, as well as those risk factors discussed herein or in documents incorporated by reference. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

GLOSSARY OF CERTAIN TERMS

The following technical terms are used in this document:

"**Acquired Companies**" means Bedrocan, MCA, MedCann GmbH, Spectrum, Spot Therapeutics Inc., Tweed Farms, Tweed Grasslands, and Vert;

"**ACMPR"** means the *Access to Cannabis for Medical Purposes Regulations* (Canada) issued pursuant to the *Controlled Drugs and Substances Act* (Canada);

"**bought deal"** means a securities offering where an investment bank commits to buy the entire offering from the issuing company;

"**cannabis**" has the meaning given to such term in the ACMPR;

"**cannabis oil**" has the meaning given to such term in the ACMPR;

"**CBD**" means cannabidiol;

"**CDSA**" means the *Controlled Drugs and Substances Act (Canada)*;

"**Common Shares**" means the Common Shares of Canopy Growth;

"**Dealers Licence**" means the license issued to Tweed pursuant to the CDSA to conduct research and possess cannabis and cannabis derivatives in forms that are not currently covered by the ACMPR;

"**dried marijuana**" has the meaning given to such term in the ACMPR;

"**industrial hemp**" has the meaning given to such term in the *Industrial Hemp Regulations* (Canada);

"**licence**" means the licenses issued to each of the Corporation's Licensed Producers, as provided in the table of Licensed Producers under the Business of Canopy Growth;

"**Licensed Producer"** has the meaning given to such term in the ACMPR;

"**marijuana**" has the meaning given to the term "marihuana" in the ACMPR;

"**Minister**" means the Federal Minister of Health;

"**MMPR**" means the *Marihuana for Medical Purposes Regulations* (Canada) issued pursuant to the *Controlled Drugs and Substances Act* (Canada);

"**NCR"** means the *Narcotic Control Regulations* (Canada);

"**private placement"** means the sale of securities to a small number of investors as a way of raising capital;

"**THC**" means delta-9-tetrahydrocannabinol;

CORPORATE STRUCTURE

Canopy Growth, formerly Tweed Marijuana Inc., is Canada's first publicly traded medical marijuana company and the first geographically diversified medical marijuana producer with its licences under the ACMPR. Canopy Growth operates eleven production facilities in Canada and currently distributes marijuana across the country to Canadian patients managing a host of medical conditions.

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." We changed our 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 Corporate Finance Manual. As a capital pool company, Canopy Growth had no assets other than cash and did not carry on any operations. On September 17, 2015, the Corporation changed its name from Tweed Marijuana Inc. to Canopy Growth Corporation and made a corresponding change to its trading symbol on the TSX Venture Exchange ("**TSXV**") from "TWD" to "CGC". On July 26, 2016, the Corporation graduated to the TSX. On February 1, 2017, the Corporation's trading symbol was changed to "WEED" and on March 10, 2017, the Corporation was the first cannabis company to be added to the S&P/TSX Composite Index. On May 24, 2018, the Corporation was the first Canadian cannabis producer to be listed on the New York Stock Exchange (**"NYSE"**) with the trading symbol "CGC."

Our head office is located at 1 Hershey Drive, Smiths Falls, ON, K7A 0A8 and our registered office is located at 515 Legget Drive, Suite 800, Ottawa, ON, K2K 3G4. Our telephone number is 1-855-558-9333 and our corporate website is www.canopygrowth.com. The information contained on our website is not incorporated by reference into this Annual Information Form.

As of March 31, 2018, there were 1,033 full-time employees in the Corporation as compared to 546 full-time employees at March 31, 2017.

We conduct our business through our various subsidiaries. The following chart illustrates, as at the date of this Annual Information Form, our material subsidiaries, including their respective jurisdiction of incorporation and percentage of voting securities of each that are held by Canopy Growth either directly or indirectly:

Controlled or Jointly Controlled Subsidiaries

Company Name	Ownership Interest by Canopy	Classification (Subsidiary, associate, other)	Jurisdiction of Incorporation
Canadian operations			
Tweed Inc.	100%	Subsidiary	Canada
Tweed Farms Inc.	100%	Subsidiary	Canada
Bedrocan Canada Inc.	100%	Subsidiary	Ontario
Bedrocan Canada (106) Inc.	100%	Subsidiary	Ontario
Spectrum Health Corp.	100%	Subsidiary	Ontario
2344823 Ontario Inc. d/b/a Bodystream	100%	Subsidiary	Ontario
Apollo Applied Research Inc.	100%	Subsidiary	Canada
Apollo CRO Inc.	100%	Subsidiary	Canada
Mettrum Hempworks Inc.	100%	Subsidiary	Ontario
Spectrum Cannabis Canada Ltd. (Formerly Mettrum Ltd.)	100%	Subsidiary	Ontario
Tweed Grasslands Cannabis Inc.	100%	Subsidiary	Saskatchewan
Groupe H.E.M.P.CA/H.E.M.P.CA	75%	Subsidiary	Quebec
Vert Cannabis Inc.	100%	Subsidiary	Canada

Spot Therapeutics Inc.	100%	Subsidiary	New Brunswick
Canopy Rivers Corporation	89.1% Voting 31.5% Economic	Subsidiary	Canada
Canopy Hemp Corporation	100%	Subsidiary	Canada
Les Serres Vert Cannabis	66.70%	Subsidiary	Quebec
BC Tweed Joint Venture Inc.	66.70%	Joint Operation	Canada
10007705 Manitoba Ltd.	50%	Subsidiary	Manitoba
10252832 Canada Inc.	100%	Subsidiary	Canada
80694 Newfoundland and Labrador Inc.	100%	Subsidiary	Newfoundland
10663824 Canada Inc.	100%	Subsidiary	Canada
9388036 Canada Inc.	100%	Subsidiary	Canada
2532461 Ontario Inc.	100%	Subsidiary	Ontario
International operations			
Spektrum Cannabis GmbH	100%	Subsidiary	Germany
Spectrum Chile SpA	85%	Subsidiary	Chile
Spectrum Cannabis Australia PTY Ltd.	100%	Subsidiary	Australia
Spectrum Cannabis Italia srl	100%	Subsidiary	Italy
Spectrum Cannabis Netherlands BV	100%	Subsidiary	Netherlands
Grow House JA Limited	49%	Subsidiary	Jamaica
Spectrum Cannabis Denmark Aps	62%	Subsidiary	Denmark
Spectrum Polska Sp. Z 0.0.	100%	Subsidiary	Poland
7218737 Delaware Inc.	100%	Subsidiary	Delaware, USA
Spectrum Southern Africa (Pty) Ltd.	100%	Subsidiary	South Africa
Daddy Cann (Lesotho) (Pty) Ltd.	100%	Subsidiary	Lesotho, South Africa
Annabis Medical s.r.o.	100%	Subsidiary	Czech Republic
Canopy LATAM Corporation	100%	Subsidiary	Canada

THREE YEAR HISTORY OF THE BUSINESS

Fiscal 2016 (April 1, 2015 to March 31, 2016)

During Fiscal 2016, the Corporation completed two acquisitions (Bedrocan and MedCannAccess) and issued a total of 7,012,700 Common Shares for aggregate gross proceeds of approximately $14 million pursuant to an offering on a bought deal basis.

In addition,

- Tweed received authorization from Health Canada to begin the production of cannabis extracts
- Tweed and DNA Genetics announced a partnership to enable Tweed to begin its own breeding program

- Tweed entered into a license agreement with LBC Holdings, Inc. ("**LBC**"), a Corporation related to the artist known as Snoop Dogg
- Health Canada granted Tweed its licence to sell cannabis oil products

Fiscal 2017 (April 1, 2016 to March 31, 2017)

During Fiscal 2017, the Corporation completed three acquisitions (MedCann GmbH, Spectrum and Vert) and issued a total of 20,117,500 Common Shares for aggregate gross proceeds of approximately $106,026,400 million pursuant to an offering on a bought deal basis.

In addition,

- Health Canada granted Bedrocan its licence to sell cannabis oil products
- Bedrocan Canada, Bedrocan International BV ("**Bedrocan International**") and local Brazilian partners entered into a partnership to create a new company called Bedrocan Brasil
- Tweed received necessary approvals in Canada and Germany to begin export of medical cannabis for sale to German pharmacies
- Canopy Growth closed a $5.5 million financing with a commercial lending institution
- Tweed and Snoop Dogg announced that Leafs By Snoop would be available in Canada, exclusively to customers registered with Tweed
- Canopy Growth acquired ownership of Vert Médical
- Canopy Growth entered into a Memorandum of Understanding with the Goldman Group to expand Canopy Growth's cannabis production capacity and geographic footprint
- Canopy Growth announced the formation of the cannabis research incubator, Canopy Health Innovations Inc. ("**Canopy Health**")
- Tweed received its Dealers Licence pursuant to the provisions of the CDSA
- Canopy Growth acquired the property at 1 Hershey Drive in Smiths Falls, Ontario that currently houses Canopy Growth's headquarters and Tweed production facilities
- Canopy Growth issued a statement regarding possible Class Action related to the Mettrum Ltd. recall. (see *"Legal Proceedings"*)
- Canopy Growth issued a total of 2,500,000 Common Shares for aggregate gross proceeds of approximately $24,250,000 million pursuant to a private placement with a single investor

Fiscal 2018 (April 1, 2017 to March 31, 2018)

During Fiscal 2018, the Corporation completed two acquisitions (Tweed Grasslands and Spot Therapeutics Inc.) and issued a total of 5,800,000 Common Shares for aggregate gross proceeds of approximately $175,076,000 million pursuant to an offering on a bought deal basis.

In addition,

- Canopy Growth announced the launch of Tweed's curated CraftGrow line (see *"Other Initiatives - Craft Grow"*)
- Canopy Growth committed $20 million in seed capital funding for Canopy Rivers Corporation ("**Canopy Rivers**"), a joint venture that will provide financial support to ACMPR applicants and existing Licensed Producers
- Canopy Growth issued a total of 3,105,590 Common Shares for aggregate gross proceeds of approximately $24,999,999.50 million pursuant to a private placement with a single investor
- Tweed Farms purchased of a parcel of land adjacent to its current facility in Niagara-on-the-Lake, ON
- Canopy Growth and the Province of New Brunswick entered into a Memorandum of Understanding (MOU) for a two-year supply agreement
- Canopy Growth entered into a joint venture with Danish Cannabis ApS ("**Danish Cannabis**") called Spectrum Denmark ApS ("**Spectrum Denmark**")
- Canopy Growth entered into a definitive agreement to form a new company, BC Tweed Joint Venture Inc. together with a large-scale greenhouse operator to develop 1.3 million square feet of greenhouse growing capacity in British Columbia
- Canopy Growth completed the transaction with Constellation Brands whereby Constellation Brands invested CDN $245 million in exchange for 9.9% equity upon the issuance of 18,876,901 Common Shares and 18,876,901 warrants to an affiliate of Constellation Brands, Greenstar Holdings (see "*Strategic Relationship with Greenstar Holdings*")
- Canopy Growth and Canopy Rivers, along with funds advised by JW Asset Management LLC (collectively referred to as the "Investors") entered into subscription agreements with TerrAscend Corp. ("**TerrAscend**") pursuant to which the Investors will acquire 47,727,273 units of TerrAscend
- Canopy Growth, through a joint venture with Green House Holdings North America Inc. ("**Green House Seeds**"), its affiliate in the Netherlands, GHSC Trading B.V., National Concessions Group Inc. ("**Organa Brands**"), allocated 40% and 20%, respectively, of ownership in ACMPR licensed Agripharm Corp. (previously Spectrum Health Corp.) ("**Agripharm**")
- Canopy Growth entered into a supply agreement with the Province of Newfoundland and Labrador
- Canopy Growth and Canopy Rivers formed a new company, Les Serres Vert Cannabis Inc. ("**Vert Mirabel**"), together with Les Serres Stéphane Bertrand Inc. ("**Bertrand**")
- Canopy Growth and the Province of Prince Edward Island entered a supply Memorandum of Understanding
- Spectrum Denmark's facility was issued a cannabis production licence by Denmark's Medicines Agency
- Canopy Growth acquired certain intellectual property assets and know-how for total proceeds of $5,325,250 of which $3,132,500 was paid on closing by issuing 117,253 Common Shares and the remaining consideration of $2,192,750 will be paid over a series of milestones in Common Shares

- Canopy Growth signed a letter of intent with the Société des alcools du Québec to provide the Quebec market with 12,000 kilograms of cannabis annually
- Canopy Growth announced that it had been conditionally selected by the Government of Manitoba to operate cannabis retail stores in the province, along with its partner Delta 9 Cannabis Inc

Following the end of Fiscal 2018, on June 20, 2018, the Corporation closed its offering of C$500 million aggregate principal amount of its 4.25% convertible senior notes due 2023 (the "Initial Notes"). The initial conversion rate for the Initial Notes is 20.7577 Common Shares per C$1,000 principal amount of the Initial Notes, equivalent to an initial conversion price of approximately C$48.18 per share. On June 22, 2018, the Corporation closed an additional C$100 million aggregate principal amount of its Initial Notes (the "Over-Allotment Notes" and collectively with the Initial Notes, the “Notes”) pursuant to the exercise in full of the over-allotment option granted to the initial purchasers. The Over-Allotment Notes have the same terms as the Initial Notes. The Corporation intends to use the net proceeds from the sale of the Notes for supporting expansion initiatives and general corporate purposes.

Anticipated Changes for Fiscal 2019

On June 18, 2018, the Federal Government of Canada passed legislation legalizing the recreational use of cannabis in Canada (see “*Summary of the Cannabis Act and the Proposed Regulations*”), with an opening of the legal recreational cannabis market set for October 17, 2018. In anticipation of this, the Corporation will continue efforts to increase its inventory of finished cannabis ready for sale as well as complete the development and licensing of expanded cannabis cultivation, processing and distribution infrastructure. The Corporation expects to have the majority of its planned 5.6 million square feet operations licensed by the end of calendar 2018.

In Fiscal 2019 (April 1, 2018 to March 31, 2019), the Corporation expects that it will export increasing amounts of cannabis to Germany and that it could begin exporting cannabis to additional countries around the world (see “*Activities Outside of Canada*”). The Corporation believes that it will continue to enter into business partnerships or acquire businesses as a means of establishing operations in additional countries.

In addition, the federal government has indicated that the sale of value-added recreational cannabis products will be permitted within one year of the start of the recreational cannabis market in Canada. The Corporation will continue to conduct product research, development and marketing activities and submit products for approval to Health Canada to prepare for this market.

GENERAL DEVELOPMENT OF THE BUSINESS

Summary Description of the Business

Canopy Growth was an early mover in the Canadian medical cannabis market and is a multi-brand cannabis company. We believe that our strong focus on, and investment in, brand, market and product differentiation, increased cannabis supply through our cannabis production platforms and education, to help citizens safely, effectively and responsibly use cannabis, will create a dominant global business with the potential to generate a significant and sustained return on invested capital over the long-term.

In Canada, through our Licensed Producers as outlined below, we are in the business of producing and selling medical cannabis in accordance with the ACMPR. We operate eleven cannabis production facilities, three pursuant to joint ventures, seven of which are authorized to produce and sell cannabis and one of which is solely authorized to produce cannabis. In accordance with the ACMPR, customers with a medical document from an authorized healthcare practitioner can register with us. Customers can order cannabis directly from us, including over the phone or via the *Tweed Main Street* online platform, and we then ship products directly to our customers. We also operate medical cannabis patient assistance networks and offer in-person client services through a network of *Tweed Main Street Community Engagement Centers* (see *"Other Initiatives – Tweed Main Street")*.

Licensed Producers

The following table lists our Licensed Producers and the material terms of each licence held:

Entity	*Initial Licensing*	*Date of Renewal*	*Licensed Production*	*Province*	*Facility*	*Details*	*License Type (Plants/ Dried)*	*License Type (Fresh/ Oil)*
Agripharm Corp.	December 11, 2014	December 13, 2019	15,000 square feet	ON	Indoor	Up to $31,250,000 worth of product	Cultivation and Sale	Production and Sale
Bedrocan Canada Inc.	December 16, 2013	December 3, 2019	N/A	ON	Indoor	Sales licence limited to the sale of bulk product to other Licensed Producers.	Sale	N/A
Bedrocan Canada Inc. (second site)	February 17, 2015	February 18, 2020	50,000 square feet	ON	Indoor	Up to $31,250,000 worth of product.	Cultivation and Sale	Production and Sale
BC Tweed Joint Venture Inc.	February 16, 2018	February 16, 2021	840,000 square feet	BC	GH	Sales licence limited to the sale of bulk product to other Licensed Producers	Cultivation	N/A
BC Tweed Joint Venture Inc. (second site)	April 13, 2018	April 13, 2021	900,000 square feet	BC	GH	Sales licence limited to the sale of bulk product to other Licensed Producers	Cultivation	N/A
Spectrum Cannabis Canada Ltd.	December 16, 2015	November 1, 2019	75,000 square feet	ON	Indoor	Up to $31,250,000 worth of product.	Cultivation and Sale	Production and Sale
Tweed Farms Inc.	August 8, 2014	January 14, 2020	350,000 square feet	ON	GH	Sales licence limited to the sale of bulk product to other Licensed Producers.	Cultivation and Sale	N/A
Tweed Grasslands Cannabis Inc.	June 16, 2017	June 16, 2020	60,000 square feet	SK	Indoor	Sales licence limited to the sale of bulk product to other Licensed Producers.	Cultivation and Sale	N/A
Tweed Inc. (Commercial)	November 18, 2013	January 20, 2020	168,000 square feet	ON	Indoor	Up to $150,000,000 worth of product.	Cultivation and Sale	Production and Sale
Tweed Inc. (Dealer)	December 9, 2016	December 31, 2018	N/A	ON	Indoor	Dealers Licence limited to testing, research and development related to cannabis	N/A	N/A
Vert Cannabis Inc.	December 21, 2017	December 21, 2020	10,000 square feet	QC	Indoor	Sales licence limited to the sale of bulk product to other Licensed Producers	Cultivation	N/A
Vert Mirabel	May 25, 2018	May 25, 2021	70,000 square feet	QC	GH	Sales licence limited to the sale of bulk product to other Licensed Producers	Cultivation	N/A

At the end of each term of their respective licences, each of Agripharm, BC Tweed Joint Venture Inc. ("**BC Tweed**"), Bedrocan, Tweed Grasslands, Spectrum, Tweed, Tweed Farms and Vert must submit an application for renewal to Health Canada containing information prescribed by the ACMPR. Further details with respect to each Licensed Producer and their respective facilities and business developments are set out below.

Tweed

Our wholly-owned subsidiary Tweed is based in Smiths Falls, Ontario, and has a present built-out GMP- certified production capacity of 168,000 square feet consisting of climate controlled indoor growing rooms and the related vegetation, nutrient delivery and production infrastructure as is required to support the 24-room configuration and cannabis inputs from other production facilities in a hub and spoke model. Additionally, an in-house laboratory and R&D area, cannabis oil extraction infrastructure, breeding facility and a high-level security vault exist within the Smiths Falls facility.

On December 9, 2016, Tweed was issued the Dealers Licence by Health Canada pursuant to the CDSA and began operating the area built to GMP specifications at the facility in Smiths Falls, Ontario. Licensed activities occur in a distinct area of the facility focused on strategic projects beyond Tweed's operational scope. The licence allows Tweed to conduct research and possess cannabis and cannabis derivatives in forms that are not currently covered by the ACMPR. Tweed can also begin development of innovative products for future market opportunities, and with necessary approvals undertake the export of non-dried form of cannabis to other jurisdictions.

On January 15, 2017, Tweed acquired the property at 1 Hershey Drive, in Smiths Falls, Ontario, thereby terminating the lease agreement dated December 27, 2013 between Tweed and the landlord, Tweed Hershey Drive Inc. (the "**Tweed Lease Agreement**"). The facility was acquired for $6.6 million, of which $823,980 was settled with the issuance of 94,397 Common Shares of the Corporation, with the remainder paid in cash on closing. Bruce Linton, as an officer, director, and shareholder of Tweed Hershey Drive Inc. received 70,800 of the 94,397 shares issued, which were subject to a 4-month lockup. The acquisition was considered a "related party transaction" within the meaning of Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") because Bruce Linton, a director and officer of Canopy Growth is also a shareholder of the vendor Tweed Hershey Drive Inc. Canopy Growth relied on an exemption available pursuant to MI 61-101 from the formal valuation and minority approval requirements since neither the fair market value of the property acquired, nor the fair market value of the purchase price for the acquisition of the property exceeded 25% of Canopy Growth's market capitalization at the time of the transaction. This 42-acre site at 1 Hershey Drive has the potential to house hundreds of thousands of square feet of additional production and processing space.

In fiscal 2018, the Corporation began construction of new infrastructure in the approximately 300,000 square feet unlicensed portion of the original 472,000 square feet building. New facilities being constructed include additional indoor growing rooms, post-harvest processing, security vault and a visitors centre. In addition, the Corporation also began the construction of new building footprints and the redevelopment of existing buildings that together will add over 300,000 square feet to the Smiths Falls facility. The additional footprint will include storage, an advanced manufacturing building built to GMP specifications and a dedicated distribution centre. The distribution centre has been designed to significantly increase the capability and flexibility of the Corporation's fulfillment resources in an effort to better and more efficiently serve the demands of the Canadian medicinal cannabis market, expected demands of the Canadian recreational cannabis market and anticipated increase in cannabis exports to federally legal markets around the world. Construction is expected to be completed in calendar 2018.

A key focus of Tweed, since its inception, has been the development of its brand. From the name, logo and design aesthetic, to the approachable tone and light-hearted copy, unlike industry participants that have positioned themselves as pharmaceutical companies, Tweed is positioned to attract strong appeal and recognition across value and premium product segments in the medical marijuana market and upcoming recreational market in Canada. Tweed is intent on using creative marketing strategies to further increase public awareness of the Tweed brand. The objective is to make the Tweed brand top-of-mind as medical patients and future recreational users consider making their first legal marijuana purchase, while still ensuring we are onside all regulatory requirements with respect to promotion.

Partner Brands

Tweed has entered into partnership agreements with certain third parties in connection with the production and distribution of its products, including the following:

In October 2015, Tweed and DNA Holding LLC ("**DNA Genetics**" or "**DNA**") announced a partnership that would see Tweed leverage DNA's expertise in cannabis breeding to bring exclusive DNA certified strains to Tweed customers. Working with DNA, Tweed breeds new strains for customers that have been personally bred, phenotyped & inspected by DNA Genetics. On September 15, 2016, Tweed launched Lemon Skunk, the first strain certified by DNA Genetics and selected through phenotyping by DNA Genetics.

On February 11, 2016 Tweed entered into a license agreement with LBC Holdings, Inc. ("**LBC**"), a Corporation related to the artist known as Snoop Dogg. Under the LBC License Agreement, Snoop Dogg, through LBC, and Tweed have partnered on curated content and brand strategy exclusively in Canada. On October 27, 2016, Tweed began selling three *Leafs By Snoop* varieties.

On April 20, 2017, Tweed and Praxis Holdings Inc., a Corporation related to the cannabis product line known as Foria, announced a partnership that would expand Tweed's product offerings with the inclusion of a proprietary blend of Foria specifically for Tweed customers.

Tweed Farms

Canopy Growth acquired Tweed Farms in Niagara-on-the-Lake, Ontario, Canada on June 18, 2014 when Tweed Farms was in the process of obtaining its licence to produce under the MMPR. We estimate that, when in full production, the existing 350,000 square foot greenhouse can support the production of up to 15,000 kilograms of cannabis per year. Following completion of the previously announced expansion, Tweed Farms will be home to over 1,000,000 square feet of greenhouse space, including the recently acquired and adjacent greenhouse property, plus post-harvest facilities including 10,000 square feet of recently renovated space for new drying rooms and an upgraded laboratory.

On September 8, 2017, the Corporation announced that Tweed Farms had finalized the purchase of a parcel of land adjacent to its current facility in Niagara-on-the-Lake, ON including an operational 458,000 square feet greenhouse. In addition to the newly acquired asset, the Company announced that construction had commenced on an additional 212,000 square feet of state-of-the-art greenhouse to be located on the current Tweed Farms property.

Spectrum

The Corporation acquired Spectrum Health Corp. (formerly Mettrum Health Corp.), including its subsidiaries 2344823 Ontario Inc. d/b/a Bodystream, Apollo Applied Research Inc. (and its subsidiary, Apollo CRO Inc.), Spectrum Hempworks Inc., Spectrum (and its subsidiary, Agripharm, of which Spectrum owns 40%) (collectively with Spectrum, the "**Spectrum Canada Group**"), on January 31, 2017 pursuant to an arrangement agreement dated November 30, 2016, as amended, for which Spectrum Canada Group shareholders received 0.7132 Common Shares for each Spectrum Canada Group common share held immediately prior to the closing.

Spectrum was incorporated on March 29, 2011 under the name Cinaport Acquisition Corp. and completed its initial public offering as a capital pool Corporation on October 24, 2011 (the "**Offering**"). The Offering consisted of 2,260,000 common shares of Spectrum ("**Spectrum Common Shares**") at a price

of $0.10 per Common Share for gross proceeds of $226,000. The Spectrum Common Shares began trading on the TSXV as a capital pool Corporation on November 1, 2011 under the symbol “CPQ.P”. Spectrum completed its qualifying transaction on September 30, 2014 (the “**Spectrum Qualifying Transaction**”). As part of the Spectrum Qualifying Transaction, Spectrum consolidated its shares on a 14.5625 to 1 basis.

Prior to Spectrum’s acquisition by the Corporation, Spectrum acquired Apollo Applied Research Inc., and Apollo CRO Inc. (together “**Apollo**”) and 2344823 Ontario Inc., operating as Bodystream (“**Bodystream**”) in two separate transactions. Under the provisions of the respective share purchase agreements, additional Spectrum shares would have been issued to former shareholders of Apollo and Bodystream over the five years following the acquisition if certain performance targets were met and the shareholders remained as employees. As a result of the acquisition of Spectrum, the obligation for this share-based compensation was assumed by the Corporation. The maximum number of Canopy Growth shares that would be issued with respect to the Apollo and Bodystream agreements is 1,111,702 and 1,073,595 shares, respectively.

Spectrum is a Toronto-based company and began production of medical cannabis at its first production facility in Bowmanville, Ontario. The licence covers approximately 75,000 square feet and includes 13 growing rooms as well as necessary vegetation, nutrient delivery and plant destruction infrastructure. The facility sits on a 7-acre site and we are currently planning a 100,000 square foot expansion of this location. In addition, on October 6, 2017, we acquired an adjacent parcel of land to add approximately 33 acres for future expansion.

Prior to December 1, 2017 Agripharm was a wholly owned subsidiary of the Corporation. On December 1, 2017, our interest in Agripharm was diluted from 100% to 40% under a collaborative agreement whereby in exchange for the issuance of shares, Green House Seeds and Organa Brands provided an exclusive, royalty-free license in Canada to certain proprietary technology, trademarks, genetics, know-how and other intellectual property. Green House Seeds oversees day-to-day operations, bringing their own expertise into cultivation, while Organa Brands implements world-class extraction functions as new and novel value-add products become part of the regulatory environment.

On September 20, 2016, Spectrum announced that it entered into an agreement with Cannabis Care Canada Inc. (**CCC**”) to sell its facility and associated licence known as Spectrum Bennett North, which closed on September 14, 2017. As per the terms of the agreement, CCC paid $7 million in cash to acquire Spectrum Bennett North and entered into a three-year Supply Agreement that is expected to generate up to $40 million in revenue for Spectrum over the next three years. As part of the transaction, CCC will also assume all outstanding obligations associated with Spectrum Bennett North.

Bedrocan

Bedrocan was formed in February 2012 (under its predecessor name, 2318171 Ontario Inc.) by its founding shareholders for the purpose of entering into an exclusive licensing arrangement with Bedrocan International and making an application to Health Canada to become a Licensed Producer under the MMPR framework.

On December 16, 2013, Bedrocan received its initial licence to operate as a Licensed Producer of medical marijuana under the MMPR, with the authority to import, package and sell medical marijuana. On February 21, 2014, Bedrocan entered into an exclusive license agreement with Bedrocan International, for an indefinite term, to use certain Bedrocan International intellectual property for the cultivation, processing, marketing, sale and other commercialization of cannabis in Canada (the “**BV License Agreement**”). Material terms of the BV License Agreement include a performance guarantee and certain specified standards in respect of the licensed product, the payment of an annual license fee based on product sales and certain assignment and confidentiality restrictions.

On August 28, 2015, the Corporation acquired Bedrocan Cannabis Inc. ("**Bedrocan Cannabis**") pursuant to a definitive plan of arrangement, in which the Corporation acquired all of the issued and outstanding securities of Bedrocan Cannabis. The transaction closed on August 28, 2015 following approval by Bedrocan Cannabis shareholders and the TSX Venture Exchange and completion of conditions precedent to closing. In connection with the Arrangement, Bedrocan and Bedrocan International entered into a second amended and restated license and distribution agreement on August 28, 2015 (the "**SARLD Agreement**"). The effect of the Arrangement is that Bedrocan Cannabis continued as a wholly-owned subsidiary of Canopy, and Bedrocan was a wholly-owned subsidiary of Bedrocan Cannabis, Bedrocan Cannabis and Bedrocan later amalgamated. Under the terms of the Arrangement, Bedrocan Cannabis shareholders received 0.4650 Common Shares for each common share of Bedrocan held. The Corporation issued a total of 35,202,818 Common Shares on closing of the Arrangement.

Bedrocan's 52,000 square feet production facility in Toronto, Ontario is fully-licensed, and includes 34 vegetative and growing rooms, three dispensing rooms, the building's two-floor high security level vault, and the ability to dispose of cannabis refuse via composting. This site is leased from a related company of Murray Goldman, a director of Canopy Growth. On August 28, 2015, Bedrocan amended its existing lease agreements with its landlord to extend the initial term, ending August 31, 2024, to August 31, 2029 (the "**Amended Bedrocan 16 Upton Lease**").

On June 7, 2018, the Corporation and Bedrocan International reached an agreement in the previously announced arbitration proceedings with respect to the SARLD that were commenced in July 2017. Under the terms of the agreement, Bedrocan will decrease, and then end, the production and sale of Bedrocan products within the calendar year. The Corporation will retain the licensed production facility ("**16 Upton Road**"), licensed sales facility ("**43 Upton Road**"), and all associated licences owned and operated by Bedrocan. Management will redeploy these facilities, free of the current royalty structure and fixed production practices, to develop new premium branded cannabis offerings.

Tweed Grasslands

On May 1, 2017, the Corporation acquired rTrees Producers Limited ("**Tweed Grasslands**"), a late-stage ACMPR applicant based in Yorkton, Saskatchewan. Tweed Grasslands brings a 90,000 square feet indoor growing facility that is presently 20% built-out. It is estimated that the Tweed Grasslands facility can expand to over 300,000 square feet in the future. On June 16, 2017, Tweed Grasslands received its cultivation licence from Health Canada. Upon closing of the acquisition, the Corporation issued 698,901 Common Shares and up to another 2,795,604 Common Shares will be issued if, and when, specific licensing and capacity expansion related milestones are achieved.

Vert

On November 1, 2016, Canopy Growth acquired Vert Médical, a Quebec-based ACMPR applicant. Canopy Growth has also acquired the lease and the right to acquire 90 acres of land and a 7,000 square foot indoor growing and office facility located in Saint-Lucien, Quebec. On December 21, 2017, Vert received its licence from Health Canada. In consideration for the acquired shares in Vert, Canopy Growth issued debt of approximately $500,000. In addition, Canopy Growth will issue up to 294,900 Common Shares, if and when specific licensing and capacity expansion related milestones are achieved, except for 58,978 Common Shares which were issued on closing.

On December 17, 2017, the Corporation entered into a joint venture, Vert Mirabel, with Bertrand. Bertrand currently produces tomatoes and other vegetables under 700,000 square feet of modern greenhouse, a portion of which is certified for organic production and most of which was built in 2015.

The entire greenhouse is expected to be upgraded and retrofitted for cannabis production. Under the terms of the joint venture, Vert Mirabel leases the greenhouse facility from Bertrand with an option to acquire the property. On May 25, 2018, Vert Mirabel received its cultivation licence from Health Canada, licensing a portion of the total production facility.

In conjunction with the Vert acquisition, Canopy Growth acquired majority ownership of Quebec-based Groupe H.E.M.P.CA Inc. ("**Groupe Hemp**"). Groupe Hemp is licensed by Health Canada to cultivate hemp and extract oil from hemp seeds. Groupe Hemp has developed a variety of brands, digital properties, and industrial hemp products, ranging from skincare to pet care. In consideration for the acquired shares in Groupe Hemp, Canopy Growth issued 258,037 Common Shares of which 50% were issued on closing and the remainder released on April 1, 2017. In addition, the Corporation paid $300,000 on closing and assumed debt of approximately $276,000 which was due on April 1, 2017.

BC Tweed

Canopy Growth entered into a definitive joint venture agreement on October 11, 2017, to form a new company, BC Tweed, together with a large-scale greenhouse operator to develop a greenhouse in Aldergrove, British Columbia (the "**Aldergrove Site**"), with an exclusive option to develop a further 1.7 million square feet of existing greenhouse infrastructure at a second location in British Columbia (the "**Delta Site**"). The Aldergrove Site includes the first and second stage licensing of 840,000 square feet of growing space, allowing vegetative growth so that the mature plants can be spread into the full 1.3 million square feet for flowering and harvesting. The Aldergrove Site received its licence from Health Canada on February 16, 2018. The Delta Site, which we believe to be the largest federally licensed cannabis site anywhere in the world, includes the initial licensing of 900,000 square feet of growing space, granted on April 13, 2018, allowing vegetative growth so that the mature plants can be spread into the full 1.7 million square feet for flowering and harvesting.

On May 14, 2018, Canopy Growth announced that it entered into a non-binding agreement to purchase, subject to certain conditions, the remaining 33% stake of BC Tweed currently owned by a large-scale greenhouse operator. Upon closing of the transaction, the Corporation will issue up to $374 million Common Shares, subject to the satisfaction of certain conditions, to the minority shareholders of BC Tweed (the "**Operators**"), over the next four years. The Operators will continue to manage BC Tweed operations for a period of five years.

Licence Applications

In addition to the Licensed Producers above, we have applied for licences under the ACMPR for two additional cannabis production facilities in the Provinces of Alberta and New Brunswick.

We have submitted an ACMPR application, through our wholly-owned subsidiary, 10252832 Canada Inc., for a producer's licence in Edmonton, Alberta. In addition, on August 28, 2017, we announced that we acquired Spot Therapeutics Inc. ("**Spot**"), an ACMPR applicant based in Fredericton, New Brunswick. Additionally, Canopy Rivers (see "*Other Initiatives - Canopy Rivers*") purchased the industrial building and property where our Fredericton-based production and distribution platform is being established and is leasing the facility to Spot with an option, in favor of Spot, to acquire the property.

Industrial Hemp-Based Products

We have taken steps to diversify our cannabis-related business into the development, production and sale of industrial hemp-based medical, regulated adult-use and industrial products. Hemp and cannabis come from the *cannabis sativa L specie*, but are genetically distinct and are further distinguished by use, chemical makeup and cultivation methods. Industrial hemp is a renewable raw material used in thousands of products including health foods, body care, clothing, construction materials, biofuels and plastic composites. We believe that entry into the regulated industrial hemp market, whose regulations allow for more robust consumer-facing brand marketing, advertising and retail channels, will serve to strengthen our consumer facing brands in the future.

On November 27, 2017, we announced a definitive agreement to acquire Green Hemp Industries Ltd.'s ("**Green Hemp**") farm operations and associated assets, equipment, genetic stock, and other property in Saskatchewan (the "**Green Transaction**"). On January 25, 2018, we closed the Green Transaction. Should the regulations change in accordance with Health Canada's Proposed Approach to the Regulation of Cannabis discussion paper, material collected at Green could be processed for cannabinoid extraction at the Tweed Grasslands facility in Saskatchewan. Management believes by building the amount of CBD under our operations, we will be able to expand our offering of cannabinoid-based product offerings.

Additional Initiatives

CraftGrow Collection

CraftGrow is the brand developed for the Corporation's partner program that gives Licensed Producers access to the Corporation's platform including the quality assurance program, online market place, customer care and call centre capabilities, as well as customer base. Access to the Corporation's platform can be expected to significantly reduce the resources that new entrants are required to invest to enter the market and help get them to market much faster to the benefit of all medical cannabis patients. The CraftGrow program benefits our customers by bringing a variety of cannabis cultivated by different Licensed Producers to the Corporation's online marketplace.

Tweed Main Street

On October 1, 2015 Canopy Growth acquired all of the issued and outstanding shares of several companies, which collectively operated as "MedCannAccess" ("**MCA**"), by way of an amalgamation with 9421653 Canada Inc., a wholly-owned subsidiary of Canopy Growth, pursuant to an amalgamation agreement dated September 3, 2015 (the "**MCA Amalgamation Agreement"**). MCA operations were re-branded in the first quarter of fiscal 2017, as Tweed Main Street. Tweed offers in-person client services through Tweed Main Street's network of community engagement centres in Ontario, making Tweed the first Licensed Producer in Canada to offer in-person services in the medical marijuana industry.

The Corporation has established Tweed Main Street as the brand for its core customer engagement vehicles, both online and physical locations. Through the Tweed Main Street online market place, registered customers can purchase all dried, oil and soft gel cannabis products available from the Corporation including varieties from Tweed, Tweed Farms, Bedrocan, Spectrum, DNA Genetics and *Leafs By Snoop*. Tweed Main Street provides tools and information to help patients search for cannabis products based on cannabinoids, form and time of use. In addition, Tweed Main Street provides a "Spectrum" tool, originally developed by Spectrum, that allows customers to categorize strains according to THC potency, as well as CBD levels, using a straight forward colour code system. Product availability in Tweed Main Street is subject to multiple factors including customer demand, cultivation schedule and the time required for post-harvest processing, quality assurance testing and regulatory approval.

Further engagement between the Tweed brand and customers is facilitated by the Corporation's expanding network of Tweed Main Street Community Engagement Centers. These physical locations throughout Ontario provide an opportunity for individuals to learn about medical cannabis in a helpful, supportive and consumer-friendly environment. The Corporation is actively seeking partners to expand the network of Tweed Main Street locations, through licensing partnerships, to strategic locations across Canada.

Canopy Rivers

On April 27, 2017, Canopy Growth announced the commitment of $20 million in seed capital funding for a complementary but distinct Corporation that will provide financial and strategic support to ACMPR applicants and existing Licensed Producers. Specifically, Canopy Rivers operates as a joint venture with Canopy Growth. Each potential partner will be evaluated separately, and individual streaming and support service contracts entered by Canopy Rivers will be priced and structured consistently with the risks, value proposition, and requirements of our counterparties. Capital invested in each partner may involve an upfront payment, may include additional license or production-based milestones payments, and may also involve equity or and/or equity linked securities. This strategic agreement provides Canopy Growth with a secure and predictable source of incremental cannabis supply and increased diversification of its products available for sale.

On June 16, 2017, Canopy Rivers closed an offering to raise aggregate gross proceeds of $36,230,484.60. On January 10, 2018, Canopy Rivers closed a second offering to raise gross proceeds of approximately $26,000,000.00, to which Canopy Growth subscribed for 4,673,938 Class B common shares for $5,141,331.80. These offerings increased the cash resources available for Canopy Rivers to provide growth capital and strategic support within the regulated cannabis industry.

On May 30, 2018, Canopy Rivers and AIM2 Ventures Inc. ("**AIM2**") entered into a binding letter of intent, which outlines the terms and conditions pursuant to which AIM2 and Canopy Rivers will complete a transaction that will result in a reverse take-over of AIM2 by Canopy Rivers, which will constitute AIM2's Qualifying Transaction. In addition, Canopy Rivers entered into an engagement letter with CIBC Capital Markets and GMP Securities L.P., as joint book runners and together with Eight Capital as co-lead agents, on behalf of a syndicate of agents pursuant to which Canopy Rivers proposes to issue and sell, on a private placement basis, subscription receipts (the "**Subscription Receipts**") at a price of $3.50 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of up to $104,125,000.00 (the "**Offering**"). The Offering is expected to close on or about July 5, 2018.

Canopy Health

The Corporation established the cannabis research incubator, Canopy Health, to develop and research clinically ready cannabis drug formulations and dose delivery systems. Canopy Growth is the preferred commercialization partner for intellectual property ("**IP**") developed by Canopy Health. On December 9, 2016, Canopy Growth announced the closing of an offering of Canopy Health shares for aggregate gross proceeds of approximately $7,000,000.00 to reduce Canopy Growth's interest to 46.15% of Canopy Health common shares.

Canopy Health operates as a research incubator and focuses on creating an IP portfolio that can be built into commercial opportunities for the Corporation. Pursuant to agreements entered into between Canopy Health and Canopy Growth, Canopy Growth will act as a primary supplier of cannabis products for clinical research through its subsidiary Tweed. The Dealers Licence will allow it to, among other things, possess cannabis and cannabis by-products for the purposes of analytical testing, and in the commercialization of IP created by Canopy Health.

On September 27, 2017, Canopy Health announced that it has filed nine provisional patents pertaining to the applications of cannabis and cannabinoid-based therapeutics in sleep and related nervous system disorders. Canopy Health announced that it had closed additional funding through sales of common shares bringing total funds raised to date for Canopy Health to over CDN $15.8 million. Capital was secured through new and existing shareholders, including $4 million from Canopy Growth.

On May 15, 2018, Canopy Growth and Canopy Health announced, along with Canopy Health's subsidiary Canopy Animal Health Inc. ("**Canopy Animal Health**"), they entered into a definitive arrangement agreement pursuant to which Canopy Growth will acquire all of its unowned interest in Canopy Health and Canopy Animal Health. Pursuant to the arrangement agreement, shareholders of Canopy Health, other than Canopy Growth, will receive 0.3790 Common Shares for each common share of Canopy Health held. In addition, Canopy Growth will issue options to purchase Common Shares in exchange for options previously issued by Canopy Health and Canopy Animal Health. In aggregate, the Corporation will issue 3,037,771 Common Shares, having a value of $91,573,637, along with options having the aggregate "in the money" value of $9,688,193. The transaction is anticipated to close on or before July 31, 2018.

Strategic Relationship with Greenstar Holdings

On November 2, 2017, the Corporation entered into a strategic relationship with an affiliate of Constellation Brands Inc. ("**Greenstar Holdings**"). As part of the strategic relationship (the "**Constellation Transaction**"), the Corporation issued 18,876,901 common shares to Greenstar Holdings at a price per common share of $12.9783 for aggregate gross proceeds of approximately $245 million, representing approximately 9.9% of the issued and outstanding common shares. In addition, the Corporation issued 18,876,901 warrants to Greenstar Holdings, subject to certain restrictions, expiring 30 months from November 2, 2017. The warrants are exercisable at an exercise price per common share of $12.9783 in two equal tranches, with the first exercisable tranche date being August 1, 2018 and the second exercisable tranche date being February 1, 2019. Pursuant to the Constellation Transaction, Greenstar Holdings will provide the Corporation with broad support in the areas of consumer analytics, market trending, marketing and brand development. In addition, we and Greenstar Holdings intend to collaborate to develop and market cannabis-based beverages that can be marketed as regulated recreational products in markets where and when such products are federally legal.

As part of the Constellation Transaction, we and Greenstar Holdings entered into an investor rights agreement (the "**Investor Rights Agreement**") whereby we granted certain pre-emptive rights to Greenstar Holdings to maintain its pro rata ownership in us, subject to certain exceptions, which is currently approximately 9.81%.

Corporate Social Responsibility

Since the founding of Tweed, the Corporation has provided a variety of support to patients and doctors in order to improve knowledge with respect to marijuana for medical purposes. Some of these initiatives include:

- support to the Canadian AIDS Society ("**CAS**") in the form of an unrestricted grant to CAS for the development of a patient-focused series that explains the science of cannabis as a therapy, the rules and regulations surrounding access and different ways to consume cannabis for safer use and better health
- research partnerships in place with researchers from the University of Ottawa, Ryerson University and the University of British Columbia
- funding for education to the Chronic Pain Association of Canada

- acting as the sole Licensed Producer supporter across Canada of the Primary Care Updates reaching thousands of doctors to improve the understanding of marijuana for medical purposes through a team of detailers visiting doctors throughout Ontario
- funding a national campaign to raise awareness of impairment in relation to operating a motor vehicle under the influence of cannabis, in connection with the Canadian Drug Policy Coalition (CDPC) and Mothers Against Drunk Driving (MADD Canada)
- partnering with Canabo Medical Corporation to conduct scientific and medical research through its network of healthcare practitioners at its medical clinics. This research data will be used to clarify the role of cannabis in various chronic conditions, including the management of chronic pain
- having an accredited M1 continuing medical education program to assist doctors, and in partnership with Bedrocan, one other Licensed Producer and the Collège des médecins du Québec, contribute startup funding for the creation of a registry for medical cannabis patients in the Province of Quebec, which will gather information on the demographic profiles of patients who use medical cannabis, the medical purpose for which they use it, and at what dosage, while tracking the effectiveness and safety of cannabis used in the management of symptoms associated with particular health conditions
- entering into a strategic partnership with Niagara College to create new experience-based learning opportunities for college students and graduates, while also providing job opportunities and joint research and community engagement opportunities
- providing a grant to Canadian Students for Sensible Drug Policy ("**CSSDP**") which has compiled a comprehensive cannabis education toolkit aimed at youth
- donating to local cultural and health-based initiative, and sponsoring youth cannabis education programs

In addition, on April 20, 2018, Tweed announced the creation and funding of the Tweed Collective (the "**Tweed Collective**"). Over the next four years, the Tweed Collective will invest $20 million in social, responsible initiatives that will support the health and development of communities. The Tweed Collective will work with local artists, creators, builders and partners to help support communities in meaningful ways.

REGULATORY OVERVIEW

Summary of the ACMPR

The ACMPR are the current governing regulations in respect of the production, sale and distribution of medical cannabis and related oil extracts in Canada. The ACMPR provides for three possible alternatives for Canadian patients to access cannabis for medical purposes:

(a) access quality-controlled cannabis by registering with Licensed Producers;
(b) register with Health Canada to produce a limited amount of cannabis for their own medical purposes; or
(c) designate an individual who is registered with Health Canada to produce cannabis on behalf of another individual for personal medical purposes.

With respect to (b) and (c), starting materials, such as plants or seeds, must be obtained from Licensed Producers.

Summary of the *Cannabis Act* and the Proposed Regulations

On June 18, 2018, the Canadian Federal Government passed legislation, the *Cannabis Act*, outlining the framework for the legalization of adult-use cannabis, as well as laws to address drug-impaired driving, protect public health and safety and prevent youth access to cannabis. The Federal Government has announced that the *Cannabis Act* is intended to come into effect October 17, 2018.

Pursuant to the *Cannabis Act*, individuals over the age of 18 will be able to purchase fresh cannabis, dried cannabis, cannabis oil, and cannabis plants or seeds and will be able to possess 30 grams of dried cannabis, or the equivalent amount in fresh cannabis or cannabis oil. The *Cannabis Act* also permits households to grow a maximum of four plants. This limit applies regardless of the number of adults that reside in the household. In addition, the *Cannabis Act* provides provincial and municipal governments the authority to prescribe regulations regarding retail and distribution, as well as the ability to alter some of the existing baseline requirements, such as increasing the minimum age for purchase and consumption.

In connection with the new framework for regulating cannabis in Canada, the 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 offence.

Provincial and territorial governments in Canada have made varying announcements on the proposed regulatory regimes for the distribution and sale of cannabis for adult-use purposes. For example, Ontario, Québec, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and the Northwest Territories have chosen the government-regulated model for distribution, whereas Saskatchewan and Newfoundland & Labrador have opted for a private sector approach. Alberta and British Columbia have announced plans to pursue a hybrid approach of public and private sale and distribution.

On November 21, 2017, Health Canada released a consultation paper entitled “Proposed Approach to the Regulation of Cannabis” (the “**Proposed Federal Regulations**”). Recognizing the Canadian Federal Government’s commitment to bringing the *Cannabis Act* into force, the Proposed Federal Regulations, among other things, solicited stakeholder input and views on the appropriate regulatory approach to an adult-use cannabis market by building upon established regulatory requirements that are currently in place for medical cannabis.

The Proposed Federal Regulations contemplate cultivation licenses for standard cultivation, micro-cultivation, industrial hemp cultivation and nursery cultivation, standard and micro-processing licenses as well as sales licenses for medical or non-medical use. Licenses to sell for non-medical use will be limited to provinces where local distribution models have not been implemented. In addition, the proposal includes generally less cumbersome personnel and physical security obligations than currently contemplated under the ACMPR. In addition, the Proposed Federal Regulations call for all cannabis products to be packaged in a tamper-evident and child-resistant manner and for product labels to contain specified product information, such as the name of the processor who packaged the products, product lot number, and THC/CBD content. The *Cannabis Act* itself prohibits testimonials, lifestyle branding and packaging that is appealing to youth.

On March 19, 2018, Health Canada released a report to summarize the feedback received from the consultation (the “**Report**”). In general, Health Canada reported that Canadians support the Proposed Federal Regulations. The Report, among other things, provided additional details on the requirements for packaging and labeling of cannabis products, noting that these requirements are aimed to minimize the

appeal to children and youth, protect against accidental consumption and ensure consumers are informed of the potential risks and harms of cannabis. Specifically, the Report clarified that the labeling and branding requirements would require "plain packaging", including a standardized cannabis symbol on every label; mandatory health warning messages (including specifics regarding size, placement and appearance); only one brand element can be displayed, aside from the Licensed Producer's brand name; no other image or graphic is permitted to be displayed; 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 impact of these regulatory changes on our business is unknown, and the proposed regulatory changes may not be implemented at all. See "*Risk Factors*".

Provincial Initiatives for the Upcoming Recreational Market

On September 15, 2017, the Corporation announced that we had entered into a memorandum of understanding with the New Brunswick provincial authority for the supply of cannabis products into New Brunswick's retail stores for a period of two years (the "**New Brunswick Supply Agreement**"). Pursuant to the terms of the New Brunswick Supply Agreement, we will supply 4,000 kg of cannabis and cannabis derivative products for the first year.

On December 8, 2017, the Corporation announced that we had entered into a supply and production agreement with the Province of Newfoundland and Labrador (the "**Newfoundland Supply Agreement**"). Under the terms of the Newfoundland Supply Agreement, we will provide 8,000 kg of cannabis products for the province annually for the first two years of the term of the agreement. In addition, on May 7, 2018, the Corporation, along with the Government of Newfoundland and Labrador, announced the locations of the Corporation's new production facility and first four retail locations in the province. The production facility is anticipated to produce up to 12,000 kg of cannabis per year and serve as the hub for local research and development funded by a $500,000 investment from the Corporation over the next five years.

On January 16, 2018, the Corporation announced that we had entered a supply memorandum of understanding (the "**PEI MOU**") to supply Prince Edward Island's retail and online stores. Under the terms of the PEI MOU, we will allocate a minimum supply of 1,000 kg of cannabis for the first year of the agreement to ensure that Prince Edward Island has access to a wide variety of cannabis products. The two-year supply agreement will renew for a third-year upon our mutual agreement with the province.

On February 14, 2018, the Corporation announced that we had entered into a letter of intent (the "**Quebec LOI**") with the Société des alcools du Québec ("**SAQ**") to supply 12,000 kg of cannabis annually. The Quebec LOI with the SAQ represents our fourth and largest supply agreement to-date, and we are the only cannabis Corporation to secure supply agreements with each announcing provincial entity.

On April 18, 2018, the Corporation announced that we had entered into an agreement (the "**Yukon Agreement**") with the Yukon Liquor Corporation to supply up to 900,000 grams of cannabis annually for the next three years. The Yukon Agreement represents our fifth supply agreement to-date, and we are the only cannabis company to secure supply agreements with each announcing provincial entity.

The Corporation has been conditionally selected by the Government of Manitoba to build and operate cannabis retail stores with our partner, Delta 9 Cannabis Inc. ("**Delta 9**"). The license, contingent on the signing of a formal agreement with the provincial government, is one of only four issued by the province and would authorize us, in partnership with Delta 9, to build and operate a chain of retail stores throughout the Province of Manitoba. In addition, we have committed to establishing a new production facility in Newfoundland and Labrador, and will be eligible to receive up to four retail licenses to operate retail stores in the province.

On June 1, 2018, the Corporation announced it had been selected to apply for five cannabis retail permits by the Saskatchewan Liquor and Gaming Authority ("**SLGA**"). The five retail sites will be located in Humboldt, Meadow Lake, the Rural Municipality of Corman Park, Melville, and Fort Qu'Appelle.

Activities Outside Canada

We only conduct business in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada and its regulatory obligations with the TSX and NYSE. The legal and regulatory requirements in the foreign countries in which we operate with respect to the cultivation and sale of cannabis, as well as local business culture and practices are different from those in Canada. Prior to commencing operations in a new country, in partnership with our local legal counsel, consultants and partners, we conduct legal and commercial due diligence in order to ensure that we and our officers and directors gain a sufficient understanding of the legal, political and commercial framework and specific risks associated with operating in such jurisdiction. Where possible, we seek to work with respected and experienced local partners who can help us to understand and navigate the local business and operating environment, language and cultural differences. In consultation with our advisors, we take steps we deem appropriate in light of the level of activity and investment we expect to have in each country to ensure the management of risks and the implementation of necessary internal controls.

Germany

As of March 2017, the German government enacted the "cannabis as medicine" law, which allows for the medical use of the cannabis plant, Cannabis sativa. In Germany, the Federal Institute for Drugs and Medical Devices (the "**BfArM**") has oversight over the prescription, distribution and import of medical cannabis. The BfArM issues permits for the import of medical cannabis for distribution through pharmacies. With the legalization of cannabis, the BfArM established a cannabis agency to organize and control the cultivation of cannabis for medical use.

Our German subsidiary, renamed Spektrum Cannabis GmbH (formerly MedCann GmbH Pharma and Nutraceuticals ("**Spektrum GmbH**") is licensed through BfArM to import and distribute cannabis and has distributed cannabis products to over 400 pharmacies across Germany.

Denmark

As of January 1, 2018, the Danish government initiated a trial permitting doctors to prescribe medical cannabis to a defined patient group. The trial will continue for the next four years and is supported by federal funding. The Danish Medicines Agency issues licenses to import "primary" (starter) cannabis products and to cultivate and produce approved forms of medical cannabis for wholesale distribution within Denmark. All medical cannabis production facilities and products are subject to inspection by the Danish Medicines Agency. Regulations for the export of medical cannabis from Denmark remain to be developed.

Spectrum Denmark is our partnership with Danish Cannabis which will serve the needs of Danish medical cannabis patients, and potentially the Scandinavian market, with Spectrum Denmark's products. A principal in Danish Cannabis, Moellerup Estate, has for years been one of the largest hemp producers in Europe. Moellerup Brands include a wide range of hemp food products from gin, beer, granola, oil, to flour, cosmetics and hemp for CBD oil production. As part of the arrangement, we committed to an initial capital contribution of $10 million to be released in tranches. In addition, we will issue up to 1,906,214

common shares, subject to meeting defined milestones. We initially had a 65% ownership in Spectrum Denmark but now expect to own 100% of Spectrum Denmark once all milestones are completed. Spectrum Denmark holds a license for cannabis production issued by the Danish Medicines Agency.

Czech Republic

In 2013, the government of the Czech Republic amended the Penal Code to permit the legal purchase and use of medical cannabis for patients from licensed domestic sources. The amendments came into force in March 2014 and although no licenses for domestic production have been issued, the legislation permits the importation of medical cannabis from abroad.

On April 15, 2018, we announced that we acquired Annabis Medical s.r.o. ("**Annabis Medical**"), the leader in the Czech Republic's medical cannabis industry. Annabis Medical has, through its affiliates, held licenses to import and distribute medical cannabis products pursuant to federal Czech licenses since 2014, with distribution commencing in 2015 through pharmacy channels across the Czech Republic.

Jamaica

The Cannabis Licensing Authority (the "**CLA**") was established in Jamaica in 2015 under the *Dangerous Drugs Act*, with powers to make and oversee the implementation of regulations for licenses, permits and other authorizations for the cultivation, processing, distribution, sale and transportation of cannabis for medicinal, scientific and therapeutic purposes. Currently the regulations do not allow for the import or export of medical cannabis. Medical cannabis is available to patients with a prescription written by a medical practitioner registered with the Medical Council of Jamaica. Licenses, permits and other authorizations are required for the cultivation, processing, distribution, sale and transportation of medical cannabis. License applications are subjected to a rigorous review process and licensees are subject to pre- and post-license inspection and reporting requirements. Once an applicant completes its post production building, the CLA inspects for final and full license approval.

On October 25, 2017, we announced that we had launched a strategic partnership in the Jamaican cannabis market as part of our ongoing international expansion. Grow House JA Limited, to operate as Tweed Limited JA ("**Tweed JA**"), will serve the needs of the Jamaican medical cannabis market. We hold 49% of the share capital of Tweed JA, which, with conditional license approvals already in place, has already begun construction of its facility. We believe that the production and formulation model we have built in Canada, combined with the strength of the existing team in Jamaica, made up of experienced entrepreneurs with substantial cannabis cultivation experience, will drive the national conversation around cannabis forward, and promote Jamaica's well-established and renowned ganja, oils and other cannabis products on a global level.

Brazil

On March 18, 2016, the Brazilian Health Surveillance Agency, Agência Nacional de Vigilância Sanitária, ("**ANVISA**"), enacted Collegiate Board Resolution No. 66 (Resolução da Diretoria Colegiada – RDC No. 66 de 18 de Março, D.O.U. No. 54, de 21 de Março de 2016), which allows for the prescription and the import of products containing the substances CBD and THC in their formation. ANVISA has indicated that it is preparing regulations for the cultivation and limited sale of medical cannabis in Brazil. In the interim ANVISA has authorized a limited number of companies to conduct research and development of cannabis-based therapeutics using imported cannabis.

We have identified various Latin American markets as targets for expansion and are currently active in Chile and Brazil. We own 85% of Spectrum Chile S.A. and are conducting research and development activities in Santiago. In Brazil, we own approximately 39% of Bedrocan Brazil S.A., which facilitates the importation of cannabis into the Brazilian market, and approximately 38% of Entourage Partiçipaões, which is conducting research and development activities in Sao Paulo, Brazil.

South Africa

On May 30, 2018, the Corporation announced the acquisition of Daddy Cann Lesotho PTY Ltd., trading as Highlands ("**Highlands**"). Based in the Kingdom of Lesotho, Highlands holds a license to cultivate, manufacture, supply, hold, import, export, and transport cannabis and its resin. Under the terms of the agreement, the Corporation issued 666,362 Common Shares to the sole shareholder of Highlands on closing, and subject to meeting certain milestones, the Corporation will issue up to an additional 333,281 Common Shares to the sole shareholder of Highlands, for a total of 999,643 Common Shares at a price of $28.763.

Australia

On May 9, 2016, the Corporation announced a partnership with AusCann Group Holdings Ltd. ("**AusCann**"). Through this partnership, Canopy Growth will offer its expertise in a number of areas including production, quality assurance and operations, and provide strategic advisory services to AusCann in exchange for an 11% ownership stake in the Corporation, as well as further options. AusCann and Canopy Growth will also aim to work together in Australian and international markets in a preferential but nonexclusive arrangement, subject to regulatory approval.

On April 25, 2018, the Corporation along with the Victoria State Government, announced the launch of Spectrum Cannabis Australia ("**Spectrum Australia**"). The Corporation will invest up to $16 million Australian dollars in the State of Victoria over the next four years to establish Spectrum Australia's headquarters and research and development facility.

Spain

On September 17, 2017, the Corporation, along with its wholly-owned subsidiary Spektrum GmbH announced a supply license agreement with Alcaliber, a leading player in the international pharmaceutical industry based in Spain. Alcaliber has been granted a license to cultivate, produce, manufacture, export, import, and commercialize cannabis for medical and scientific purposes by the Spanish Agency of Medicinal Products and Medical Devices. As a result of the agreement, Canopy Growth and Spektrum GmbH will grant Alcaliber a license to use certain strains and seeds to be grown and cultivated at Alcaliber's facilities for sale worldwide. On March 19, 2018, the Corporation completed a transfer of 1,500 cannabis clones to Alcaliber.

Restrictions on Business Activities Outside Canada

On January 4, 2018, U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the U.S., including the August 2013 memorandum authored by then Deputy Attorney General James Cole (the "**Cole Memorandum**") indicating that the U.S. Department of Justice would not prioritize the prosecution of cannabis-related violations of U.S. federal law in jurisdictions that had enacted laws legalizing cannabis in some form and that had also implemented strong and effective regulatory and enforcement systems. With the Cole Memorandum rescinded, U.S. federal prosecutors can exercise their discretion in determining whether to prosecute cannabis-related violations of U.S. federal law.

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 "**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 Requirements. These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the U.S., (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) 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 Requirements, the TSX has the discretion to initiate a delisting review.

We do not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352. We only conduct business in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada and our regulatory obligations with the TSX. While we have a number of partnerships with U.S.-based companies that may themselves participate in the U.S. cannabis market, these relationships are licensing relationships that see intellectual property developed in the U.S. brought into Canada, and in no manner, involve us in any U.S. activities respecting cannabis. Additionally, the market price of the common shares may be affected by regulatory changes and developments that affect the cannabis industry generally.

Sales and Distribution Strategy

Distribution

The distribution model for medical cannabis is prescribed by the ACMPR. Currently, Licensed Producers are only able to distribute medical cannabis through the mail to registered customers. Through our e-commerce platform, Tweed Main Street (see "*Other Initiatives – Tweed Main Street*"), customers who have successfully registered with Tweed are able to purchase our products online and have them shipped directly to the address indicated on their registration document. Customers are subject to order limits for ever 30-day window as prescribed by the ACMPR. For the upcoming recreational market, additional distribution channels will be available to Licensed Producers (see "*Summary of the Cannabis Act and the Proposed Regulations*")**.**

Operations

As of the date of this Annual Information Form, Canopy Growth's business is conducted entirely through its various subsidiaries. Substantially all of the Corporation's revenue is derived from the sale of medical marijuana by Tweed, Tweed Farms, Bedrocan, Spectrum, BC Tweed, Tweed Grasslands and Vert. Tweed, Bedrocan, Spectrum, Tweed Grasslands and Vert grow marijuana indoors for the purposes of sale and distribution of finished product in accordance with the ACMPR, whereas Tweed Farms and BC Tweed grows marijuana in a greenhouse.

The facilities are required to be in compliance with the ACMPR and any directives issued by Health Canada, which includes, strict security measures, equipment required to manage production, HVAC systems, odour control systems and laboratory equipment or outsourcing arrangements to monitor and test product quality.

Health Canada conducts unscheduled site inspections of Licensed Producers. Our Licensed Producers have experienced these inspections multiple times at their respective locations. While Health Canada routinely identifies aspects of the operations for improvement, our Licensed Producers respond to and comply with all requests from Health Canada within the time frames indicated in such requests and there are no outstanding inspection issues with Health Canada beyond the day-to-day adjustments that may occur in order to ensure ongoing compliance. As of the date of this Annual Information Form, only Mettrum Ltd., prior to being acquired by the Corporation, has voluntarily recalled distributed product. On November 2, 2016 Mettrum Ltd. conducted a Type III product recall, defined by Health Canada as a situation in which the use of, or exposure to, a product is not likely to cause any adverse health consequences. All patients who were potentially impacted were notified, corrective actions were put in place, and existing product and procedures re-tested and examined.

A primary specialized skill unique to the medical marijuana industry is with respect to the growing of product. While a background in the growing of marijuana specifically may be helpful, the nature of growing marijuana does not differ substantially from the nature of growing any other greenhouse product.

The Corporation also requires client care staff, which will grow as its business grows. Customer care staff is a skillset that is also generally available in the market.

Differentiation in the strains of medical marijuana is primarily achieved through the procurement of seeds. Obtaining seeds for growing medical marijuana must be done in accordance with the ACMPR. Seeds must be obtained from a legal source which includes seeds acquired from Health Canada, seeds imported from a jurisdiction allowed to export seeds or seeds acquired from another Licensed Producer. An authorization from Health Canada may be required to conduct such a transaction depending on its nature.

Equipment used is specialized but is readily available and not specific to the cultivation of medical marijuana. Subject to available funding, the Corporation does not anticipate any difficulty in obtaining equipment as needed.

In November 2013, Tweed received a notice from the Ontario Ministry of the Environment indicating that in order to be in compliance with the *Environmental Protection Act* and related regulations, Canopy Growth must obtain an Environmental Compliance Approval under Section 9 of the *Environmental Protection Act* for its Smiths Falls, Ontario facility. Canopy Growth filed an application for an Environmental Compliance Approval within the time required by the Ontario Ministry of the Environment. On May 8, 2017, Canopy Growth received notice that the Ministry has begun their technical review of the application and this review is still in progress as of the date of this Annual Information Form. At this time, it is unclear to the Corporation what requirements the Ministry will impose in connection with the Environmental Compliance Approval.

Products

The Corporation sells cannabis in multiple formats, including dried, oil and softgel capsules.

On May 5, 2014, Tweed made its first shipment of products to customers. Tweed sells its dried cannabis at prices ranging from $6 per gram, for value strains, to up to $12 per gram for premium strains. Typically, growth time, strain yield and market comparatives determine a strain's price. Very particular strains may be priced higher, but this would be the exception. Tweed does not offer volume discounts to end users, but has developed an income-tested Compassionate Pricing Promise whereby eligible low-income patients may obtain a 20% discount off regular prices

In 2016, Tweed began selling cannabis oil made with GMO-free, organic sunflower oil. Starting with popular offerings, as determined by Tweed's prior sales, of Argyle, Princeton and Highlands, Tweed introduces new strain-specific cannabis oils on an ongoing basis. Each 10 ml of cannabis oil contains the equivalent of 1 gram of the corresponding Tweed dried-flower variety. Spectrum currently produces approximately sixteen strains, chosen from a genetic library of over sixty strains. These strains are incorporated into "The Spectrum", a classification system designed to foster an easy to understand product selection discussion between clients, health care practitioners, and Spectrum. We also offer additional dried cannabis and cannabis oil products through Bedrocan, our Partner Brands, and our CraftGrow collection.

In 2017, the Corporation launched the first-to-market easy to consume softgel capsules. In addition, in June 2018, we launched Spectrum softgels, which combines the Spectrum classification system, which is based on the cannabinoid content of the strain with our easy to consume softgels.

Business Strategy

Market Plans and Strategies

The cornerstone of the Corporation's market strategy is to create visibility and awareness in the nascent market for commercially grown medical marijuana. The Corporation believes that its success in this market will be achieved by offering a broad range of quality products at competitive prices and delivered through outstanding client service under a well identified brand. Each strain of medical marijuana is unique and the Corporation believes that carrying a wide variety of strains is essential to its long-term success. See below under the headings "*Risk Factors – Unfavourable Publicity or Consumer Perception*", "*Risk Factors – Change in Laws, Regulations and Guidelines*" and "*Risk Factors – Competition*" for further information.

Licensed Producers are not allowed to advertise their products to the public. On June 30, 2014 Health Canada circulated an advertising bulletin to all Licensed Producers outlining their concerns regarding the use of promotional materials and advertisements. On November 25, 2014 Health Canada issued warning letters to 20 Licensed Producers regarding their advertising practices. Tweed and Bedrocan were among the Licensed Producers who received warning letters and came into compliance with the marketing restrictions by January 12, 2015 and November 30, 2014 respectively, both within the required date indicated by Health Canada in the warning letter. Tweed, Bedrocan and Spectrum worked closely with Health Canada to address their concerns and came into compliance with the marketing restriction. None of our Licensed Producers have not been subject to any sanctions or penalties in connection with the marketing restrictions.

Although the Corporation is not allowed to advertise its products to the public, it is able to promote its products to doctors. A key focus for the Corporation has been to develop a multifaceted approach to reach doctors through direct and indirect outreach. The Corporation has established a presence at certain major physician focused conferences, and an exclusive presence at certain accredited physician education events. The Corporation has 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 15,000 office calls per year throughout Ontario annually.

In its effort at promoting brand recognition without advertising its products directly to the public, the Corporation continues to hold community events (to the extent allowable within its regulatory environment) in order to build relationships and visibility for the brand.

In a given year, the Corporation will continue to invest in attending and participating in events in the medical community, including medical conferences, and reaching approximately 2000 unique physicians. Additionally, the Corporation expects to invest in local continuing medical education events to identify key strategic patient organizations with which to align. The Corporation has a number of medical advisors in place and continues to seek leaders to join its Advisory Committee.

Protection of Intellectual Property

On December 18, 2014 Canopy Growth entered into a Cannabis Production Pilot Agreement (the "**Pilot Agreement**") with Indoor Harvest Corp. ("**Indoor Harvest**"), pursuant to which the parties partnered in a pilot project to test the production of medical marijuana using an aeroponic system designed by Indoor Harvest. Upon completion of the pilot project, Tweed will have the right to jointly apply for patents with Indoor Harvest for any technology developed under the Pilot Agreement. Tweed will receive the exclusive right to use the technology developed under the Pilot Agreement to cultivate medical marijuana in Canada and any jurisdiction outside of the United States on a royalty free basis, including the right to assign or sublicense any such rights. The research and testing of the aeroponic system is almost complete and both parties are ready to move on to the commercialization stage.

The proprietary nature of, and protection for, the Corporation's products, technologies, processes, and know-how are a key aspect to our business. To establish and protect our intellectual property in Canada, we have made various trademark and patent applications. We rely on a combination of patents, trademarks and contractual restrictions to establish and protect our IP. We have established and continue to build proprietary positions in all key aspects of our business. The Corporation has retained legal counsel to analyze its unregistered intellectual property, and continually seeks out new opportunities for enhancing its intellectual property portfolio.

Competitive Environment

Competition

As of the date of this Annual Information Form, Health Canada has a total of 105 companies on its list of Licensed Producers, which includes duplicate sites for one Licensed Producer. Of these Licensed Producers, 50 (including Tweed, Tweed Farms, Bedrocan, Spectrum, Tweed Grasslands, and Agripharm) are fully authorized to sell finished product to registered customers.

There are also a number of existing growers of medical marijuana who have or will seek to obtain Licensed Producer status under the ACMPR. The Corporation believes that the stringent application and compliance requirements of the ACMPR may prove too onerous for some of those existing producers. In addition, the ACMPR allows individuals who have received the proper documentation from their doctors and who have registered with a Licensed Producer, to grow up to four marijuana plants at home.

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

The Corporation believes that its leadership team, brand strategy, commitment to high quality competitively priced strains, outstanding client service and a properly capitalized operation will enable the Corporation to establish and retain a leadership position in the market. The Corporation competes aggressively in terms of product quality, variety and price to differentiate its products, and maintains a focus on client services to retain a solid and sustainable position in the market. See below under the heading "*Risk Factors – Competition*" for further information.

Risk Factors

There are a number of risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Corporation faces. Additional risks and uncertainties, including those that the Corporation does not know about now or that it currently deems immaterial, may also adversely affect the Corporation's business. If any of the following risks actually occur, the Corporation's business may be harmed, and its financial condition and results of operations may suffer significantly.

We operate in a highly regulated business and we may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions in which we operate.

The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. Our operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, sale, health and safety and disposal of cannabis, including the ACMPR.

Health Canada inspectors routinely assess our facilities against ACMPR regulations and provide us with follow up reports noting observed deficiencies. We are continuously reviewing and enhancing our operational procedures and facilities both proactively and in response to routine inspections. We follow all regulatory requirements in response to inspections in a timely manner.

We currently incur and will continue to incur ongoing costs and obligations related to regulatory compliance. A failure on our part to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect our business, results of operations and financial condition.

The laws and regulations governing medical cannabis are still developing, including in ways that we may not foresee.

Our ability to achieve our business objectives is contingent, in part, upon our compliance with regulatory requirements enacted by governmental authorities and our obtaining all regulatory approvals, where necessary, for the sale of our products. We cannot predict the impact of the compliance regime Health Canada is implementing for the Canadian medical cannabis industry. Similarly, we cannot predict how long it will take to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by governmental authorities. The impact of Health Canada's compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, results of operations and financial condition. Any amendment to or replacement of existing laws may cause adverse effects to our operations. The risks to our business represented by subsequent regulatory changes could reduce the addressable market for our products and could materially and adversely affect our business, financial condition and results of operations.

We and our subsidiaries have limited operating history, and accordingly, we are subject to many of the risks of early stage enterprises.

Tweed was incorporated in 2010, began carrying on business in 2013 and did not generate revenue from the sale of products until its first shipment of product on May 5, 2014. Tweed Farms was incorporated in 2012, began carrying on business in 2014 and had its first harvest in the quarter-ended December 31, 2014. Bedrocan Canada was incorporated in 2012, began carrying on business in 2013 and did not generate revenue from the sale of products until its first shipment on February 12, 2014. Spectrum Cannabis was incorporated in 2011, began carrying on business in 2013 and did not generate revenue from the sale of its products until 2014.

We are therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

We are reliant on our licences for our ability to grow, store and sell medical cannabis and other products derived therefrom and such licences are subject to ongoing compliance, reporting and renewal requirements.

Our ability to grow, store and sell medical cannabis in Canada is dependent on the licences. The licences are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licences or any failure to maintain the licences would have a material adverse impact on our business, financial condition and operating results.

Although we believe that we will meet the requirements of the ACMPR for future extensions or renewals of the licenses, there can be no guarantee that Health Canada will extend or renew these licences or, if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the licences, or should they renew the licences on different terms, our business, financial condition and results of the operation would be materially adversely affected.

We are reliant on a small number of facilities

The licences held by Tweed, Tweed Farms, BC Tweed, Tweed Grasslands, Bedrocan, Spectrum, Vert and Agripharm are specific to those facilities. Adverse changes or developments affecting any facility, including but not limited to a breach of security, 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 Health Canada, could also have an impact on our ability to continue operating under its licences or the prospect of renewing its licences.

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

Certain contemplated capital expenditures, including the construction of additional growing rooms and expanding our 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 are highly dependent on our senior management.

Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on our business, operating results or financial condition.

We are reliant on a number of key inputs, and we are vulnerable to increases in price of those inputs.

Our business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to its growing operations, as well as electricity, water and other utilities. Our medical cannabis growing operations consume considerable energy, making us vulnerable to rising energy costs. 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 are dependent on our suppliers and on access to, and our ability to retain, skilled labor.

Our ability to compete and grow will be dependent on having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of skilled labor, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by our capital expenditure program may be significantly greater than anticipated by our management, and may be greater than funds available to us, in which circumstance we may curtail, or extend the timeframes for completing, our capital expenditure plans. This could have an adverse effect on our financial results.

Our medical cannabis growing operations are subject to risks inherent in an agricultural business.

Our business involves the growing of medical cannabis, an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although many of our operations grow their products indoors under climate- controlled conditions, at Tweed Farms and BC Tweed our products grow in a greenhouse environment and while all growing conditions are carefully monitored with trained personnel, there can be no assurance that natural elements will not have a material adverse effect on the production of our products.

We are reliant on third parties to transport our products to our customers.

Due to our direct to client shipping model, we depend on fast and efficient courier services to distribute our product. Any prolonged disruption of this courier service could have an adverse effect on our financial condition and results of operations. Rising costs associated with the courier services we use to ship our products may also adversely impact our business and 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 recommendations or requirements of Health Canada, could also have an impact on our ability to continue operating under our licences or the prospect of renewing our licences.

Premiums for our insurance coverage may not continue to be commercially justifiable, and our insurance coverage may have limitations and other exclusions and may not be sufficient to cover our potential liabilities.

We have insurance to protect our assets, operations and employees. While we believe our insurance coverage addresses all material risks to which we are exposed and is adequate and customary in our current state of operations, 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 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, results of operations and financial condition could be materially adversely affected.

We are required to comply with safety, health and environmental regulations

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. We have received a notice from the Ontario Ministry of the Environment indicating that in order to be in compliance with the Environmental Protection Act and related regulations, we must obtain an Environmental Compliance Approval under Section 9 of the 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 Ministry has begun their technical review of the application and as of the date of this Annual Information Form, it is still under review.

We will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an Environmental Compliance Approval or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing 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, results of operations and financial condition.

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 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 products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products we produced 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, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition. 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 products.

Our products may 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. If any of the products we produce 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 patients who are potentially impacted are notified, corrective actions are put in place, and existing product and procedures 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 of the products we produce were subject to recall, our image and the image of that product could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products we produce and could have a material adverse effect on our results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

The medical cannabis industry may receive unfavorable publicity or become subject to negative consumer perceptions.

We believe the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis 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 medical cannabis market 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 demand for our products and our business, results of operations, financial condition 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 us, the demand for products, and our business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or our products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. 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.

We may not be able to attract or retain clients.

Our success depends on our ability to attract and retain clients. There are many factors which could impact our ability to attract and retain clients, including but not limited to our ability to continually produce desirable and effective product, the successful implementation of our client-acquisition plan and the continued growth in the aggregate number of patients selecting medical cannabis as a treatment option. Our failure to acquire and retain patients as clients would have a material adverse effect on our business, operating results and financial condition.

We may not be able to successfully manage our growth.

We may be subject to growth-related risks including capacity constraints and pressure on our internal systems and controls. 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. Our inability to deal with this growth may have a material adverse effect on our business, financial condition, results of operations and prospects.

We have a history of operating losses.

We have a history of net losses, may incur significant net losses in the future and may not achieve or maintain profitability. 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 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. There is no assurance that future revenues will be sufficient to generate the funds required to continue operations without external funding.

The development and operation of our business may require additional financing, which we may not be able to secure.

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 the delay or indefinite postponement of current business objectives or our going out of 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 common shares. In addition, from time to time, we may enter into transactions to acquire assets or the shares of other corporations. 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. We had negative operating cash flow for the fiscal years ending March 31, 2015, March 31, 2016, and March 31, 2017. If we continue to have negative cash flow into the future, we may need to allocate additional financing proceeds to funding this negative cash flow in addition to our operational expenses. We may require additional financing to fund our operations to the point where we are generating positive cash flows. Continued negative cash flow may restrict our ability to pursue our business objectives.

We must rely largely on our own market research and market demand which may not materialize.

We must rely largely on our own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. In addition, market research relating to the adult-use cannabis industry is not yet available and as such, trends in the adult-use cannabis market can only be forecasted ahead of its anticipated legalization in the summer of 2018. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on our business, results of operations and financial condition.

Conflicts of interest may arise between us and our directors and officers.

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. In addition, our executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to us. In some cases, our executive officers and directors 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 of our executive officers and directors.

In addition, we may also become involved in other transactions which 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 we desire. The interests of these persons could conflict with our interests. In addition, from time to time, these persons may be competing with us for available investment 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.

From time to time we are involved in legal proceedings arising in the ordinary course of business.

We may become party to litigation from time to time in the ordinary course of business which could adversely affect our business. Should any litigation in which we become involved be determined against us such a decision could adversely affect our ability to continue operating and the market price for the common shares and could use significant resources. Even if we are involved in litigation and win, litigation can redirect significant resources. Litigation may also create a negative perception of our brand. See below under "*–Legal Proceedings and Regulatory Actions*" for further information.

We compete for market share with a number of competitors and expect even more competitors to enter our market upon the Cannabis Act coming into effect, and many of our current and future competitors may have longer operating histories, more financial resources and lower costs than us.

While it is understood that Licensed Producers will continue to operate under the medical and adult-use regimes, the retail and distribution model in each province and territory in Canada will have an impact on our operations. The number of Licensed Producers is set to increase to meet the demand of the adult-use market, which could negatively impact our market share and demand for products.

The introduction of an adult-use model for cannabis production and distribution may impact the medical cannabis market. The impact of this potential development may be negative for us and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which we operate.

There is potential that we will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than us. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations.

We also face competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid licence under the ACMPR. Many illegal dispensaries are still in operation, providing us with additional competition.

If the number of users of cannabis in Canada 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 research and development, marketing, sales and client support. We may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect our business, financial condition and results of operations.

As well, the legal landscape for medical and adult-use cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another. We have some international partnerships in place, which may be affected if more countries legalize medical cannabis. Increased international competition might lower the demand for our products on a global scale. In particular, production in countries such as Colombia and Mexico might drive commoditization of cannabis, due to lower labor costs and climates more conducive to the cannabis growing without capital-intensive greenhouse facilities, which in turn would decrease prices and profitability and could have a material adverse effect on us.

The legislative framework pertaining to the Canadian adult-use cannabis market is uncertain.

The *Cannabis Act* is not yet in force, and the regulations to the *Cannabis Act* have not yet been published, although Proposed Federal Regulations were published for public comment on November 21, 2017 and, on March 19, 2018, Health Canada published a summary of the comments received on the Proposed Federal Regulations as well as some proposed additions to the regulatory proposal. The *Cannabis Act* prohibits testimonials, lifestyle branding and packaging that is appealing to youth. The restrictions on advertising, marketing and the use of logos and brand names could have a material adverse impact on our business, financial condition and results of operation. The legislative framework pertaining to the Canadian adult-use cannabis market is uncertain.

In addition, the governments of every Canadian province and territory have, to varying degrees, announced proposed regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. There is no guarantee that provincial legislation regulating the distribution and sale of cannabis for adult-use purposes will be enacted according to all the terms announced by such provinces and territories, or at all, or that any such legislation, if enacted, will create the growth opportunities that we currently anticipate. While the impact of any new legislative framework for the regulation of the Canadian adult-use cannabis market is uncertain, any of the foregoing could result in a material adverse effect on our business, financial condition and results of operation.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect not to do business with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. For example, we received a notification from our prior principal banker advising us that they would no longer continue a banking relationship with us or any others in the cannabis industry. While we have other banking relationships and believe that the services can be procured from other institutions, we may in the future have difficulty establishing or maintaining bank accounts or other business relationships. Failure to establish or maintain business relationships could have a material adverse effect on us.

We are subject to restrictions from the TSX which may constrain our ability to expand our business internationally.

On July 22, 2016, we cleared all conditions and received final approval from the TSX to list on the TSX. Our common shares commenced trading on July 26, 2016. Being listed on the TSX creates exposure for us at a higher level than what we experienced under the TSXV, despite the unprecedented level of openness we were required to maintain. We must comply with the TSX guidelines when conducting business, especially when pursuing international opportunities.

On October 16, 2017, the TSX provided clarity regarding the application of the Requirements (as defined below) 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 Requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review. Failure to comply with the Requirements could have an adverse effect on our business.

We operate as a holding company and depend on our subsidiaries for cash to satisfy the obligations of the holding company.

We are a holding company and essentially all 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.

Our due diligence may not have revealed all material issues relating to our acquisitions.

While we conducted substantial due diligence in connection with the companies we have acquired, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which we are not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect our financial performance and results of operations. We currently anticipate that our acquisitions will be accretive; however, this expectation may materially change. We could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the acquisitions. All of these factors could cause dilution to our earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of our common shares.

We may not be successful in the integration of the companies we have acquired into our business.

The success of our acquisitions will depend, in part, on our ability to realize the anticipated benefits and synergies from integrating those companies into our businesses.

We may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of the Acquired Companies with our existing operations. If integration is not managed successfully, we may experience interruptions in our business activities, deterioration in our employee and customer relationships, increased costs of integration and harm to our reputation, all of which could have a material adverse effect on our business, financial condition and results of operations. We may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of the Acquired Companies may also impose substantial demands on management. There is no assurance that these acquisitions will be successfully integrated in a timely manner. The challenges involved in our integration of the Acquired Companies may include, among other things, the following:

- the necessity of coordinating both geographically disparate and geographically overlapping organizations;
- retaining key personnel, including addressing the uncertainties of key employees regarding their future;
- integrating the Acquired Companies into our accounting system and adjusting our internal control environment to cover the operations of the Acquired Companies;
- integration of information technology systems and resources;
- performance shortfalls relative to expectations at one or both of the businesses as a result of the diversion of management's attention to the integration of the Acquired Companies; and
- unplanned costs required to integrate the Acquired Companies with our existing business.

We may be unable to successfully achieve the objectives of our strategic alliances.

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

Our operations are subject to increased risk as a result of international expansion.

Our expansion into jurisdictions outside of Canada is subject to additional business risks, including whether any market for our products will develop or be maintained. We may face new or unexpected risks or significantly increase our exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit our ability to successfully expand our operations into such jurisdictions and may have a material adverse effect on our business, financial condition and results of operations.

We may encounter political and other risks in emerging markets.

We have operations in various emerging markets and may have operations in additional emerging markets in the future. Such operations expose us to the socioeconomic 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, 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 or investment 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 on our operations; however, such developments cannot be accurately predicted and could have an adverse effect on our operations or profitability.

There may be a risk of corruption and fraud in the emerging markets in which we operate.

There are uncertainties, corruption and fraud relating to title ownership of real property in certain emerging markets in which we operate or may operate. Property disputes over title ownership are frequent in emerging markets, and, as a result, there is a risk that errors, fraud or challenges could adversely affect our ability to operate in such jurisdictions. Any of the foregoing risks and uncertainties could have a material adverse effect on our business, financial condition and results of operations.

Our operational in emerging international markets may posed an increased inflation risk on our business.

In the past, high levels of inflation have adversely affected emerging economies and financial markets, and the ability of government to create conditions that stimulate or maintain economic growth. Moreover, governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and have created general economic uncertainty. The emerging markets in which we operate or may operate may experience high levels of inflation in the future. Inflationary pressures may weaken investor confidence in such countries and lead to further government intervention in the economy. If countries in which we operate experience high levels of inflation in the future and/or price controls are imposed, we may not be able to adjust the rates we charge customers to fully offset the impact of inflation on our cost structures, which could adversely affect our results of operations or financial condition.

Foreign jurisdiction may impose ownership or control restrictions that could adversely impact our international operations.

Non-resident individuals and non-domiciled foreign legal entities may be subject to restrictions on the acquisition or lease of properties in certain emerging markets. Limitations also apply to legal entities domiciled in such countries which are controlled by foreign investors, such as the entities through which we operate in certain countries. Accordingly, our current and future operations may be impaired as a result of such restrictions on the acquisition or use of property, and our ownership or access rights in respect of any property we own or lease in such jurisdictions may be subject to legal challenges, all of which could result in a material adverse effect on our business, results of operations, financial condition and cash flows.

We rely on international advisors and consultants in order to keep abreast of material legal, regulatory and government developments that impact our business and operations in the jurisdictions in which we operate.

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 the board of directors who have previous experience working and conducting business in these countries, if any, in order to enhance our 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.

International operations will result in increased operational, regulatory and other risks.

We may in the future expand into other geographic areas, which could increase our operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of our operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require us to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. We may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with our existing operations.

Canadian laws impose prohibitions on corruption and bribery that may be violated by employees or other agents without our knowledge and despite our policies and procedures.

Our business is subject to Canadian 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 subject to the anti-bribery laws of any other countries in which we conduct business. Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and 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 internal control policies and procedures will always protect us

from recklessness, fraudulent behavior, dishonesty or other inappropriate acts committed by 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.

Future sales or issuances of equity securities could decrease the value of our common shares, dilute investors' voting power and reduce our earnings per share.

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 the common shares.

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 the common shares. Issuances of substantial numbers of common shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of the 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 us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our 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.

Our common share price has experienced volatility and may be subject to fluctuation in the future based on market conditions.

The market price for our common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding common shares;
- sales or perceived sales of additional common shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting our industry generally and our business and operations;
- announcements of developments and other material events by us or our competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often 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 operating results, 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. 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 operations could be adversely impacted, and the trading price of our common shares may be materially adversely affected.

The listing on the TSX and NYSE may increase the volatility in the price of our common shares.

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 our common shares.

We may not pay dividends in the future.

We have never declared nor paid any dividends on our common shares and we have no plans to pay dividends for the foreseeable future. Our directors will determine if and when dividends should be declared and paid in the future based on our financial position at the relevant time and such other factors as they may deem relevant. As a result, investors may not receive any return on an investment in the common shares unless they are able to sell their shares of the Corporation for a price greater than that which such investors paid for them.

There is no assurance of a sufficient liquid trading market for our common shares in the future.

Our shareholders may be unable to sell significant quantities of common shares into the public trading markets without a significant reduction in the price of their common shares, or at all. There can be no assurance that there will be sufficient liquidity of our common shares on the trading market, and that we will continue to meet the listing requirements of the TSX or the NYSE or achieve listing on any other public listing exchange.

There is no assurance we will continue to meet the listing requirements of the TSX and NYSE.

We must meet continuing listing requirements to maintain the listing of our common shares on the TSX and NYSE. The inability to meet the continuing listing requirements could adversely affect our results of operations or financial condition.

A significant number of our common shares are owned by Greenstar Holdings.

Greenstar Holdings owns a substantial number of the outstanding common shares (on a fully diluted basis) and, through its pre-emptive rights, has the ability to maintain its ownership level. As such, Greenstar Holdings is in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. As well, Greenstar Holdings could delay or prevent a change in control that could otherwise be beneficial to our shareholders.

We may lose our status as a foreign private issuer.

In order to maintain our status as a foreign private issuer, a majority of our common shares must be either directly or indirectly owned by non-residents of the U.S. unless we also satisfy one of the additional requirements necessary to preserve this status. We may in the future lose our foreign private issuer status if a majority of our common shares are held in the United States and if we fail to meet the additional requirements necessary to avoid loss of our foreign private issuer status. The regulatory and compliance costs under U.S. federal securities laws as a U.S. domestic issuer may be significantly more than the costs incurred as a Canadian foreign private issuer eligible to use the multijurisdictional disclosure system ("**MJDS**"). If we are not a foreign private issuer, we would not be eligible to use the MJDS or other foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. In addition, we may lose the ability to rely upon exemptions from NYSE corporate governance requirements that are available to foreign private issuers.

We have substantial obligations as a public company.

The Corporation's business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Corporation's compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

The Corporation is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including, but not limited to, the Canadian Securities Administrators, the TSX, and the International Accounting Standards Board, the U.S. Securities and Exchange Commission (the "SEC") and the NYSE. These rules and regulations continue to evolve in scope and complexity creating many new requirements.

The Corporation is also subject to corporate governance standards that apply to us as a foreign issuer listed on the NYSE and registered with the SEC in the United States. Although we substantially comply with NYSE's corporate governance guidelines, we are exempt from certain NYSE requirements because we are subject to Canadian corporate governance requirements. We may from time to time seek other relief from corporate governance and exchange requirements and securities laws from the NYSE and other regulators. We anticipate that for the fiscal year ending March 31, 2020, the Corporation will be required to document and test its internal control procedures to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act ("SOX"). SOX requires management to do an annual assessment of our internal controls over financial reporting and our external auditors to conduct an independent assessment of the effectiveness of the Corporation's controls. Internal controls over financial reporting may not be adequate, or we may not be able to maintain them as required by SOX. The Corporation may not be able to maintain effective internal controls over financial reporting on an ongoing basis, if standards are modified, supplemented or amended from time to time. If we do not satisfy the SOX requirements on an ongoing and timely basis, investors could lose confidence in the reliability of our financial statements, and this could harm our business and have a negative effect on the trading price or market value of securities of the Corporation.

If we do not implement new or improved controls, or experience difficulties in implementing them, it could harm our operating results, or we may not be able to meet our reporting obligations. There is no assurance that we will be able to remediate material weaknesses, if any are identified in future periods, or maintain all of the necessary controls to ensure continued compliance. There is also no assurance that we will be able to retain personnel who have the necessary finance and accounting skills because of the increased demand for qualified personnel among publicly traded companies. Acquisitions can pose challenges in implementing the required processes, procedures and controls in the new operations.

Companies that we acquire may not have disclosure controls and procedures or internal controls over financial reporting that are as thorough or effective as those required by the securities laws that currently apply to us. If any of our staff fail to disclose material information that is otherwise required to be reported, no evaluation can provide complete assurance that our internal controls over financial reporting will detect this. The effectiveness of our controls and procedures may also be limited by simple errors or faulty judgments. Continually enhancing our internal controls is important, especially as we expand, and the challenges involved in implementing appropriate internal controls over financial reporting will increase. Although we intend to devote substantial time to ongoing compliance with this, including incurring the necessary costs associated with therewith, we cannot be certain that we will be successful in complying with section 404 of SOX.

DIVIDENDS

As of the date hereof, the Corporation has not paid any dividends on its outstanding Common Shares and has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be at the discretion of Canopy Growth's board of directors and will depend on, among other things, the Corporation's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the board of directors may deem relevant.

CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of the date of this Annual Information Form, there are 201,084,905 Common Shares issued and outstanding. The holders of the Common Shares are entitled to one vote per share at all meetings of the shareholders of the Corporation. The holders of Common Shares are also entitled to dividends, if and when declared by the directors of the Corporation and the distribution of the residual assets of the Corporation in the event of a liquidation, dissolution or winding up of the Corporation.

At the Corporation's Annual General Meeting, held in September 2017, the shareholders voted in favour of the adoption of an Omnibus Incentive Plan (the "**Incentive Plan**") to replace the existing stock option plan. Pursuant to the Incentive Plan, the Corporation is able to issue share-based long-term incentives. All directors, officers, employees and independent contractors of the Corporation and/or its affiliates ("**Canopy Personnel")** are eligible to receive awards of common share purchase options ("**Options**") restricted share units ("**RSUs**"), deferred share units ("**DSUs**"), stock appreciation rights ("**Stock Appreciation Rights**"), restricted stock ("**Restricted Stock**"), performance awards ("**Performance Awards**") or other stock-based awards (collectively, the "**Awards**"), under the Incentive Plan. All Awards granted under the Incentive Plan are non-transferable.

In addition, at the Corporation's Annual General Meeting, the shareholders voted in favour of the adoption of the Employee Stock Purchase Plan of the Corporation (the "**Purchase Plan**"). Under the Purchase Plan, active employees regularly employed by the Corporation or any of its subsidiaries who have been employed for at least three months, may contribute up to 5% of their total salary to purchase Common Shares. All regular full-time employees of the Corporation and its participating subsidiaries, but not nonexecutive members of the Board, may participate in the Purchase Plan. The rights of participants under the Purchase Plan are not transferable.

Copies of both the full Incentive Plan and the full Purchase Plan can be found in the Corporation's Management Information Circular 2017 filed on SEDAR.

MARKET FOR SECURITIES

Our Common Shares are listed and posted for trading on the TSX under the trading symbol “WEED”. The following table sets forth the price range per share and trading volume for the Common Shares on the TSX between April 1, 2017 and March 31, 2018.

Period	High Trading Price ($)	Low Trading Price ($)	Volume (#)
March 2018	$34.71	$26.99	115,318,900
February 2018	$31.77	$20.85	114,638,000
January 2018	$44.00	$29.07	186,714,000
December 2017	$33.09	$17.91	110,421,600
November 2017	$21.72	$15.89	170,877,000
October 2017	$17.07	$10.75	106,310,600
September 2017	$10.89	$8.91	31,958,700
August 2017	$9.21	$8.36	15,799,400
July 2017	$9.53	$7.73	19,035,600
June 2017	$8.81	$6.58	30,794,900
May 2017	$9.34	$7.37	31,351,900
April 2017	$11.14	$8.86	58,444,800

Stock Options

The following table summarizes details of the stock and compensation options issued under the Corporation’s Omnibus Incentive Plan that were outstanding and exercisable as at March 31, 2018:

Options Outstanding			Options Exercisable	
Number Outstanding at March 31, 2018	Weighted Average Remaining Contractual Life (years)	Range of Exercise Prices	Number Exercisable at March 31, 2018	Range of Exercise Prices
3,471,904	3.41	$0.56 - $3.78	1,569,274	$0.56 - $3.78
5,731,691	5.13	$3.79 - $8.51	577,665	$3.79 - $8.51
2,712,240	4.91	$8.52 - $11.76	536,254	$8.52 - $11.76
1,540,000	5.67	$11.77 - $27.94	16,667	$11.77 - $27.94
3,790,000	5.88	$27.95 - $33.66	-	$27.95 - $33.66

As of the date hereof, there are 17,006,079 options outstanding pursuant to Canopy Growth’s stock option plan and no agent’s options outstanding.

Warrants

In connection with the Constellation Transaction, Canopy Growth issued a total of 18,876,901 replacement warrants to Greenstar Holdings, subject to certain restrictions, expiring 30 months from November 2, 2017. Such warrants are non-transferrable without the prior written consent of Canopy Growth. All previously held rTrees warrants, as disclosed in last year's Annual Information Form, were exercised or expired by April 30, 2018.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

The following table summarizes details of the Corporation's securities of each class held, to the Corporation's knowledge, in escrow or that are subject to a contractual restriction on transfer as of the date of this Annual Information Form:

Designation of Class	Number of securities held in escrow	Percentage of class(1)
Common Shares	229,952 (2)(3)(4)	0.001%

Notes:
(1) Based on 201,084,905 Common Shares issued and outstanding as of the date of this Annual Information Form.
(2) Pursuant to the License Agreement, LBC Holdings, Inc. will receive a combination of Common Shares, royalties, and monetary compensation, released over the course of the agreement. The share consideration is comprised of Common Shares totaling 386,100, of which 250,965 Common Shares were deposited into escrow with LaBarge Weinstein LLP, as escrow agent, for release, subject to meeting certain service criteria, over the initial three years of the term. As of the date hereof, 232,142 Common Shares have been released and 18,823 Common Shares are escrowed for release pursuant to the terms of the License Agreement.
(3) Pursuant to the Medcann GmbH Acquisition Agreement, Medcann GmbH will receive a total of 1,165,272 Common Shares, of which 674,631 Common Shares were issued on December 12, 2016, 367,981 Commons Shares were issued on November 23, 2017, in connection with the 18-month anniversary of obtaining an Import and Distribution License from the German Health Minister and the remaining 122,660 Common Shares will be (i) released from escrow upon achieving certain other milestones within two years of closing the transaction, or (ii) released to the Corporation for cancellation.
(4) Pursuant to the Vert Médical Acquisition Agreement, the former shareholders of Vert Médical will receive a total of 294,900 Common Shares, of which 58,978 Common Shares were issued on November 1, 2016 and 147,453 Common Shares were issued on January 5, 2018, with the remaining 88,469 Common Shares are (i) escrowed for release to former Vert Medical shareholders, subject to meeting certain licensing and capacity milestones, or (ii) released to the Corporation for cancellation.

DIRECTORS AND EXECUTIVE OFFICERS

Set out below are the names, committee memberships (as at the date hereof), province or state and Country of residence, principal occupations and periods of service of the directors and executive officers of the Corporation.

Name and Province or State and Country of Residence	Period or periods during which each proposed director has served as a director of Canopy Growth	Position with the Corporation	Number and Percent of Common Shares Held(10)
Bruce Linton Ottawa, Ontario, Canada	March 25, 2014 – Current	Director, Chief Executive Officer and Chair	2,742,511(1) (1.4%)
John K. Bell(7)(9) Cambridge, Ontario, Canada	October 28, 2014 – Current	Lead Director	100,000(2) (0.04%)

Name and Province or State and Country of Residence	Period or periods during which each proposed director has served as a director of Canopy Growth	Position with the Corporation	Number and Percent of Common Shares Held(10)
Chris Schnarr, ICD.D. (6)(8) Mississauga, Ontario, Canada	March 26, 2014 – Current	Director	Nil
Murray Goldman(6) Toronto, Ontario, Canada	August 28, 2015 – Current	Director	4,407,268(3) (2.2%)
Peter E. Stringham(7) New York, USA	September 15, 2016 – Current	Director	7,500 (0.004%)
Mark Zekulin Ottawa, Ontario, Canada	N/A	President of Canopy Growth	283,876(4) (0.14%)
Tim Saunders Ottawa, Ontario, Canada	N/A	Senior Vice President and Chief Financial Officer	Nil
Deborah Weinstein Ottawa, Ontario, Canada	N/A	Secretary	185,561(5) (0.09%)

Notes:

(1) 2,566,225 of these Common Shares are held by HBAM Holdings Inc., a corporation controlled by Mr. Linton and 105,486 of these Common Shares are held by GMP Securities L.P. in trust for Mr. Linton.
(2) 63,650 of these Common Shares are held by Onbelay Capital of which John K. Bell is the principal.
(3) Held by Goldamp Holdings Ltd. of which Murray Goldman is the principal.
(4) 49,461 of these Common Shares are held by GMP Securities L.P. in trust for Mr. Zekulin.
(5) 85,561 of such shares are owned by Deborah Weinstein Professional Corporation, a corporation controlled by Ms. Weinstein.
(6) Chair of the Audit Committee.
(7) Member of the Audit Committee.
(8) Member of Compensation and Governance Committee.
(9) Chair of Compensation and Governance Committee.
(10) Based on 201,084,905 Common Shares issued and outstanding as at the date of this Annual Information Form.

The term of each director of Canopy Growth will expire on the date of the next annual meeting of shareholders of Canopy Growth. As of the date hereof, the directors and senior officers of Canopy Growth as a group beneficially own, directly or indirectly, or over which control or direction is exercised, 7,726,716 of the issued and outstanding Common Shares, representing approximately 3.84% of the total votes attaching to all of the outstanding voting securities of Canopy Growth (or 11,181,467 Common Shares representing 5.6% of the total outstanding voting securities of Canopy Growth assuming exercise of options held).

The following sets out additional information with respect to the education, experience and employment history of each of the directors and officers referred to above during the past five years.

Bruce Linton

Mr. Linton is the founder of Canopy Growth Corporation (CGC) and co-founder of Tweed Marijuana Incorporated and has been the Chief Executive Officer since 2014. Canopy Growth was the first cannabis producing Corporation in North America to be listed on a major stock exchange (TSX, July 2016), included on a major stock index (S&P/TSX Composite Index, March 2017) and to be listed on the NYSE (May 2018). Bruce's primary focus has been to position cannabis brands in a competitive market and to raise the capital necessary to fund such operations. Bruce's experience as a founder, CEO, and Board

member across a wide variety of enterprises has influenced the positive start of Canopy Growth, which to date has enjoyed market support for capital raises of over $200 million. Bruce has led six M&A transactions valued over $500 million total since founding CGC.

In addition to his leadership responsibility at Canopy Growth, since 2007 Bruce has been the President of HBAM Holdings Inc. and since 2013, Bruce has been the CEO of communications company Martello Technologies. After beginning his career at Newbridge Networks Corporation, he has since held positions that include General Manager and Re-Founder of Computerland.ca, President and Co-Founder of webHancer Corp, and part of the establishing team at CrossKeys Systems Corporation. He was also part of the leadership team for the NASDAQ/TSX initial public offering at CrossKeys. He is the past Chairman of the Ottawa Community Loan Foundation, past Board Member on World Bank Water and Sanitation Program Council, past Board Member and Treasurer of Canada World Youth, past Board of Governor for Carleton University, past President of the Nepean Skating Club, and past President of Carleton University Students Association.

John K. Bell, FCA, FCPA, ICD.D

Mr. Bell founded Shred-Tech and grew it into a global giant in the mobile document shredding and recycling industry. After selling Shred-Tech in 1995, he purchased Polymer Technologies and grew it from a local plastics manufacturer to a global auto parts company before exiting in 2007. John also served as interim CEO and director of ATS Automation (TSX), which operates 24 global manufacturing facilities, has 4,000 employees and $700 million in sales during a time of management and board renewal in 2007. John was the lead investor and Chairman of BSM Wireless (TSX-V). First investing in 2006, he led board and management renewal leading to substantial and profitable growth before successfully exiting in 2014. John sits on the Board of Strongco Corp, traded on the Toronto Stock Exchange as SQP and DelMar Pharmaceuticals, which is traded on NASDAQ as DMPI and since 2009, has been on the Board of The Royal Canadian Mint, a $3 Billion Crown Corporation. Since 2005, Mr. Bell has acted as the Chairman and CEO Onbelay Capital Inc. an investment management and holding corporation.

Chris Schnarr, ICD.D

Mr. Schnarr is the Managing Director of Lorian Group Inc., a capital markets consultancy. Mr. Schnarr has over 25 years of experience founding, managing, and advising growth companies, including strategy, corporate finance, capital markets, corporate development, M&A, financial reporting, and governance. His functional experience across executive positions spans Treasurer, Executive Vice President, Chief Financial Officer, President, and Chief Executive Officer. From May 2014 to November 2016, Mr. Schnarr acted as President and CFO of Delivra Inc. a Corporation involved in the development and sale of transdermal products and technologies and from August 2011 to August 2013, he acted as CEO and Director of BioExx Specialty Proteins Ltd. His broad industry experience includes technology (hardware, software, and services), communications, agriculture, food processing and food ingredients, financial services, health care, and sustainability. Mr. Schnarr has over 20 years of public Corporation Board experience across TSX:V and TSX listed companies, as well as extensive committee experience. He is also a Director and Chair of the Compensation & Governance Committee and a member of the Audit Committee of VitalHub Corp. (TSX:V).

Mr. Schnarr holds a Masters in Business Administration (finance) from University of British Columbia (1990), and a Bachelor of Business Administration degree with a Minor in Economics, from Wilfrid Laurier University (1989). He is a member of the Institute of Corporate Directors, a graduate of the Directors Education Program at the Rotman School of Business at the University of Toronto, and holds the ICD.D designation.

Murray Goldman

Mr. Goldman, is the former Chairman of Bedrocan Canada Inc. and joined the Board of Directors when Bedrocan was successfully acquired by Canopy Growth. Mr. Goldman is the founder and Chairman of The Goldman Group, a fully integrated real estate development Corporation that has developed and built in Canada, the United States and Israel for over 50 years. The Corporation has a history of innovative and original mixed-use developments that have established precedent-setting neighbourhoods in the Greater Toronto Area. In 2010, Mr. Goldman received the NAIOP lifetime achievement award acknowledging his leadership in this field. Mr. Goldman continues to serve as a director of a number of prominent organizations and is a major investor and founder of a number of innovative medical and scientific research companies.

Peter Stringham

Mr. Peter E. Stringham retired in 2016 as Chairman and Chief Executive Officer of The Young & Rubicam Group Of Companies. Mr. Stringham served as the Chief Executive Officer of Young & Rubicam Brands at Young & Rubicam, Inc. since March 2, 2007. Mr. Stringham served as Group General Manager of Marketing of HSBC Holdings PLC. and HSBC Bank plc. since 2001. He served as Head of Global Marketing for HSBC Holdings plc. until March 2007. He joined HSBC in 2001 and served for 6 years, where he was instrumental in positioning it as the 'world's local bank' in a series of local advertising and marketing campaigns, and has helped build HSBC into one of the world's most recognized brands. He consolidated HSBC's advertising and marketing duties with a single lead worldwide marketing services group. He served with WPP Group to cover HSBC's operations in 76 countries and territories.

Mark Zekulin

Since 2015, Mark has been the President of Canopy Growth, previously acting as the President of Tweed, Officer, Vice President and General Counsel of Canopy Growth. He ensures that patients and healthcare practitioners choose Canopy Growth, through its subsidiaries as Licensed Producers, as their trusted supplier of marijuana for medical purposes. This includes overseeing the Corporation’s medical and patient outreach strategy, driving operations and advancing the Corporation’s market strategy.

A graduate from the University of Waterloo in Mathematics, the University of Ottawa in Law, and the University of Cambridge in International Law, Mark has previously provided legal, political and strategic advice to high-profile local and international corporate clients, most recently as Counsel at the Ottawa-Washington international trade law firm of Cassidy Levy Kent. Previously, Mark has also served as a Senior Advisor to the Honourable Dwight Duncan, the Ontario Minister of Finance, and has worked internationally at the Business and Industry Advisory Committee to the Organization for Economic Co-operation and Development (OECD) as Acting Senior Policy Manager.

Tim Saunders

Tim has been the Chief Financial Officer of Canopy Growth since 2005. Tim is a finance executive experienced with large international public companies and private equity-backed start-ups, having worked both in Canada and Europe. His leadership style focuses on business transformation and forward thinking to advance business capability and the business model. Tim joined Canopy Growth in summer 2015 after gaining executive and leadership experience across a number of sectors including mobile, telecom, semiconductors, manufacturing and clean tech. Tim most recently led Black Canvas Consulting with assignments such as Strategic Advisor to the President's Office of Export Development Canada. Tim was previously a senior finance executive with Vodafone, Oskar Mobil, Mitel and Zarlink Semiconductor and CFO at Plasco Energy Group where he was instrumental in raising $360 million in capital during the early start-up of the Corporation until 2013.

Tim earned his CPA, CA with PricewaterhouseCoopers and is a graduate of Bishop's University (Quebec) where he obtained his BBA. Tim also earned an executive certificate from the Ivey School of Business at the University of Western Ontario.

Deborah Weinstein

Deborah Weinstein is the Secretary of Canopy Growth. Ms. Weinstein does not work full time for the Corporation, but devotes such time as is required in connection with her duties. Ms. Weinstein currently serves as a director of OpenText Corporation and Dynex Power Inc., as well as secretary of Thermal Energy International Inc. Ms. Weinstein holds a law degree from Osgoode Hall Law School at York University. Ms. Weinstein is called to the bar of Ontario as a member of the Law Society of Upper Canada.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, no director or executive officer of Canopy Growth is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any Corporation (including Canopy Growth) that was subject to a cease trade or similar order or an order that denied the relevant Corporation access to any exemption under securities legislation that was (i) in effect for a period of more than 30 consecutive days, (ii) issued while the director or executive officer was acting in that capacity, or (iii) issued after that person ceased to act in that capacity but which resulted from an event that occurred while that person was acting in that capacity.

Except as disclosed below, no director or executive officer of Canopy Growth or, to the knowledge of Canopy Growth, any shareholder holding a sufficient number of securities of Canopy Growth to affect materially the control of Canopy Growth:

(a) is, as of the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any Corporation (including Canopy Growth) that, while that person was acting in that capacity, or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this Annual Information Form, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

Chris Schnarr was a director and an officer of BioExx Specialty Proteins Ltd. and its subsidiaries ("**BioExx**") which was a reporting issuer listed on the TSX. Mr. Schnarr resigned from the board of directors and as an officer of BioExx and its subsidiaries on August 28, 2013. On October 1, 2013, BioExx commenced proceedings under the *Companies' Creditors Arrangement Act* (Canada). On the same date, the trading of BioExx's shares on the TSX was halted and on November 6, 2013 the shares of BioExx were delisted from the TSX.

In December 2010, while Bruce Linton was a director of Sitebrand Inc. ("**Sitebrand**") its wholly owned subsidiary, Sitebrand.com Inc., filed a Notice of Intention to make a proposal to its creditors and obtained protection from its creditors under the provisions of the *Bankruptcy and Insolvency Act* and in February 2011 Sitebrand.com Inc. made an assignment in bankruptcy under the provisions of the *Bankruptcy and Insolvency Act*. While Bruce Linton was a director of Sitebrand, Sitebrand was subject to a cease trade order issued by the Ontario Securities Commission on April 4, 2011 and British Columbia Securities Commission on April 7, 2011 for failure to file required audited annual financial statements and interim financial statements in the prescribed time. This cease trade order was revoked on August 5, 2011.

No director or executive officer of the Corporation or, to the knowledge of the Corporation, shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

We may from time to time become involved in transactions which conflict with the interests of our directors and the officers. The interests of these persons could conflict with those of the Corporation. 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, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation.

See below under the heading "*Interests of Management in Material Transactions*" for ongoing transactions in which a director or officer of the Corporation has an interest.

Promoters

Bruce Linton, the Chief Executive Officer and a director of the Corporation, is a promoter of the Corporation. Mr. Linton is compensated pursuant to a consulting agreement with the Corporation and is awarded stock-based awards based on performance and in accordance with the direction of the Compensation and Governance Committee. As of the date hereof, Mr. Linton beneficially owns, controls or directs, directly or indirectly, 2,742,511 Common Shares, comprising 1.4% of the issued and outstanding Common Shares.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than those disclosed in this document, we are not aware of: (a) any legal proceedings to which we are a party, or by which any of our property is subject, which would be material to us and are not aware 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.

The following is a brief summary of certain ongoing litigation matters that the Corporation is aware of:

On November 2, 2016 Mettrum Ltd. conducted a Type III product recall ("**Mettrum Recall**"), defined by Health Canada as a situation in which the use of, or exposure to, a product is not likely to cause any adverse health consequences. In March 2017, two separate class action lawsuits relating to the Mettrum Recall, one in the Ontario Court of Justice and the other in the Supreme Court of Nova Scotia, were initiated naming Mettrum Ltd., and Canopy Growth Corporation, Mettrum Health Corp. and Mettrum Ltd. as respondent, respectively. The Ontario action seeks damages for the proposed class of individuals who purchased the products affected by the recall. The plaintiff is seeking $100,000,000 in general damages, $10,000,000 in punitive damages, medical monitoring funding, and certain other relief. The plaintiff served its certification record on or about May 4, 2018. The Corporation's responding certification is due on July 7, 2018. The Corporation and its insurers are contesting the litigation. The litigation process will continue into the foreseeable future before the class action suit is certified by the court and unless settled out of court. The proposed Nova Scotia action is stayed pending a determination in the Ontario action.

INTERESTS OF MANAGEMENT IN MATERIAL TRANSACTIONS

Bedrocan leases its operating facility at 16 Upton Road, Toronto, Ontario and 43 Upton Road Toronto, Ontario from Goldman (16 Upton) Limited and Goldman (Upton) Ltd., respectively. Murray Goldman, a director of Canopy Growth, is an officer, director and holds a majority interest in Goldman Holdings Ltd., which is an affiliate of Goldman (16 Upton) Limited and Goldman (Upton) Ltd. Furthermore, and pursuant to its amended lease agreement, there is a $2,000,000 loan to Bedrocan in connection with the construction of the Bedrocan manufacturing facility, which carries an interest rate of 10% per annum and is payable to Bedrocan's landlord over a period ending July 1, 2024 (the "**Goldman Loan**"). The Goldman Loan is payable over the initial term of the amended lease by way of additional monthly rent of approximately $27,100. In connection with the Arrangement, Canopy Growth entered into an indemnification agreement with Goldman (16 Upton) Limited and Goldman (Upton) Ltd. pursuant to which Canopy Growth will indemnify Bedrocan's obligations under leases for its operating facilities.

On November 1, 2016, Canopy Growth entered into a Memorandum of Understanding with the Goldman Group to expand Canopy Growth's cannabis production capacity and geographic footprint. Murray Goldman, a director of Canopy Growth is also the founder of The Goldman Group. The Goldman Group will acquire new properties across Canada for the design and/or build of new Canopy Growth production facilities. Subject to the Corporation's approval, these facilities will be constructed to Canopy Growth's proprietary specifications as they are defined by established production methods for each of its subsidiaries and leased back to the Corporation. The Goldman Group through its affiliates owns approximately 1.2% of the outstanding shares of Canopy Growth and is already the landlord of the Corporation's Bedrocan Canada Inc. properties. In connection with the Memorandum of Understanding, 10252832 Canada Inc., a subsidiary of the Corporation, entered into a lease agreement on August 15, 2017, with The Goldman Group, for the building and land at 4103 84 Avenue, Edmonton (the "**Edmonton Facility**"). The Corporation has submitted an application to become a Licensed Producer under the ACMPR at the Edmonton Facility.

On January 15, 2017, the Tweed acquired the property at 1 Hershey Drive, in Smiths Falls, Ontario, thereby terminating the Tweed Lease Agreement dated December 27, 2013 between Tweed and the landlord, Tweed Hershey Drive Inc. Bruce Linton, Chairman, Chief Executive Officer and director of Canopy Growth, is an officer, director and holds a majority interest in Tweed Hershey Drive Inc. The entire 472,000 square feet facility could almost triple current production and processing capacity, and the 42-acre site could house hundreds of thousands of square feet of additional production and processing

space. The facility was acquired for $6.6 million, of which $823,980 was settled with the issuance of 94,397 common shares of the Corporation, with the remainder paid in cash on closing. Bruce Linton, as an officer, director, and shareholder of Tweed Hershey Drive Inc. received 70,800 of the 94,397 shares issued, which are subject to a 4-month lockup. See above under "*Business of Canopy Growth – Tweed Inc.*" for further information.

Vert leases a facility at 5052, 4e Rang, Saint-Lucien (Quebec) J0C 1N0 from Dany Lefebvre. Mr. Lefebvre is a director of Vert.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for Canopy Growth's Common Shares is Computershare Trust Corporation of Canada Inc. at 100 University Ave, 11th Floor, South Tower Toronto, ON M5J 2Y1.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Corporation during the 12-month period ending March 31, 2018 which are material or entered into before the 12-month period ending March 31, 2018 but are still in effect and which are required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations* are the following.

a) the Agreement Amending Lease between Bedrocan and Goldman (Upton) Limited dated August 28, 2015 amending the lease agreement between Bedrocan and Goldman (Upton) Limited dated October 15, 2013 pursuant to which Goldman (Upton) Limited leases to Bedrocan the lands and premises known municipally as 43 Upton Road, Toronto;

b) the Amended Bedrocan 16 Upton Lease between Bedrocan and Goldman (16 Upton) Limited dated August 28, 2015 (see "*Licensed Producers – Bedrocan*");

c) the Lease Agreement with The Goldman Group, for the building and land at 4103 84 Avenue, Edmonton, Alberta;

d) the Subscription Agreement dated October 27, 2017, and the Investor Rights Agreement dated November 2, 2017 between Canopy Growth Corporation and Greenstar Holdings, an affiliate of Constellation Brands on November 2, 2017, whereby Constellation Brands invested CDN $245 million in exchange for 9.9% equity in the Corporation, through the issuance of 18,876,901 Common Shares and 18,876,901 warrants to an affiliate of Constellation Brands.

e) the underwriting agreement dated January 17, 2018, as amended on January 18, 2018, between Canopy Growth, GMP Securities L.P., and BMO Capital Markets, and including Canaccord Genuity Corp., Eight Capital, Beacon Securities Limited, and PI Financial Corp., pursuant to which, among other things, Canopy Growth agreed to sell up to 5,800,000 common shares at a price of $34.60, resulting in aggregate gross proceeds to Canopy Growth of $200,680,000.

Copies of these material contracts are available under our profile on the SEDAR website at www.sedar.com. The above summaries are qualified in their entirety by reference to the terms of the material contract.

AUDIT COMMITTEE INFORMATION

The Audit Committee's mandate is attached hereto as Schedule "A".

As of March 31, 2018, the Audit Committee of the Corporation was composed of three (3) members. The current members are John K. Bell, Chris Schnarr, and Peter Stringham. Mr. Schnarr chairs the Audit Committee and Mr. Bell and Mr. Stringham are non-employee members of our board of directors.

The Board of Directors believes that the composition of the Audit Committee reflects financial literacy and expertise. Currently, the three members have been determined by the Board to be "independent" and "financially literate" as such terms are defined under *National Instrument 52-110 – Audit Committees* ("**NI 52-110**"). The Board has made these determinations based on the education as well as breadth and depth of experience of each member of the Committee. The following is a brief summary of the education and experience of each member of the Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member:

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements. The following is a brief summary of the education and experience of each member of the Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member:

Chris Schnarr, ICD.D

Chris Schnarr is a Director and Chair of the Audit Committee. Mr. Schnarr does not work full time for the Corporation, but devotes such time as is required in connection with his duties. Mr. Schnarr has 25 years of experience founding, managing, and advising growth companies, including strategy, corporate finance, capital markets, corporate development, M&A, financial reporting, and governance. His functional experience across executive positions spans Treasurer, Executive Vice President, Chief Financial Officer, President, and Chief Executive Officer. Mr. Schnarr has over 20 years of public Corporation Board experience across TSXV and TSX listed companies, as well as extensive committee experience. He is also a Director and Chair of the Compensation & Governance Committee and a member of the Audit Committee of VitalHub Corp. (TSX:V). He is a member of the Institute of Corporate Directors, a graduate of the Directors Education Program at the Rotman School of Business at the University of Toronto and holds the ICD.D designation.

John K. Bell, CPA, FCA, ICD.D

John K. Bell is a Lead Director and a member of the Audit Committee. Mr. Bell does not work full time for the Corporation, but devotes such time as is required in connection with his duties. Mr. Bell founded Shred-Tech and grew it into a global giant in the mobile document shredding and recycling industry. After selling Shred-Tech in 1995, he purchased Polymer Technologies and grew it from a local plastics manufacturer to a global auto parts Corporation before exiting in 2007. John also served as interim CEO and director of ATS Automation (TSX), which operates 24 global manufacturing facilities, has 4,000 employees and $700 million in sales during a time of management and board renewal in 2007. John was the lead investor and Chairman of BSM Wireless (TSX-V). First investing in 2006, he led board and management renewal leading to substantial and profitable growth before successfully exiting in 2014. John sits on the Board of Strongco Corp,

traded on the Toronto Stock Exchange as SQP and DelMar Pharmaceuticals, which is traded on OTCQX as DMPI and is Vice-Chair of the Audit Committee and on the Board of The Royal Canadian Mint, a $3 Billion Crown Corporation.

Peter Stringham

Peter E. Stringham is a member of the Audit Committee and does not work full time for the Corporation but devotes as much time as is required in connection with his duties. Mr. Stringham retired in 2016 as Chairman and Chief Executive Officer of The Young & Rubicam Group Of Companies. Mr. Stringham served as the Chief Executive Officer of Young & Rubicam Brands at Young & Rubicam, Inc. since March 2, 2007. Mr. Stringham served as Group General Manager of Marketing of HSBC Holdings PLC. and HSBC Bank plc. since 2001. He served as Head of Global Marketing for HSBC Holdings plc. until March 2007. He joined HSBC in 2001 and served for 6 years, where he was instrumental in positioning it as the 'world's local bank' in a series of local advertising and marketing campaigns and has helped build HSBC into one of the world's most recognized brands. He consolidated HSBC's advertising and marketing duties with a single lead worldwide marketing services group. He served with WPP Group to cover HSBC's operations in 76 countries and territories.

Pursuant to the terms of the Audit Committee Mandate, the Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the external auditor.

The following table sets forth, by category, the fees for all services rendered by the Corporation's external auditors, Deloitte LLP, for the financial years ending March 31, 2017 and March 31, 2018.

Financial Year Ending	Audit Fees	Audit Related Fees[1]	Tax Fees[2]	Other Fees
March 31, 2017	$747,500	Nil	$340,000	Nil
March 31, 2018	$1,670,867	$360,820	$434,925	Nil

Notes:
(1) Aggregate audit related fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Canopy Growth's financial statements and are not reported as "Audit fees."
(2) Aggregate tax fees billed for tax compliance, advice, planning and assistance with preparation of tax returns.

INTERESTS OF EXPERTS

Deloitte LLP is the independent auditor of the Corporation and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

Additional information including directors' and executive officers' remuneration and indebtedness, principal holders of the Corporation's securities and options to purchase securities, where applicable, is contained in the management information circular prepared by the Corporation in connection with its annual general and special meeting of shareholders which is expected to be held on September 15, 2017. Additional financial information is provided in our audited consolidated financial statements and management's discussion and analysis for our most recently completed financial year, each of which and is available under the Corporation profile at www.sedar.com.

SCHEDULE "A"
CANOPY GROWTH CORPORATION
(the "Corporation")

AUDIT COMMITTEE MANDATE

Purpose

The Board of Directors (the "**Board**") of Canopy Growth Corporation ("**CGC**") has established the Audit Committee (the "**Committee**") as a standing committee of the Board for the purposes of overseeing the audit and financial reporting process, ensuring the adequacy and effectiveness of CGC's internal controls and procedures for financial reporting and ensuring the adequacy and effectiveness of CGC's risk management program. The Committee is hereby constituted with all the powers and duties conferred on it by the laws governing CGC and such powers and duties as may be conferred on it from time to time by resolution of the Board.

Member Qualifications, Appointment and Removal

The members of the Committee (the "**Members**"), and from amongst those Members, the Chairperson of the Committee, are appointed annually by the Board. The Board will appoint not less than three directors as Members.

No director who is an officer or employee of CGC (or any related entity of CGC) may be a Member. The Committee and each Member must meet the independence and audit committee composition requirements promulgated by all governmental and regulatory bodies exercising control over CGC as may be in effect from time to time, including Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, Section 303A.02 of the NYSE Listed Company Manual (the "**NYSE Manual**") and relevant rules of any other stock exchanges on which CGC's shares are listed. In general, each Member must be free of any relationship with CGC that could or could reasonably be perceived to, in the opinion of the Board, interfere with the exercise of that director's judgment as a Member.

All Members must be able to read and understand fundamental financial statements including CGC's balance sheet, income statement and cash flow statement. At least one Member must have a professional accounting certification (or equivalent) or comparable experience and background that results in that Member's financial sophistication. At least one Member must satisfy the definition of "financial expert" as set out in Item 407 of Regulation S-K under the United States Securities Act of 1933, as amended.
Any Member may be removed or replaced at any time by the Board as needed. A Member shall cease to be a Member upon ceasing to be a CGC director. The Board will fill vacancies on the Committee by the appointment of other qualified directors.

Duties and Responsibilities

In general, the Committee performs a number of roles including (i) assisting directors to meet their responsibilities, (ii) providing better communication between directors and CGC's external auditors, (iii) monitoring the independence and performance of the external auditors, (iv) increasing the credibility and objectivity of financial reports, (v) strengthening the role of the directors by facilitating in-depth discussions amongst directors, management and the external auditors, (vi) overseeing CGC's compliance with legal and regulatory requirements, and (vii) overseeing the performance of CGC's internal audit function. The Committee will have the specific duties and responsibilities set out below, as well as other such duties that are, in the opinion of the Board, in line with the purpose of the Committee as stated above.

Relationship with Auditors

The Committee is responsible for managing, on behalf of CGC's shareholders, the relationship between CGC and its external auditors. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

a. be directly responsible for recommending the selection and determining the compensation of the external auditor;
b. oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for CGC;
c. establish procedures to monitor the independence of the external auditor and take necessary actions to eliminate all factors that might impair or be perceived to impair the independence of the external auditor;
d. annually require the external auditors to identify the relationships that may affect its independence;
e. establish procedures for review and approval of all audit and permitted non-audit services provided by external auditors;
f. pre-approve all non-audit services to be provided to CGC or its subsidiaries by the external auditor, which pre-approval may be delegated to any Member;
g. provide the external auditor with the opportunity to meet with the Committee or the Board without management present at each regularly scheduled meeting of the Committee or the Board; and
h. review with the external auditor any audit problems or difficulties and management's response.

Audit and Financial Reporting

The Committee is responsible for overseeing the audit and financial reporting process. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

a. review, establish and monitor each annual audit of the external auditor with a written audit plan, including scope, fees and schedule;
b. review with both management and the external auditor the appropriateness and acceptability of CGC's critical accounting policies and any proposed changes thereto;
c. review with management and the external auditor the presentation and impact of significant risks and uncertainties associated with CGC's business, all alternative treatments of financial information with IFRS that have been discussed with management, the material assumptions made by management relating to them and their effect on CGC's financial statements;
d. question management and the external auditor regarding financial reporting issues discussed during the fiscal period;
e. review any problems experienced by the external auditors in performing audits;
f. review and discuss the audited annual financial statements in conjunction with the external auditor and review with management all significant variances between comparative reporting periods;
g. review and discuss the external auditor's report with the external auditor and management;
h. review all material written communications between the external auditor and management, including post audit or management letters containing recommendations of the external auditors, management's response and follow up with respect to the identified weaknesses;
i. review with management and with the external auditors, as appropriate, CGC's financial statements, MD&A and annual and interim earnings press releases prior to their public dissemination;

j. satisfy itself that adequate procedures are in place for the review of CGC's public disclosure of financial information extracted or derived from CGC's financial statements, other than the public dissemination referred to in (i) above;
k. review with management CGC's relationship with the regulators and the quality of its filings with the regulators;
l. discuss CGC's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies; and
m. review with the General Counsel ("**GC**") any current or anticipated litigation or legal activity that could have a material effect on CGC's financial position.

Internal Controls and Procedures

The Committee is responsible for overseeing the design, implementation and on-going effectiveness of a system of internal controls. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

a. establish, monitor and review policies and procedures for internal accounting, financial control and management information ("**Internal Controls**");
b. establish procedures for: (i) the receipt, retention and treatment of complaints received by CGC regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by CGC employees of concerns regarding questionable accounting or auditing matters;
c. monitor compliance with CGC's Whistleblower Protection Policy and coordinate and review all investigations undertaken thereunder;
d. consult with the external auditor regarding the adequacy of the Internal Controls and review with the external auditor its report on the Internal Controls;
e. address, on a regular basis, any perceived shortcomings in the Internal Controls;
f. review the involvement of officers and directors in any matter related to business ethics or potential conflict of interest and advise the Board on the appropriate course of action;
g. review and approve CGC's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor;
h. prior to CGC entering into any Related Transaction, review the Related Transaction and recommend its approval or rejection. For the purposes of this Mandate, a "**Related Transaction**" means a business transaction or contract between CGC and a party in which a CGC director or officer has a direct or indirect interest. This direct or indirect interest could exist by virtue of the following: (i) the party is the director or officer; (ii) the director or officer, or their relative or spouse, is on the board of directors or is an officer of the party entering into such a business transaction with CGC; or (iii) the director or officer, or their relative or spouse, has a financial interest in the party entering into such a business transaction with CGC;
i. annually, review any ongoing Related Transactions and report to the Board; and
j. obtain from management adequate assurances that all statutory payments and withholdings have been in compliance with relevant laws and regulations.

Internal Audit Functions

The Committee is responsible for overseeing the performance of CGC's internal audit function.

Risk Management

The Committee is responsible for overseeing the process by which CGC assesses and manages risk. In furtherance of this responsibility, as delegated by the Board, the Committee shall:

a. identify risks inherent in CGC's business ("**Risks**");
b. maintain policies and procedures that address the Risks on a reasonable, cost- effective basis;
c. in conjunction with management, review, on an annual basis, all aspects of CGC's risk management program, including all significant policies and procedures relating to insurance coverage, foreign exchange exposures and investments (including CGC's use of financial risk management instruments);
d. monitor compliance with environmental codes of conduct and legislation; and
e. monitor compliance with safety codes of conduct and legislation.

Other

In furtherance of its duties, the Committee shall:

a. meet regularly with management to discuss any areas of concern to the Committee or management;
b. consider whether the quality of employees involved in the audit and financial reporting process and the processes described herein meets an acceptable standard;
c. annually review this Mandate and any other documents used by the Committee in fulfilling its duties and responsibilities;
d. annually obtain and review a report by the external auditor describing: CGC's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of CGC, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by CGC, and any steps taken to deal with any such issues; and
e. annually evaluate the performance of the Committee.

Meetings, Structure and Reporting

The Committee meets as required, but at least quarterly, typically, the day before the full Board to allow ample time for discussion. A majority of the Committee shall constitute a quorum. At all meetings of the Committee, every question shall be decided by a majority of the votes cast on the question. The Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and GC shall attend Committee meetings upon the Committee's request and, subject to the Committee requesting otherwise, the Corporate Secretary, or his designee, shall act as secretary at all Committee meetings. The audit partner from the external auditor will be invited to meet with the Committee at least twice a year and may request a meeting with the Committee at any time.

The Committee shall report to the Board on all proceedings, deliberations, decisions and recommendations of the Committee at the first subsequent meeting of the Board and at such other times and in such manner as the Board may require or as the Committee may, in its discretion, consider advisable.

Chairperson

The Chairperson's primary role is to ensure that the Committee functions properly, meets its obligations and responsibilities, fulfills its purpose and that its organisation and mechanisms are in place and are working effectively. More specifically, the Chairperson shall:

a. chair meetings of the Committee;
b. in consultation with the Chairperson of the Board, the Lead Director, the Members, the CFO and Corporate Secretary, set the agendas for the meetings of the Committee;
c. in collaboration with the Chairperson of the Board, the Lead Director, the CEO, the CFO and the Corporate Secretary, ensure that agenda items for all Committee meetings are ready for presentation and that adequate information is distributed to Members in advance of such meetings in order that Members may properly inform themselves on matters to be acted upon;
d. assign work to Members;
e. approve the expense report of the Chairperson of the Board;
f. act as liaison and maintain communication with the Chairperson of the Board, the Lead Director and the Board to optimize and co-ordinate input from directors, and to optimize the effectiveness of the Committee;
g. provide leadership to the Committee with respect to its functions as described in this Mandate and as otherwise may be appropriate; and
h. be available to the CFO one full business day per calendar quarter to provide advice and guidance.

Authority

The Committee shall have unrestricted access to CGC's external auditors, CGC personnel and documents and shall be provided with the resources necessary to carry out its duties. The Committee may, in its sole discretion and at CGC's expense, retain and agree to compensate independent counsel or advisors to assist with the performance of its duties.

CANOPY GROWTH CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(IN CANADIAN DOLLARS)

CANOPY GROWTH CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

Canopy Growth Corporation

We have audited the accompanying consolidated financial statements of Canopy Growth Corporation, which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, and the consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Canopy Growth Corporation as at March 31, 2018 and March 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants

June 27, 2018
Toronto, Canada

CANOPY GROWTH CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in CDN $000's)	Notes		March 31, 2018		March 31, 2017
Assets					
Current assets					
Cash and cash equivalents	27	**$**	**322,560**	$	101,800
Amounts receivable	4		**21,425**		5,815
Biological assets	5		**16,348**		14,725
Inventory	6		**101,607**		45,981
Prepaid expenses and other assets	7		**19,837**		4,285
			481,777		172,606
Assets classified as held for sale	8		**-**		6,180
			481,777		178,786
Property, plant and equipment	9		**303,682**		96,270
Other long-term assets	7		**8,340**		-
Investments in associates	15		**63,106**		-
Other financial assets	16		**163,463**		24,030
Intangible assets	11		**101,526**		162,263
Goodwill	11		**314,923**		241,371
		$	**1,436,817**	$	702,720
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	17	**$**	**89,571**	$	15,386
Deferred revenue			**900**		588
Current portion of long-term debt	18(a)		**1,557**		1,691
			92,028		17,665
Long-term debt	18(a)		**6,865**		8,639
Deferred tax liability	24		**33,536**		35,924
Other long-term liabilities	18(b)		**61,150**		766
			193,579		62,994
Commitments and contingencies	26				
Shareholders' equity					
Share capital	20		**1,076,838**		621,541
Other reserves	20		**127,418**		23,415
Accumulated other comprehensive income			**46,166**		16,098
Deficit			**(91,649)**		(21,296)
Equity attributable to Canopy Growth Corporation			**1,158,773**		639,758
Non-controlling interests	14		**84,465**		(32)
Total equity			**1,243,238**		639,726
		$	**1,436,817**	$	702,720

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(Expressed in CDN $000's except share amounts)	Notes		**March 31, 2018**		March 31, 2017
Revenue		**$**	**77,948**	$	39,895
Inventory production costs expensed to cost of sales			**37,790**		15,293
Gross margin before the undernoted			**40,158**		24,602
Fair value changes in biological assets included in inventory sold and other inventory charges	6		**66,268**		34,978
Unrealized gain on changes in fair value of biological assets	5		**(100,302)**		(49,090)
Gross margin			**74,192**		38,714
Sales and marketing			**38,203**		12,960
Research and development			**1,453**		810
General and administration			**43,819**		16,858
Acquisition-related costs			**3,406**		7,369
Share-based compensation expense	20(b)		**29,631**		8,046
Share-based compensation expense related to acquisition milestones	20(c)		**19,475**		690
Depreciation and amortization			**20,486**		6,064
Operating expenses			**156,473**		52,797
Loss from operations			**(82,281)**		(14,083)
Share of loss on equity investments	15		**(1,473)**		(50)
Other income, net	21		**31,213**		3,858
Other income			**29,740**		3,808
Loss before income taxes			**(52,541)**		(10,275)
Income tax (expense) recovery	24		**(1,593)**		2,703
Net loss		**$**	**(54,134)**	$	(7,572)
Net income (loss) attributable to:					
Canopy Growth Corporation		**$**	**(70,353)**	$	(7,521)
Non-controlling interests			**16,219**		(51)
		$	**(54,134)**	$	(7,572)
Earnings per share, basic and diluted					
Net loss per share:	23	**$**	**(0.40)**	$	(0.06)
Weighted average number of outstanding common shares:			**177,301,767**		118,989,713

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(Expressed in CDN $000's)	Notes		**March 31, 2018**		March 31, 2017
Net loss		**$**	**(54,134)**	$	(7,572)
Fair value changes on available for sale financial assets	16		**38,673**		18,328
Exchange differences on translating foreign operations			**410**		198
Income tax			**(4,982)**		(2,428)
			34,101		16,098
Comprehensive income (loss)		**$**	**(20,033)**	$	8,526
Comprehensive income (loss) attributable to:					
Canopy Growth Corporation		**$**	**(40,285)**	$	8,577
Non-controlling interests			**20,252**		(51)
		$	**(20,033)**	$	8,526

CANOPY GROWTH CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

				Other reserves			Other comprehensive income				
(Expressed in CDN $000's except share amounts)	Note	Number of shares	Share capital	Share-based reserve	Warrants	Ownership changes	Exchange differences	Fair value changes, net of tax	Deficit	Non-controlling interests	Shareholders' equity
Balance at March 31, 2016		**98,818,213**	**$ 131,080**	**$ 5,804**	**$ 676**	**$ -**	**$ -**	**$ -**	**$ (13,775)**	**$ -**	**$ 123,785**
Equity financings and private placements	20(a)(i)	22,617,500	123,186	-	-	-	-	-	-	-	123,186
Issuance of shares from acquisitions	20(a)(ii)	36,138,911	353,214	11,675	-	-	-	-	-	-	364,889
Exercise of warrants	20(a)(iv)	213,104	195	607	(676)	-	-	-	-	-	126
Exercise of ESOP stock options	20(b)	4,010,865	11,036	(4,075)	-	-	-	-	-	-	6,961
Non-controlling interests from acquisitions		-	-	-	-	-	-	-	-	19	19
Other share issuances	20(a)(iii)	388,669	2,830	(639)	-	-	-	-	-	-	2,191
Fair value changes on available for sale investments, net of tax		-	-	-	-	-	-	15,900	-	-	15,900
Share-based compensation	20(b)	-	-	10,043	-	-	-	-	-	-	10,043
Net loss		-	-	-	-	-	-	-	(7,521)	(51)	(7,572)
Other comprehensive income		-	-	-	-	-	198	-	-	-	198
Balance at March 31, 2017		162,187,262	$ 621,541	$ 23,415	$ -	$ -	$ 198	$ 15,900	$ (21,296)	$ (32)	$ 639,726
Equity financings and private placements	20(a)(i)	27,782,491	390,752	-	70,265	-	-	-	-	-	461,017
Issuance of shares from acquisitions	20(a)(ii)	4,515,879	30,248	689	1,303	-	-	-	-	-	32,240
Exercise of warrants	20(a)(iv)	207,297	1,883	-	(1,113)	-	-	-	-	-	770
Exercise of ESOP stock options	20(b)	3,912,946	19,197	(8,144)	-	-	-	-	-	-	11,053
Other share issuances	20(a)(iii)	715,106	9,795	(5,575)	-	-	-	-	-	-	4,220
Share-based compensation	20(b)	-	-	47,597	-	-	-	-	-	-	47,597
Other share issue costs		-	(206)	-	-	-	-	-	-	-	(206)
Tax benefit associated with share issue costs		-	3,628	-	-	-	-	-	-	-	3,628
Non-controlling interest arising from Canopy Rivers financings - net of share issue costs of $2,448	14	-	-	-	-	(55)	-	-	-	55,777	55,722
Additional non-controlling interest relating to share-based payment	14	-	-	-	-	-	-	-	-	3,579	3,579
Non-controlling interest arising from acquisitions and ownership changes	14	-	-	-	-	-	-	-	-	4,889	4,889
Ownership change arising from Canopy Rivers investment in Vert Mirabel	10(a)(iv)	-	-	-	-	(964)	-	-	-	-	(964)
Net income (loss)		-	-	-	-	-	-	-	(70,353)	16,219	(54,134)
Other comprehensive income		-	-	-	-	-	410	29,658	-	4,033	34,101
Balance at March 31, 2018		**199,320,981**	**$ 1,076,838**	**$ 57,982**	**$ 70,455**	**$ (1,019)**	**$ 608**	**$ 45,558**	**$ (91,649)**	**$ 84,465**	**$ 1,243,238**

CANOPY GROWTH CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(Expressed in CDN $000's)	Notes	**March 31, 2018**	March 31, 2017
Net inflow (outflow) of cash related to the following activities:			
Operating			
Net loss		**$ (54,134)**	$ (7,572)
Adjustments for:			
Depreciation of property, plant and equipment		**8,725**	4,146
Amortization of intangible assets		**11,761**	1,918
Share of loss in equity investments		**1,473**	50
Fair value changes in biological assets included in inventory sold and other inventory charges		**66,268**	34,978
Unrealized gain on changes in fair value of biological assets		**(100,302)**	(49,090)
Share-based compensation	20	**51,177**	10,043
Non-cash acquisition costs		**-**	1,333
Loss on disposal of property, plant and equipment and intangible assets		**1,285**	661
Other assets		**(1,853)**	-
Non-cash other income and expense	21	**(38,779)**	(5,702)
Income tax (recovery) expense		**1,593**	(2,703)
Increase in fair value of acquisition consideration related liabilities		**-**	1,193
Non-cash interest and FX impact on assets		**(201)**	-
Changes in non-cash operating working capital items	27	**(28,519)**	(16,348)
Net cash used in operating activities		**(81,506)**	(27,093)
Investing			
Purchases and deposits of property, plant and equipment and assets in process		**(176,037)**	(29,391)
Purchases of intangible assets and intangibles in process		**(2,132)**	(141)
Proceeds on disposals of property and equipment		**75**	37
Purchases of restricted investments		**(118)**	(300)
Proceeds on assets classified as held for sale		**7,000**	-
Investments in associates		**(26,179)**	-
Investments in other financial assets		**(22,439)**	-
Net cash inflow (outflow) on acquisition of subsidiaries	10	**(3,753)**	11,193
Net cash used in investing activities		**(223,583)**	(18,602)
Financing			
Proceeds from issuance of common shares and warrants	20(a)(i,iv)	**470,670**	130,276
Payment of share issue costs		**(10,008)**	(8,066)
Proceeds from issuance of shares by Canopy Rivers, net of share issue costs of $2,448	12	**54,876**	-
Proceeds from exercise of stock options		**11,053**	6,961
Proceeds from exercise of warrants		**770**	126
Issuance of long-term debt		**-**	3,500
Increase in finance lease obligations		**(317)**	260
Repayment of long-term debt	18	**(1,195)**	(959)
Net cash provided by financing activities		**525,849**	132,098
Net cash inflow		**220,760**	86,403
Cash and cash equivalents, beginning of year		**101,800**	15,397
Cash and cash equivalents, end of year		**$ 322,560**	$ 101,800

Refer to Note 27 for supplementary cash flow information

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 with its common shares listed on the TSX, under the trading symbol "WEED" and as of May 24, 2018 on the NYSE, under the trading symbol "CGC". References in these consolidated financial statements to "Canopy Growth" or "the Company" refer to Canopy Growth Corporation and its direct and indirect subsidiaries.

The principal activities of the Company are the growing, possession and sale of cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR") in Canada. The Company is also expanding to jurisdictions outside of Canada where federally lawful and regulated including subsidiaries which operate in Europe, Latin America and the Caribbean. Through its subsidiary Canopy Rivers Corporation ("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.

2. BASIS OF PRESENTATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

These consolidated financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on June 27, 2018.

Subsidiaries

These consolidated financial statements are comprised of the financial results of the Company and its subsidiaries, which are the entities over which Canopy Growth has control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Non-controlling interests in the equity of Canopy Growth's subsidiaries are shown separately in equity in the consolidated statements of financial position. The table below lists the Company's subsidiaries that are consolidated in these financial statements and the ownership interest held by non-controlling interests.

2. BASIS OF PRESENTATION (CONTINUED)

Subsidiaries (continued)

Subsidiaries	Defined as	Non-controlling interests
Tweed Inc.	Tweed	-
Tweed Farms Inc.	Tweed Farms	-
Bedrocan Canada Inc.	Bedrocan Canada	-
Spectrum Cannabis Canada Ltd. (formerly Mettrum Ltd.)	Spectrum Cannabis	-
Tweed Grasslands Cannabis Inc.	Tweed Grasslands	-
Les Serres Vert Cannabis	Vert Mirabel	33.3%
Spot Therapeutics Inc.	Spot	-
Vert Cannabis Inc.	Vert Cannabis	-
2344823 Ontario Inc. d/b/a Bodystream	Bodystream	-
Apollo Applied Research Inc. and Apollo CRO Inc.	together "Apollo"	-
Mettrum Hempworks Inc.	Mettrum Hempworks	-
Groupe H.E.M.P.CA	Group H.E.M.P.	25%
Spectrum Health Corp. (formerly Mettrum Health Corp.)	Spectrum Health	-
10252832 Canada Inc	Edmonton	-
9388036 Canada Inc.	9388036 Canada	-
10663824 Canada Inc.	Alberta	-
80694 Newfoundand and Labrador Inc.	Newfoundland	-
Spektrum Cannabis GmbH	Spektrum Cannabis	-
Canopy LATAM Corporation	LATAM	-
Spectrum Chile SpA	Spectrum Chile	15%
Grow House JA Limited	Tweed JA	51%
Spectrum Cannabis Denmark Aps	Spectrum Cannabis Denmark	-
Spectrum Polska Sp	Spectrum Polska	-
Spectrum Cannabis Australia PTY Ltd.	Spectrum Australia	-
Spectrum Cannabis Italia srl	Spectrum Italy	-
Canopy Rivers Corporation	Canopy Rivers	68.5%

Refer to Note 14 for additional information on subsidiaries of the Company with non-controlling interests.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets and liabilities assumed, all measured as of the acquisition date. Any excess of the fair value of the net assets acquired over the assumed consideration paid is a gain on business acquisition and is recognized as a gain in the Statement of Operations. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

2. BASIS OF PRESENTATION (CONTINUED)

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, related to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of parties sharing control. The Company recognizes only its assets, liabilities and share of the results of operations of the joint operation. The assets, liabilities and results of joint operations are included within the respective line items of the Consolidated Statements of Financial Position, Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income (Loss), Consolidated Statements of Changes in Shareholders Equity and Consolidated Statements of Cash Flows.

Refer to Note 13 for additional information on the Company's joint operation.

Investments in associates

Associates are entities over which the Company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. The Company accounts for associates using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's interest in an associate is adjusted for the Company's share of comprehensive income and distributions of the investee. The carrying value of associates is assessed for impairment at each balance sheet date.

Refer to Note 15 for additional information on associates of the Company.

Basis of measurement

These consolidated financial statements have been prepared in Canadian dollars on a historical cost basis except for biological assets, assets classified as held for sale, available for sale investments, other long-term liabilities and derivatives, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

Fair value is 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, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

Further information on fair value measurements is available in Notes 5, 10(c) and 28.

Classification of expenses

The expenses within the statements of operations and comprehensive income (loss) are presented by function. Refer to Note 22 for details of expenses by nature.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

All figures presented in the consolidated financial statements and tabular disclosures to the consolidated financial statements are reflected in Canadian dollars, which is the functional currency of the Company.

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated in Canadian dollars at year-end exchange rates. 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 other comprehensive income and accumulated in equity.

(b) Biological assets

The Company's biological assets consist of cannabis plants. With the exception of depreciation, which is directly expensed in the period and presented separately in the Consolidated Statement of Operations, the Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. The net unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the results of operations of the related year. Seeds are measured at fair value.

(c) Inventory

Inventories of harvested work-in-process and finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories for resale and supplies and consumables are valued at the lower of costs and net realizable value, with cost determined using the average cost basis.

(d) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on a straight-line basis over the following terms:

Computer equipment	2-3 years
Office/lab equipment	3-5 years
Furniture and fixtures	3-10 years
Warehouse equipment	5-15 years
Production equipment	3-30 years
Leasehold improvements	3-20 years
Building and improvements	20-40 years
Greenhouse and improvements	20-25 years

An asset's residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in profit or loss.

Assets under capital lease are amortized according to their asset category.

Assets in process are transferred to the appropriate asset class when available for use and depreciation of the assets commences at that point.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Finite-lived and indefinite-lived intangible assets

Finite-lived 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:

Domain name	5 years
Health Canada licenses	Useful life of facility or lease term
Distribution channel	5 years
Import license	4 years
Software	3 years

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are comprised of acquired product rights and brand name which are carried at cost less accumulated impairment losses.

(f) Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss equal to the amount by which the carrying amount exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(g) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the CGU or CGUs to which it relates. Currently, the Company has one reportable segment. The Company has determined that the goodwill associated with all acquisitions belongs to this segment as this is the lowest level at which management monitors goodwill.

Goodwill is measured at historical cost and is evaluated for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. CGUs have been grouped for purposes of impairment testing. Impairment is determined for goodwill by assessing if the carrying value of CGUs, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

(h) Leased assets

The Company leases some items of property, plant and equipment. A lease of property, plant and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property, plant and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Assets held for sale

Assets and liabilities held for disposal are no longer depreciated and are presented separately in the statement of financial position at the lower of their carrying amount and fair value less costs to sell. An asset is regarded as held for sale if its carrying amount will be recovered principally through a sale transaction, rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

(j) Revenue recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(k) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

(l) Income taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

(m) Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share based payments granted to non-employees the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from share-based reserve to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise warrants and share options issued.

(o) Financial instruments

Financial assets

The Company initially recognizes financial assets at fair value on the date that they are originated. All financial assets (including assets designated at fair value through profit or loss, "FVTPL") are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company classifies its financial assets as financial assets at FVTPL, available for sale ("AFS") financial assets or loans and receivables. A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables or financial assets at FVTPL. AFS financial assets are stated at fair value at the end of each reporting period. The fair value is determined in the manner described in Note 28. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income ("OCI"). When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in OCI is reclassified to profit or loss. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date that they are originated. All financial liabilities (including liabilities designated at FVTPL) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at FVTPL or other liabilities. Subsequent to initial recognition other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Financial instruments (continued)

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and cash equivalents	FVTPL
Accounts receivable	Loans and receivable
Restricted investments	Loans and receivable
Other financial assets	Available for sale financial assets, Loans and receivables and FVTPL
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities
BC Tweed and Vert Mirabel put liability	FVTPL
Acquisition consideration related liabilities	FVTPL

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Impairment of financial assets

Financial assets, other than those classified at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(p) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (refer to (q) below), that have the most significant effect on the amounts recognized in the financial statements.

Business combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. Judgement is also required to assess whether the amounts paid on achievement of milestones represents contingent consideration or compensation for post-acquisition services. Judgment is also required to assess whether contingent consideration should be classified as equity or a liability. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Critical judgments in applying accounting policies (continued)

Control, joint control or level of influence

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities. Information about these judgments is included in Note 12,15 and 16.

Accounting for joint operation

Judgment was used to determine whether the joint venture agreement described in Note 13 should be accounted for as a joint operation or a joint venture. Given the Company has rights to substantially all the economic benefits of the arrangement, through its obligation to purchase all of the output of BC Tweed, and also has an obligation for the liabilities of the arrangement the Company has concluded it will be accounted for as a joint operation. The Company will recognize its share of assets and liabilities and revenue and expenses in its consolidated financial statements on the basis of the Company's proportionate share of BC Tweed's output, being 100%.

(q) Critical accounting estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, expected yields for the cannabis plants, and oil conversion factors. In calculating final inventory values, management compares the inventory cost to estimated net realizable value. Further information on estimates used in determining the fair value of biological assets is contained in Note 5.

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

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Share-based compensation

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk free interest rate are used. To calculate the share-based compensation expense related to key employee performance milestones associated with the terms of an acquisition, the Company must estimate the number of shares that will be earned and when they will be issued based on estimated discounted probabilities.

Fair value measurements

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company will engage third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of biological assets is disclosed in Note 5, the retained interest in Agripharm in Note 10(c) and financial assets and liabilities in Note 28.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New and revised IFRS in issue but not yet effective

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. The Company will adopt IFRS 15 effective April 1, 2018. The Company is currently completing its assessment of the impact of this new standard.

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39. The Company will adopt IFRS 9 effective April 1, 2018. The Company is currently completing its assessment of the impact of this new standard.

IFRS 16 Leases ("IFRS 16")

IFRS 16 was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for the Company for its annual period ending March 31, 2020 with early adoption permitted. The Company is continuing to assess the impact of this new standard on its financial position and financial performance.

4. AMOUNTS RECEIVABLE

Amounts receivable was comprised of:

		March 31, 2018		March 31, 2017
Accounts receivable	**$**	**5,863**	$	2,794
Commodity tax receivable		**15,262**		2,769
Interest receivable		**300**		252
Total amounts receivable	**$**	**21,425**	$	5,815

5. BIOLOGICAL ASSETS

The Company's biological assets consists of seeds and cannabis plants. The continuity of biological assets for the years ended March 31, 2018 and 2017 was as follows:

		March 31, 2018		March 31, 2017
Balance, beginning of year	**$**	**14,725**	$	5,321
Purchases of seeds		**271**		70
Acquired biological assets		**-**		1,691
Disposed biological assets due to disposal of consolidated entity (Note 10(c))		**(1,430)**		-
Unrealized gain on changes in fair value of biological assets		**100,302**		49,090
Increase in biological assets due to capitalized costs		**17,309**		11,983
Transferred to inventory upon harvest		**(114,829)**		(53,430)
Balance, end of year	**$**	**16,348**	$	14,725

5. BIOLOGICAL ASSETS (CONTINUED)

Biological assets are valued in accordance with IAS 41 and are presented at their fair values less costs to sell up to the point of harvest. The Company's biological assets are primarily cannabis plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data (Level 3).

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on selling prices less the costs to sell at harvest. For in process biological assets, the fair value at point of harvest is adjusted based on the stage of growth. As at March 31, 2018, on average, the biological assets were 12% complete as to the next expected harvest date, compared to a 43% average stage of completion as at March 31, 2017.

The significant unobservable inputs and their range of values are noted in the table below:

Unobservable Inputs	Range	Sensitivity
Estimated Yield per Plant – varies by strain and is obtained through historical growing results (trailing 6-months moving average) or grower estimate if historical results are not available.	25 grams/plant to 400 grams/plant	A slight increase in the estimated yield per plant would result in a significant increase in fair value, and vice versa.
Listed Selling Price of Dry Cannabis– varies by strain and is obtained through listed selling prices or estimated selling prices if historical results are not available.	$6 to $12/gram	A slight increase in the estimated selling price per strain would result in a significant increase in fair value, and vice versa.

6. INVENTORY

Inventory was comprised of the following items:

		March 31, 2018		March 31, 2017
Dry Cannabis				
Finished goods	**$**	**14,114**	$	2,478
Work-in-process		**51,309**		33,418
		65,423		35,896
Cannabis Oils				
Finished goods		**9,624**		2,085
Work-in-process		**20,574**		5,492
		30,198		7,577
Capsules - Finished goods		**2,705**		-
Seeds - Finished goods		**63**		74
		2,768		74
		98,389		43,547
Product for resale (vaporizers and other)		**571**		1,017
Supplies and consumables		**2,647**		1,417
	$	**101,607**	$	45,981

Inventories expensed during the year ended March 31, 2018, was $92,683 (year ended March 31, 2017 - $39,210).

The fair value changes in biological assets included in inventory sold and other inventory charges of $66,268 consists of fair value changes in biological assets included in inventory sold of $40,509 and other inventory charges of $25,759. Included in other inventory charges is a net realizable value adjustment for anticipated price changes of $8,431 and inventory write-offs of $7,903.

7. PREPAID EXPENSES AND OTHER ASSETS

The Company's prepaid expenses and other assets consists of the following:

	March 31, 2018	March 31, 2017
Prepaid packaging	**$ 8,774**	$ -
Prepaid expenses	**7,358**	2,934
Prepaid deposits	**842**	-
Restricted short-term investments	**664**	550
Other assets	**2,199**	801
	$ 19,837	$ 4,285

Other long-term assets of $8,340 includes deposits on property, plant and equipment amounting to $6,487 and a lease payment of $1,853 which is being amortized over the term of the lease.

8. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale represented a non-strategic facility that was sold on September 13, 2017, for $7,000 which equated to its carrying amount after adjusting for the deferred tax liability of $820. The Company has agreed to provide transitional services to the purchaser and has entered into a three-year supply agreement to provide medical cannabis and cannabis extracts to the purchaser.

9. PROPERTY, PLANT AND EQUIPMENT

A continuity of property, plant and equipment for the year ended March 31, 2018 is as follows:

COST

	Balance at April 1, 2017	**Additions**	**Additions from acquisitions**	**Disposal of consolidated entity**	**Transfers/ disposals**	**Balance at March 31, 2018**
Computer equipment	$ 4,181	$ 1,219	$ -	$ (101)	$ 942	**$ 6,241**
Office/lab equipment	831	626	-	(16)	279	**1,720**
Furniture and fixtures	875	348	109	-	49	**1,381**
Production equipment	11,132	4,511	468	(2,619)	15,272	**28,764**
Leasehold improvements	17,155	338	-	-	4,989	**22,482**
Building and improvements	43,449	3,799	-	(5,066)	25,331	**67,513**
Greenhouse and improvements	3,528	106	-	-	461	**4,095**
Land and improvements	2,397	5,728	345	-	-	**8,470**
Warehouse equipment	-	138	-	-	29	**167**
Assets in process	19,302	201,509	5,164	-	(48,977)	**176,998**
Total	$ 102,850	$ 218,322	$ 6,086	$ (7,802)	$ (1,625)	**$ 317,831**

ACCUMULATED DEPRECIATION

	Balance at April 1, 2017	**Depreciation**	**Disposal of consolidated entity**	**Transfers/ disposals**	**Balance at March 31, 2018**
Computer equipment	$ 889	$ 1,043	$ (31)	$ (1)	**$ 1,900**
Office/lab equipment	82	404	(5)	(2)	**479**
Furniture and fixtures	82	137	-	(1)	**218**
Production equipment	1,038	2,539	(587)	(260)	**2,730**
Leasehold improvements	1,930	1,510	-	12	**3,452**
Building and improvements	2,182	2,920	(217)	(64)	**4,821**
Greenhouse and improvements	358	155	-	-	**513**
Land and improvements	19	11	-	-	**30**
Warehouse equipment	-	6	-	-	**6**
Total	6,580	8,725	(840)	(316)	**14,149**
Net book value	$ 96,270				**$ 303,682**

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year ended March 31, 2018, the assets in process additions were $201,509 of which $71,155, $64,813, and $43,847 related to the expansion or growing operations at both BC locations, Smiths Falls Ontario, and Niagara-on-the-Lake, respectively. The remaining $21,694 was for ongoing projects at the Company's other subsidiaries.

On September 7, 2017, the Company acquired the parcel of land including an operational greenhouse adjacent to its current greenhouse facility in Niagara-on-the Lake. The purchase price of $8,865 was partially settled through the payment on closing of $6,000 cash and the issuance of 111,366 common shares with a value of $1,003. The balance will be paid through the issuance of common shares to a value of $2,000 calculated at the 5-day volume weighted average price ("VWAP") on the earlier of the completion of the facility's renovation and September 7, 2018. The value to be paid was discounted to arrive at the initial present value of the obligation of $1,862. The Company also capitalized $71 of acquisition costs. The newly acquired greenhouse is undergoing improvements and is recorded in assets in process.

A continuity of property, plant and equipment for the year ended March 31, 2017 is as follows:

COST

	Balance at April 1, 2016	Additions	Additions from acquisitions	Transfers/ disposals	Balance at March 31, 2017
Computer equipment	$ 958	$ 886	$ 313	$ 2,024	$ 4,181
Office/lab equipment	935	536	408	(1,048)	831
Furniture and fixtures	2,428	1,343	26	(2,922)	875
Production equipment	1,543	1,668	3,789	4,132	11,132
Leasehold improvements	37,620	2,972	229	(23,666)	17,155
Building and improvements	136	6,551	12,449	24,313	43,449
Greenhouse and improvements	2,951	-	-	577	3,528
Land and improvements	723	420	1,000	254	2,397
Warehouse equipment	-	-	-	-	-
Assets in process	403	18,771	5,138	(5,010)	19,302
Total	47,697	33,147	23,352	(1,346)	102,850

ACCUMULATED DEPRECIATION

	Balance at April 1, 2016	Depreciation	Transfers/ disposals	Balance at March 31, 2017
Computer equipment	$ 255	$ 516	$ 118	$ 889
Office/lab equipment	157	266	(341)	82
Furniture and fixtures	223	356	(497)	82
Production equipment	139	279	620	1,038
Leasehold improvements	1,714	2,455	(2,239)	1,930
Building and improvements	14	156	2,012	2,182
Greenhouse and improvements	211	118	29	358
Land and improvements	-	-	19	19
Warehouse equipment	-	-	-	-
Total	2,713	4,146	(279)	6,580
Net book value	$ 44,984			$ 96,270

The $23,666 cost adjustment from leasehold improvements is largely due to improvements which were made to the facility in Smiths Falls Ontario which were transferred to building and improvements upon acquisition on January 13, 2017. On January 13, 2017, the Company acquired the 472,000 square foot property at 1 Hershey Drive that currently houses Canopy Growth's headquarters and the Tweed production facilities for $7,163, including transaction costs of $179, from Tweed Hershey Drive Inc. ("Tweed Hershey"). Tweed Hershey was related through common ownership (the Company's CEO and Chairman is a significant shareholder of Tweed Hershey). The purchase price was partially settled with the issuance of 94,397 of the Company's common shares with a value of $858 and the rent deposit of $450. The shares were subject to a 4-month lockup. The remainder was paid in cash on closing. The portion of the facility that is not currently being used by the Company has been recorded in assets in process.

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Of the $1,346 net cost disposals/adjustments, $632 was transferred to intangibles as these amounts were composed of software. Refer to Note 11.

During the year ended March 31, 2017, the assets in process additions were $18,771 of which $15,997 related principally to the expansion or growing operations at Tweed in Smiths Falls Ontario.

10. ACQUISTIONS AND DISPOSALS

(a) Acquisitions completed in Fiscal 2018

The following table summarizes the balance sheet impact on the acquisition date of the Company's business combinations that occurred in the period ended March 31, 2018:

	Tweed Grasslands (i)	Tweed JA (ii)	Odense (iii)	Vert Mirabel (iv)	Other acquisitions (v)
Cash and cash equivalents	$ 59	$ 125	$ -	$ -	$ 7
Amounts receivable	16	-	-	-	14
Subscription receivable	-	3,669	-	-	-
Inventory	-	-	173	-	-
Prepaids and other assets	6	-	-	-	107
Property, plant and equipment	1,446	182	3,990	-	468
Goodwill	29,736	1,835	-	5,625	1,562
Accounts payable and accrued liabilities	(336)	(29)	-	-	(143)
Deferred tax liability	-	-	(297)	-	-
Net assets	30,927	5,782	3,866	5,625	2,015
Non-controlling interests	-	(2,013)	-	(2,839)	-
Net assets acquired	$ 30,927	$ 3,769	$ 3,866	$ 2,786	$ 2,015
Consideration paid in cash	$ 450	$ 100	$ 3,228	$ -	$ 166
Consideration paid in shares	6,381	-	-	-	1,850
Future cash consideration	-	3,669	-	-	-
Other consideration	2,382	-	-	3,750	-
Contingent consideration	21,714	-	-	-	-
Total consideration	$ 30,927	$ 3,769	$ 3,228	$ 3,750	$ 2,016
Consideration paid in cash	$ (450)	$ (100)	$ (3,228)	$ -	$ (166)
Less: Cash and cash equivalents acquired	59	125	-	-	7
Net cash (outflow) inflow	$ (391)	$ 25	$ (3,228)	$ -	$ (159)
Acquisition-related costs expensed	$ 302	$ 24	$ 33	$ 54	$ 213

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. None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes.

10. ACQUISTIONS AND DISPOSALS (CONTINUED)

(i) Tweed Grasslands Cannabis Inc. (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 be either 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 an issue price of $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 the milestones were achieved in fiscal 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.

For the year ended March 31, 2018, rTrees contributed a loss of $1,565.

(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 had received a provisional license to cultivate and sell medical cannabis. As of March 31, 2018, $2,000 of the subscription price has been advanced and the balance of the subscription price will be advanced based on funding milestones.

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 non-controlling interest recognized at the acquisition date was recorded at its proportionate share of the identifiable net assets.

For the year ended March 31, 2018, Tweed JA contributed a loss of $391.

(iii) Spectrum Cannabis Denmark ApS and acquisition of Odense operation

On September 20, 2017, the Company formed Spectrum Cannabis Denmark ApS ("Spectrum Denmark"). Spectrum Denmark will produce, cultivate and distribute medical cannabis products in Denmark. Spectrum Denmark will also seek to establish operations in other jurisdictions in Europe where federally lawful and regulated. The Company owns 62% of the issued shares of Spectrum Denmark and Danish Cannabis ApS ("Danish Cannabis") owns 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 grant date of September 20, 2017, 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. For the year ended March 31, 2018, the Company recorded $7,206 in share-based compensation related to these shares.

On December 5, 2017, Spectrum Denmark purchased a 40,000 square meter 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 and expense. Excluding the impact of the bargain purchase gain for the year ended March 31, 2018, Odense contributed a loss of $1,772. The accounting for the acquisition of Odense was only provisionally determined at December 31, 2017. The Company has now completed its final assessment of the accounting for this transaction.

10. ACQUISTIONS AND DISPOSALS (CONTINUED)

(iv) 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).

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 put option gives rise to a liability for the Company ("Vert Mirabel Put Liability") and is recorded in the Statements of Operations in Other long-term liabilities and is subsequently measured at fair value with changes in fair value recorded in net income in the period in which they arise. On the acquisition date the fair value of the Vert Mirabel Put Liability 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, 2018 the Vert Mirabel Put Liability was estimated to be $4,850 and the increase of $1,100 was recorded in Other income and expense. For further information on valuation techniques and significant unobservable inputs used to estimate the fair value refer to Note 28.

Through its direct and indirect voting rights, the Company controls Vert Mirabel. The greenhouse operation transferred by Bertrand meets the definition of a business and will be accounted for as a business combination. The Vert Mirabel Put Liability represents the consideration paid by Canopy for acquiring control of this greenhouse operation. On this date Vert Mirabel had no identifiable assets or liabilities so the offset is to goodwill. The non-controlling interests recognized at acquisition date were recorded at their proportionate share of fair value. The difference between their proportionate share and the consideration paid of $964 was recorded in equity. Given the limited time between the acquisition and the end of the third quarter the accounting for the acquisition of Vert Mirabel was only provisionally determined as of December 31, 2017. The Company has now completed its final assessment of the accounting for this acquisition.

The Company has agreed to purchase from Vert Mirabel 100% of the cannabis produced for a fixed price during an initial term of two years and thereafter, for a price computed with reference to the market price and has also guaranteed a minimum level of income for Vert Mirabel under this 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.

Canopy Rivers has committed to contribute up to $15,000 in cash, in exchange for Class A Preferred Shares with cumulative preferred dividends at a rate of 18%. Of this amount, $750 was advanced on closing.

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. For the year ended March 31, 2018, the Company recorded $1,131 in share-based compensation related to these shares.

Excluding the increase in the Vert Mirabel Put Liability f or the year ended March 31, 2018, Vert Mirabel contributed a loss of $1,411.

Acquisition related costs of $54 were recognized as an expense for the year ended March 31, 2018.

10. ACQUISITIONS AND DISPOSALS (CONTINUED)

(v) Other fiscal 2018 acquisitions

On August 28, 2017, the Company purchased 100% of the issued and outstanding shares of Spot Therapeutics Inc. ("Spot"), an ACMPR applicant based in Fredericton, New Brunswick. At closing, the Company issued 111,669 common shares to the shareholders of Spot which were recorded at an issue price of $8.90 per common share for consideration of $993. A second tranche payment which is estimated to be $907 will be satisfied by the issuance of additional common shares calculated using the VWAP for 20 days preceding satisfaction of tranche conditions. The payment is contingent on the performance of future services and the achievement of certain licensing and operational milestones. The second tranche payment will be treated as share-based compensation and the present value of $844 will be amortized rateably over the expected vesting period.

On January 24, 2018, the Company acquired certain assets, intellectual property, and assumed various lease contracts relating to Green Hemp Industries Ltd ("Green Hemp"), a veteran hemp farm operator based in Saskatchewan.

The consideration for the transaction included 24,577 common shares issued to Green Hemp. The 24,577 shares released on closing were recorded at an issue price of $34.87 per share for consideration of $857. Other consideration included a cash payment of $166 for total consideration of $1,023. A second tranche payment of 24,577 is contingent on the performance of future services and the achievement of certain milestones. This tranche will be treated as share-based compensation and the expense of $857 will be amortized rateably over the expected vesting period.

(b) Acquisitions completed in Fiscal 2017

The following table summarizes the balance sheet impact on the acquisition date of the Company's business combinations that occurred in the period ended March 31, 2017:

	Mettrum (i)	MedCann GmbH (ii)	Other acquisitions (iii)
Cash and cash equivalents	$ 12,309	$ -	$ 15
Amounts receivable	2,140	5	-
Biological assets	1,691	-	-
Inventory	5,022	137	-
Prepaids and other assets	1,184	102	24
Assets classified as held for sale	7,000	-	-
Property, plant and equipment	22,451	336	565
Intangible assets	131,009	784	12
Goodwill	207,081	9,209	4,024
Accounts payable and accrued liabilities	(5,663)	(107)	(115)
Debt	(3,576)	-	-
Other liabilities	(768)	-	-
Deferred tax liability	(29,546)	(60)	-
Net assets	350,334	10,406	4,525
Non-controlling interests	-	-	(19)
Net assets acquired	$ 350,334	$ 10,406	$ 4,506
Consideration paid in cash	$ -	$ -	$ 1,131
Consideration paid in shares	337,511	9,720	2,124
Other consideration	12,823	-	-
Contingent consideration	-	688	1,251
Total consideration	$ 350,334	$ 10,408	$ 4,506
Consideration paid in cash	$ -	$ -	$ (1,131)
Less: Cash and cash equivalents acquired	12,309	-	15
Net cash (outflow) inflow	$ 12,309	$ -	$ (1,116)
Acquisition-related costs expensed	$ 5,190	$ 372	$ 163

10. ACQUISTIONS AND DISPOSALS (CONTINUED)

(b) Acquisitions completed in Fiscal 2017 (continued)

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, along with the assembled work force for Mettrum. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes.

(i) Mettrum (renamed Spectrum Cannabis Canada)

On January 31, 2017, the Company purchased 100% of the issued and outstanding shares of Mettrum Ltd. ("Mettrum"), a producer and vendor of medical cannabis. Subsequent to year end, Mettrum Ltd. changed its name to Spectrum Cannabis Canada Ltd ("Spectrum Cannabis Canada").

The transaction was accounted for as a business combination. The consideration for the transaction was 34,265,042 shares issued at a price of $9.85 per share which totaled $337,511, less cash acquired of $12,309. Other consideration included $11,663 of replacement stock options, other share based payments of $480 and an effective settlement of accounts receivable of $680 for total consideration of $350,334. Mettrum shares and replacement options were exchanged at a ratio of 0.7132 Mettrum shares to 1 Canopy Growth share.

Acquisition related costs of $5,190 were recognized as an expense in the year ended March 31, 2017, $1,000 of which was satisfied by issuing 83,822 common shares at $11.93 per share.

For the year ended March 31, 2017, Mettrum accounted for $4,053 in net loss since January 31, 2017. This amount included $2,659 of unrealized gain on changes in fair value of biological assets and revenues of $3,033.

Had the business combination been effected at April 1, 2016, management estimates that the revenue of the Company would have been $15,428 higher and the net loss after income taxes of the Company would have increased by $12,673 for the year ended March 31, 2017.

Additional purchase consideration included replacement options and other stock based compensation offered to employees and directors of Mettrum including amounts provided to employees who were former shareholders of Apollo and Bodystream (refer to Note 20(c)).

Prior to the acquisition of Mettrum, the Company had accounts receivable of $680 from Mettrum. As a result of the business combination the preexisting relationship is effectively settled. The Company has increased the consideration transferred to account for this effective settlement.

(ii) MedCann GmbH (renamed Spektrum Cannabis GmbH)

On December 12, 2016, the Company purchased 100% of the issued and outstanding shares of MedCann GmbH, a German-based pharmaceutical importer and distributor who has successfully placed Tweed-branded cannabis strains in German pharmacies. Subsequent to the acquisition, MedCann GmbH Pharma and Nutraceuticals changed its name to Spektrum Cannabis GmbH.

In connection with the acquisition of MedCann GmbH, the Company will issue up to 1,165,272 common shares to former shareholders of MedCann GmbH, of which 674,631 were released on closing for consideration of $6,746 and 490,641 common shares will be held in escrow and either (i) released to the former shareholders of Medcann GmbH upon the satisfaction of certain milestones, or (ii) released to the Company for cancellation.

The shares to be issued based on license achievements were accounted for as equity classified contingent consideration. Management assessed the probability and timing of achievement then discounted to present value using a put option pricing model in order to derive a fair value of the contingent consideration of $3,660. In aggregate, the amount of contingent consideration is up to $4,906 and the fair value was $3,660 at the acquisition date based on the expected timing of achievement. On November 23, 2017 the Company released 367,981 of the shares being held in escrow. As of March 31, 2018, 122,660 remain in escrow.

For the year ended March 31, 2017, MedCann GmbH accounted for $542 in net loss from December 12, 2016 to March 31, 2017, which included revenues of $35.

10. ACQUISTIONS AND DISPOSALS (CONTINUED)

(ii) MedCann GmbH (renamed Spektrum Cannabis GmbH) (continued)

Had the business combination been effected at April 1, 2016, management estimates that the revenue of the Company would have been $106 higher and the net loss after income taxes of the Company would have increased by $462 for the year ended March 31, 2017.

(iii) Other fiscal 2017 acquisitions

On November 1, 2016, the Company purchased 100% of the issued and outstanding shares of Vert Médical Inc. – Green Medical Inc., a Quebec-based company that began its application for federal government approval to produce medical cannabis in 2013. On acquisition, the entity was amalgamated as Vert Cannabis Inc. ("Vert"). In connection with the acquisition of Vert, the Company paid $498 and will issue up to 294,900 common shares to former shareholders of Vert, of which 58,978 were released on closing for consideration of $413 and 235,922 common shares were held in escrow and will be released to the former shareholders of Vert upon the satisfaction of certain milestones.

The shares to be issued based on license achievements were accounted for as equity classified contingent considerationManagement assessed the probability and timing of achievement and then discounted to present value using a put option pricing model. In aggregate, the amount of contingent consideration is up to $1,651 and the fair value was $1,251 at November 1, 2016. In January 2018, 147,453 shares were released from escrow. As of March 31, 2018, 88,469 remain in escrow.

On November 1, 2016, the Company purchased 75% of the issued and outstanding shares of Hemp.CA. Through the acquisition, the Company obtained a hemp production license and Hemp.CA brands and digital properties. In connection with the acquisition of Hemp.CA, the Company paid $595 and will issue up to 258,037 common shares to former shareholders of Hemp.CA, of which 129,021 were issued on closing and 129,016 common shares were to be held in escrow until April 1, 2017. The common shares held in escrow were discounted to present value and amounted to $808 at November 1, 2016. In total, the consideration for the transaction was $2,344 which included $338 in cash, $295 paid on March 30, 2017, $903 in common shares issued and $808 in common shares held in escrow. On April 1, 2017, the Company released the remaining 129,016 common shares held in escrow in relation to the Hemp.CA purchase.

The non-controlling interest (25% ownership interest in Hemp) recognized at acquisition date was recorded at their proportionate share of the identifiable net assets.

(c) Disposal of Consolidated Entity

Agripharm Corp. ("Agripharm') holds the lease and a Health Canada license for a facility at Creemore, Ontario. Prior to December 1, 2017, Agripharm was a wholly-owned subsidiary of the Company. 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.

10. ACQUISTIONS AND DISPOSALS (CONTINUED)

(c) Disposal of Consolidated Entity (continued)

Following this transaction, the Company no longer controls Agripharm and the Company derecognized the assets and liabilities of Agripharm from its 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 derecognized assets and liabilities on November 30, 2017, were as follows:

Cash and cash equivalents	$	(17)
Amounts receivable		158
Inventory		21
Biological assets		1,430
Prepaids and other assets		451
Property, plant and equipment		6,962
Intangible assets		26,282
Goodwill		2,259
Accounts payable and accrued liabilities		(1,194)
Capital lease obligations		(1,073)
Deferred tax liability		(5,699)
Net assets disposed	$	29,580
Fair value of retained interest		38,400
Gain on disposal of consolidated entity	$	8,820

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 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.

Through its ownership and other rights, the Company continues to have significant influence over Agripharm and will account for its retained interest in Agripharm using the equity method of accounting. The investment will initially be recognized at its fair value and adjusted thereafter to recognize the Company's share of net income or loss and other comprehensive income. Transaction costs of $311 have been included in the carrying value of the investment. The Company will record its share of net income or loss one quarter in arrears with adjustments for any significant transactions. To the extent that there are differences between the fair value of the assets and liabilities of Agripharm and the book value of these assets and liabilities that would impact earnings the Company has accounted for these differences in its equity earnings in the investee.

The Company also entered into an agreement with Agripharm whereby Agripharm has committed to sell up to 100% of the output produced by Agripharm to the Company, subject to the right of Agripharm to sell up to 25% of its products directly in its own physical brick-and-mortar retail locations, if permitted by applicable law. The price to be paid is cost plus a percentage of profit margin.

Contemporaneously with entering into the above agreement, Canopy Rivers committed to advance up to $20,000 to Agripharm under a repayable debenture and royalty agreement. Under the repayable debenture and royalty agreement, Canopy Rivers will receive a royalty for a term of 20 years. The repayable debenture and royalty is being accounted for as one instrument and is classified as loans and receivables and is being measured at amortized cost. To date, $3,000 has been advanced under the royalty agreement and $nil advanced under the repayable debenture.

10. ACQUISTIONS AND DISPOSALS (CONTINUED)

(c) Disposal of Consolidated Entity (continued)

As part of the consideration for entering into the repayable debenture and royalty agreement, Canopy Rivers also received a warrant to acquire 4% of Agripharm for $5,000. The warrant expires the later of November 16, 2020, or two years after Agripharm becomes a public company. The warrant represents a derivative financial instrument that is initially measured at fair value and subsequently measured to its fair value at the end of each reporting period, with changes in fair value recorded through profit or loss. On initial recognition the fair value of the warrant was estimated as $586 using a Black-Scholes model. The fair value of the warrant was recorded as a reduction to the $3,000 receivable under the royalty agreement which resulted in the residual amount of $2,414 being allocated to the royalty receivable. Estimated future cash flows to be received under the repayable debenture and royalty agreement will be discounted back to the amounts advanced to Agripharm by Canopy Rivers, net of the warrant received, at the effective interest rate. Amounts received by Agripharm will be allocated to reduce the principal amount owing and interest payments based on the effective interest rate. Estimated future cash flows will be updated at each reporting date based on the most recent information available.

11. INTANGIBLE ASSETS AND GOODWILL

A continuity of the intangible assets for the year ended March 31, 2018 is as follows:

COST

	Balance at April 1, 2017	Additions	Additions from acquisitions	Disposals/ adjustments	Exchange differences	Balance at March 31, 2018
Health Canada licenses	$ 92,200	$ -	$ -	$ (27,600)	$ -	**$ 64,600**
Distribution channel	38,900	-	-	-	-	**38,900**
Product rights	28,000	-	-	(28,000)	-	**-**
Brand	3,410	-	2,632	-	-	**6,042**
Import license	795	-	-	-	46	**841**
Software	1,197	117	-	143	(2)	**1,455**
Domain name	54	-	-	-	-	**54**
Intangibles in process	92	1,646	600	(194)	-	**2,144**
Internally generated intangibles in process	-	326	-	-	-	**326**
Total	$ 164,648	$ 2,089	$ 3,232	$ (55,651)	$ 44	**$ 114,362**

ACCUMULATED AMORTIZATION

	Balance at April 1, 2017	Amortization	Disposals/ adjustments	Exchange differences	Balance at March 31, 2018
Health Canada licenses	$ 985	$ 2,957	$ (1,318)	$ -	**$ 2,624**
Distribution channel	1,000	8,077	-	-	**9,077**
Import license	57	155	-	7	**219**
Software	305	557	-	1	**863**
Domain name	38	15	-	-	**53**
Total	2,385	11,761	(1,318)	8	**12,836**
Net book value	$ 162,263				**$ 101,526**

A significant disposal of intangible assets in the period related to the disposal of Agripharm which resulted in a net derecognition of the related Health Canada License of $26,282. Refer to Note 10 (c).

11. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The product rights were acquired as part of the acquisition of Bedrocan Canada Inc. that was completed in August 2015. On July 14, 2017 Bedrocan Canada Inc., a wholly owned subsidiary of the Company, commenced arbitration proceedings against Bedrocan International BV ("Bedrocan International") seeking performance of Bedrocan International's contractual obligations under the licensing and distribution agreement between the parties. During the fourth quarter of fiscal 2018 the Company initiated settlement negotiations with Bedrocan International which would include the orderly termination of the licensing and distribution agreement. As a result of these developments management has estimated that the recoverable amount for these product rights would be minimal and an impairment loss of $28,000 has been recognized in the Consolidated Statements of Operations within Other Income.

On February 7, 2018, the Company acquired a brand, certain technology, and lab equipment in exchange for the issuance of 117,253 common shares with a value of $3,239. The Company capitalized $43 of acquisition costs related to this transaction. Lab equipment of $50 was recorded to property plant, and equipment with the remaining $3,232 recorded to intangible assets. Under the terms of the transaction, the sellers will receive additional shares up to a value of $1,065 if certain milestones are met. This variable consideration will be recorded if and when these milestones are achieved. On closing of the transaction the sellers entered in to consulting agreements with the Company. As additional consideration for entering in to these agreements they will receive shares to a value of $1,127, based on the 5 day VWAP at the time the shares are issued, which will be recorded as share based compensation expense over the term of the agreements.

A continuity of the intangible assets for the year ended March 31, 2017 is as follows:

COST

	Balance at April 1, 2016	Additions	Additions from acquisitions	Disposals/ adjustments	Exchange differences	**Balance at March 31, 2017**
Health Canada licenses	$ 4,000	$ -	$ 88,200	$ -	$ -	**$ 92,200**
Distribution Channel	-	-	38,900	-	-	**38,900**
Product rights	28,000	-	-	-	-	**28,000**
Brand	-	-	3,410	-	-	**3,410**
Import license	-	-	779	-	16	**795**
Software	-	49	516	632	-	**1,197**
Domain name	54	-	-	-	-	**54**
Intangibles in process	-	92	-	-	-	**92**
Total	32,054	141	131,805	632	16	**164,648**

ACCUMULATED AMORTIZATION

	Balance at April 1, 2016	Amortization	Disposals/ adjustments	Exchange differences	**Balance at March 31, 2017**
Health Canada licenses	$ 166	$ 819	$ -	$ -	**$ 985**
Distribution Channel	-	1,000	-	-	**1,000**
Import license	-	57	-	-	**57**
Software	-	31	274	-	**305**
Domain name	27	11	-	-	**38**
Total	193	1,918	274	-	**2,385**
Net book value	$ 31,861				**$ 162,263**

11. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

The net change in goodwill is as follows:

As at March 31, 2016		$	20,866
Additions from acquisitions of subsidiaries	10(b)		220,314
Exchange differences			191
As at March 31, 2017			241,371
Additions from acquisitions of subsidiaries	10(a)		38,758
Additions from acquisition of joint operation	13		36,400
Disposal of consolidated entity	10(c)		(2,259)
Exchange differences			653
As at March 31, 2018		$	314,923

12. FORMATION OF CANOPY RIVERS

On May 12, 2017, the Company advanced $20,000 in the form of a convertible debenture to a newly formed subsidiary company, Canopy Rivers. Other investors advanced $953 of seed capital to purchase 19,066,667 Class B common shares, including $503 that was advanced by certain employees of the Company and a consultant, where the Company provided a share purchase loan which was used to pay for the Class B common shares.

On June 16, 2017, Canopy Rivers completed a Class B common share offering for aggregate gross proceeds of $36,899 at which time the convertible debenture including interest of $57 was converted into Class A common shares of Canopy Rivers. This included shares with a value of $668 that were issued in exchange for services. Share issue costs net of the related tax benefit were $1,709. Through these Class A common shares, the Company's ownership interest in Canopy Rivers was 34.1%, and represented 91.2% of the voting rights. 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. The difference between the consideration paid by investors to acquire the non-controlling interests and the net assets acquired of $1,065 has been recorded as a decrease to equity attributable to the parent.

Under the share purchase loan, the Company's recourse is limited to the shares purchased by the employees and the individual. Accordingly, it is accounted for as a grant of options to acquire 8.7% of Canopy Rivers at $0.05 per Class B common share. The shares treated as options will be considered exercised on the repayment of the loan. The shares purchased by employees and the consultant have been placed in trust and vest in 3 equal tranches over 3 years if the employees remain as employees of the Company and the individual remains as a consultant and the loan is repaid. In certain cases, there are also additional performance targets. The shares were measured at fair value on May 12, 2017 using a Black-Scholes model and will be expensed over their vesting period. Shares issued to non-employees will be remeasured until their performance is complete. Where there are performance conditions in addition to service requirements, the Company has estimated the number of shares it expects to vest and is amortizing the expense over the expected vesting period. For the year ended March 31, 2018, the Company recorded $3,090 in share-based compensation expense related to this arrangement with a corresponding increase to non-controlling interests.

During fiscal 2018 Canopy Rivers granted 3,475,000 options to purchase Class B common shares to employees of the Company and 2,440,000 options to purchase Class B common shares to consultants of the Company. The options have an exercise price of $0.60 per Class B common shares and are exercisable in increments, with one third being exercisable on each of the first, second and third anniversaries from the date of grant. The expiry date of the options ranges from December 4, 2022 to March 26, 2023. The options were measured at fair value at the date of issuance using a Black-Scholes model and will be expensed over their vesting period. Shares issued to non-employees will be remeasured until their performance is complete. For the year ended March 31, 2018, the Company recorded $489 in share-based compensation expense related to this arrangement with a corresponding increase to non-controlling interests.

12. FORMATION OF CANOPY RIVERS (CONTINUED)

On January 8, 2018 Canopy Rivers completed a non-brokered private placement of 23,636,365 Class B common shares for aggregate proceeds of $26,000 including $5,141 invested by Canopy Growth. Canopy Rivers incurred and paid $738 in issuance costs related to this offering net of the associated tax benefit. Following this round Canopy Growth's interest and voting rights were reduced to 31.5% and 89.1%, respectively. An amount of $1,047 has been recorded as an increase in the equity attributable to the parent which represents the change in the carrying amount of the non-controlling interest as a result of the difference between the consideration paid and the net assets acquired and the dilution of Canopy's ownership interest.

13. JOINT OPERATION

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"). BC Tweed is 66.67% owned by the Company and 33.33% owned by the Partner. Since the decisions over relevant activities are jointly determined the Company has concluded that the Company and the Partner have joint control over BC Tweed. As part of the transaction, BC Tweed agreed to lease from the Partner a 1.3 million square feet greenhouse facility located on a 55-acre parcel of land in British Columbia ("BC lease 1"). In December 2017, BC Tweed agreed to lease and develop a second greenhouse of 1.7 million square feet ("BC lease 2") from the Partner. BC Tweed intends to retrofit the facilities for cannabis production and obtain the necessary sales and cultivation licenses under ACMPR.

The Partner has the option to sell its interest in BC Tweed, in whole or in part, to the Company. This put option is 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 is accounted for as a liability of the Company ("BC Tweed Put Liability") and is recorded on the Statements of Financial Position in Other long-term liabilities and is subsequently measured at fair value with changes in fair value recorded in net income in the period in which they arise. On acquisition date the fair value of the BC Tweed Put Liability 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 Put Liability was estimated to be $56,300 and the increase of $19,900 was recorded in the Statement of Operations (Note 21). For further information on valuation techniques and significant unobservable inputs used to estimate the fair value refer to Note 28.

The greenhouse operation transferred by the Partner meets the definition of a business and will be accounted for as a business combination. The BC Tweed Put Liability represents the consideration paid by Canopy for acquiring its interest in this greenhouse operation and the Company will recognize a liability equal to the present value of the BC Tweed put option strike price. Since the operation had no identifiable assets or liabilities the offset is to goodwill. Given the limited time between the acquisition and the end of the third quarter the accounting for the acquisition of BC Tweed was only provisionally determined as of December 31, 2018. The Company has now completed its final assessment of the accounting for this acquisition.

To fund the development of BC Tweed, the Company will contribute, in multiple tranches, an aggregate of $20,000 in cash, of which approximately $1,000 was advanced at closing in exchange for Class A preferred shares with cumulative preferred dividends with a dividend rate of 24%. To the extent that BC Tweed requires funding beyond the initial $20,000 in cash, the Company has committed to provide additional funding in the form of preferred shares with prime rate plus 3% cumulative preferred dividends that will rank in seniority to the Class A preferred shares. The Company is obligated to purchase from BC Tweed 100% of the cannabis produced for a fixed price per gram for the first two years of the agreement and thereafter at a price that is computed with reference to the market price and has also guaranteed a minimum level of income for BC Tweed under this agreement. At March 31, 2018, the Company has advanced $79,879 to BC Tweed for preferred shares.

The Company will upon various milestones being achieved 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 will be accounted for as share-based compensation expense. The grant date fair value of the share-based compensation was $6,731. The Company is amortizing the expense over the estimated vesting period. In the year ended March 31, 2018, the Company recorded $5,001 in share-based compensation related to these shares.

13. JOINT OPERATION (CONTINUED)

As part of the transaction, BC Tweed entered into call/put option agreements with the Partner to acquire all of 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. The put option can only be exercised if BC Tweed exercises the call option (and gives the Partner the ability to receive the option price in Class B preferred shares of BC Tweed as opposed to cash). The purchase price for acquiring the limited partnership units of the entity which owns the BC lease 1 property is $28,000 less any and all liabilities of the limited partnership (this price will increase by 3% per year from the license date with further increases of 8% per year starting after the fifth anniversary from the license date until the end of the call/put option period, as applicable). The purchase price for acquiring the limited partnership units of the entity which owns the BC lease 2 property is $45,000 less any and all liabilities of the limited partnership (this price will increase by 3% per year from the license date with further increases of 8% per year starting after the fifth anniversary from the license date until the end of the call/put option period, as applicable). Since these options represent options to acquire the limited partnership units, the options will be accounted for as derivative financial instruments which will be recognized initially and subsequently at fair value through profit or loss. At inception and March 31, 2018, the fair value of these options is $nil as the exercise price of the option approximates the fair value of the limited partnership units.

BC Tweed also entered into a management services agreement with the Partner.

Excluding the increase in the put liability and the partner expense paid to the Partner f or the year ended March 31, 2018 BC Tweed contributed a loss of $19,907.

Acquisition related costs of $641 were recognized as an expense in the year ended March 31, 2018.

14. NON-CONTROLLING INTERESTS

The following table presents the summarized financial information about the Company's subsidiaries that have non-controlling interests. This information represents amounts before intercompany eliminations.

As at March 31, 2018	Canopy Rivers	Tweed JA	Vert Mirabel
Cash and cash equivalents	$ 46,299	$ 12	$ 508
Amounts receivable	519	-	650
Subscription receivable	-	1,769	-
Prepaid expenses and other assets	2	-	94
Investments in associates	13,225	-	-
Other financial assets	57,491	-	-
Property, plant and equipment	2,610	1,677	6,818
Preferred shares	5,455	-	-
Goodwill	-	1,939	5,625
Accounts payable and accrued liabilities	(4,705)	(451)	(3,940)
Other current liabilities	-	-	(88)
Other long-term liabilities	-	-	(5,455)
Deferred tax liability	(4,502)	-	-
Non-controlling interests	(80,844)	(1,686)	(2,155)
Equity attributable to Canopy Growth	$ 35,550	$ 3,260	$ 2,057

14. NON-CONTROLLING INTERESTS (CONTINUED)

The net change in the non-controlling interests is as follows:

	Canopy Rivers	Tweed JA	Vert Mirabel	Other non-material interests[1]	Total
As at March 31, 2016	$ -	$ -	$ -	$ -	$ -
Net(loss)/income	-	-	-	(51)	(51)
Acquisitions	-	-	-	19	19
As at March 31, 2017	-	-	-	(32)	(32)
Net (loss)/income	17,490	(366)	(721)	(184)	16,219
Other comprehensive income	3,998	39	-	(4)	4,033
Share-based compensation	3,579	-	-	-	3,579
Acquisitions and ownership changes[2]	55,777	2,013	2,876	-	60,666
As at March 31, 2018	**$ 80,844**	**$ 1,686**	**$ 2,155**	**$ (220)**	**$ 84,465**

[1] Includes the non-controlling interests in Groupe H.E.M.P. CA and Spectrum Chile S.A.
[2] Includes $2,839 arising on acquisition and $37 arising on the change in ownership interest in Canopy Rivers

15. INVESTMENTS IN ASSOCIATES

The following table outlines changes in the investments in associates that are accounted for using the equity method. In accordance with IAS 28 Investments in Associates and Joint Ventures in cases where the Company does not have the same reporting date as its associates the Company will account for its investment one quarter in arrears. Accordingly the figures in the following tables are based on values at December 31, 2017 with adjustments for any significant transactions.

Entity	Instrument	Note	Participating share	Balance at March 31, 2017	Additions	Share of net (loss)/ income	Interest income	Balance at March 31, 2018
Agripharm	shares	10(c)	40.0%	$ -	$ 38,711	$ (232)	$ -	$ 38,479
TerrAscend	shares	15(i)	24.0%	-	16,978	(66)	-	16,912
Radicle	convertible debenture	15(ii)	23.8%	-	5,000	(136)	(110)	4,754
CHI	shares	15(iii)	43.0%	-	4,000	(1,039)	-	2,961
Bedrocan Brasil	shares	15(iv)	39.8%	-	-	-	-	-
Entourage	shares	15(iv)	40.0%	-	-	-	-	-
				$ -	$ 64,689	$ (1,473)	$ (110)	$ 63,106

The following table presents current and non-current assets, current and non-current liabilities as well as revenues and profit or loss of the Company's investments in associates:

Entity	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Loss[1]
Agripharm	$ 4,671	$ 90,716	$ 1,391	$ 10,896	$ -	$ (557)
TerrAscend	53,693	15,369	1,692	-	-	(6,805)
Radicle	2,576	4,382	94	7,174	-	(506)
CHI	12,160	123	364	-	-	(3,949)
Bedrocan Brasil	659	-	34	-	-	(162)
Entourage	1,749	224	2,056	-	-	(2,061)
	$ 75,508	**$ 110,814**	**$ 5,631**	**$ 18,070**	**$ -**	**$ (14,040)**

[1] For the year ended December 31 except for Agripharm which is from the period of December 1, 2017 to December 31, 2017 as this represents the period post derecognition

15. INVESTMENTS IN ASSOCIATES (CONTINUED)

(i) TerrAscend Corp. ("TerrAscend") is a publicly traded licensed producer under ACMPR. On December 8, 2017, the Company subscribed for 9,545,456 units of TerrAscend directly, and 9,545,456 units indirectly through its subsidiary Canopy Rivers, for $1.10 per unit. Each unit included one common share of TerrAscend and one common share purchase warrant. The warrants are exercisable until December 8, 2020 at $1.10 per common share. The Company has 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 an additional 1,740,000 common shares of TerrAscend directly and 1,740,000 shares indirectly through its subsidiary Canopy Rivers under a block trade at a price of $1.00 per share.

Following these transactions, the Company directly and indirectly owns 24% of the issued and outstanding shares of TerrAscend and the Company has concluded it has significant influence over TerrAscend and will account for its investment in these common shares using the equity method. Costs of $38 have been capitalized to the cost of the investment.

The warrants represent a derivative financial instrument that is initially measured at fair value in other financial assets and subsequently remeasured to its fair value at the end of each reporting period with changes in fair value through profit or loss.

TerrAscend has agreed to sell the Company approximately 25% of its current production for a term of 2 years upon receiving its license to sell cannabis, renewal annually for an additional one-year term.

(ii) Radicle Medical Marijuana Inc. ("Radicle") is an ACMPR applicant. Canopy Rivers has entered into funding arrangements with Radicle and its affiliates whereby they have committed to invest $5,000 in the form of a convertible debenture and $5,000 in a repayable debenture and has also entered into a royalty agreement with Radicle. The debentures bear interest at 5%, payable quarterly in cash, and are due at the earlier of 24 months or the date Radicle receives a sales license and are secured against all of its assets. Assuming Radicle receives a sales license before maturity, the convertible debenture automatically converts into common shares and the repayable debenture will convert into the royalty interest. Under the royalty agreement, Canopy Rivers will receive a royalty for a term of 20 years. To date $5,000 has been advanced under the convertible debenture and $3,000 has been advanced under the repayable debenture.

The convertible debenture is convertible into 23.8% of the common shares and this interest, together with other rights provided under the agreements, give Canopy Rivers significant influence over the investee and Canopy Rivers is accounting for the investment using the equity method.

The repayable debenture and royalty agreement is being accounted for as one instrument and is classified as loans and receivables and being measured at amortized cost.

Canopy Growth also entered into an agreement with Radicle whereby they have committed to sell a specified portion of their output to Canopy Growth.

(iii) Canopy Health Innovations ("CHI") was formed in December 2016 to act as a cannabis research incubator. On December 21, 2016, CHI closed an initial round of financing for gross proceeds of approximately $7,000. Following this investment, the Company had a 46.15% ownership interest in CHI, however had a $nil balance at March 31, 2017. During the quarter ended September 30, 2017, CHI closed a second round of financing for $8,842 which included $4,000 invested by the Company. The Company's ownership interest is currently 43.0%.

(iv) Bedrocan Brasil S.A. ("Bedrocan Brasil") was formed in September 2016 to facilitate the importation of Bedrocan International's proprietary standardized cannabis varieties and the Company's know-how into the Brazilian market. At the same time, the Company partnered with Entourage Phytolab S.A. ("Entourage") to develop cannabis-based pharmaceutical medical products for the Brazilian and international markets. The Company currently holds a 39.762% interest in Bedrocan Brasil and 39.990% interest in Entourage, however has a $nil balance at March 31, 2018.

16. OTHER FINANCIAL ASSETS

The following table outlines changes in other financial assets. Additional details on how fair value is calculated is included in Note 28.

Entity	Instrument	Note	Accounting method	Balance at March 31, 2017	Additions	FVTOCI [1]	FVTPL	Interest revenue	Balance at March 31, 2018
TerrAscend	warrants	15(i)	FVTPL	$ -	$ 7,540	$ -	$ 67,614	$ -	$ 75,154
AusCann	shares	16(i)	FVOCI	18,328	1,214	19,544	-	-	39,086
AusCann	options	16(i)	FVTPL	5,702	-	-	4,785	-	10,487
JWC	shares	16(ii)	FVTOCI	-	3,863	6,728	-	-	10,591
JWC	warrants	16(ii)	FVTPL		112		702	-	814
JWC	royalty interest	16(ii)	amortized cost	-	2,500	-	-	162	2,662
Agripharm	royalty interest	10(c)	amortized cost	-	2,414	-	-	(88)	2,326
Agripharm	warrants	10(c)	FVTPL	-	586	-	(139)	-	447
Vapium	shares	16(iii)	cost	-	1,210	-	-	-	1,210
Radicle	repayable debenture	15(ii)	amortized cost	-	3,000	-	-	75	3,075
HydRx	shares	16(iv)	FVTOCI		-	12,401	-	-	12,401
HydRx	warrants	16(iv)	FVTPL	-	-	-	5,210	-	5,210
				$ 24,030	$ 22,439	$ 38,673	$ 78,172	$ 149	$ 163,463

[1] Changes in fair value through other comprehensive income ("FVTOCI")

(i) AusCann Group Holdings Ltd. ("AusCann"), operates in Australia's medical cannabis industry and is listed on the Australian Stock Exchange. The Company holds 29,865,000 ordinary shares of AusCann, which represents 11% of the issued and outstanding shares at March 31, 2018, and 7,677,639 options. Of the currently held shares, 27,465,000 have been placed in escrow until February 3, 2019. The options are exercisable at AUD$ 0.20 and expire on January 19, 2020. Any shares received on exercise of the options will also be held in escrow until February 3, 2019.

For the year ended March 31, 2017, a gain of $15,900 (net of $2,428 in taxes) was recorded relating to the AusCann shares in fair value changes on available for sale financial assets and a gain of $5,702 was recorded on the AusCann options in other income (expense).

(ii) James E. Wagner Cultivation Ltd. ("JWC") is an ACMPR applicant. During the quarter ended September 30, 2017, Canopy Rivers acquired 37,000 common shares and 5,000 warrants for $3,975, advanced $2,500 under a repayable debenture and also entered into a royalty agreement with JWC. The repayable debenture bears interest at 8%, payable quarterly in cash, and is due at the earlier of 18 months or the date the applicant receives a sales license and is secured by the assets of the applicant. As JWC received a sales license before maturity, the principal amount drawn under the repayable debenture automatically converted into a royalty interest. Under the terms of the royalty agreement, the Company will receive a royalty per gram of applicable JWC cannabis production for a term of 20 years.

The repayable debenture and royalty agreement is being accounted for as one instrument and is classified as loans and receivables and being measured at amortized cost. The carrying value approximates its fair value.

The common shares represent an 14.7% ownership interest in JWC. JWC is a private company and prior to March 31, 2018, the fair value of the Company's equity interest could not be reliably measured and the common shares and warrants were carried at their cost of $3,863 and $112, respectively. Subsequent to year end, JWC completed a financing that provided a measure of the fair value of the common shares and warrants and the shares and warrants were adjusted to their fair value of $10,591 and $814, respectively. The difference between their carrying amount of the shares and this fair value was recorded in other comprehensive income and the difference between the carrying amount of the warrants and this fair value for the warrants.

Canopy Growth also entered into agreements with JWC whereby they have committed to sell a specified portion of their output to Canopy Growth.

16. OTHER FINANCIAL ASSETS (CONTINUED)

(iii) Vapium Incorporated ("Vapium") is a company that designs and engineers portable vaporizer devices. On September 29, 2017, the Company acquired a 9.93% ownership interest for a cash investment of $960. On November 27, 2017, the Company exercised an option to acquire additional shares for $250 and increased its ownership to 12.24%. Vapium is a private company and the fair value of the instrument is not reliably determinable such that the investment is being carried at cost.

(iv) HydRx Farms Ltd. ("HydRx"), operates as Scientus Pharma Inc. The Company holds 3,100,307 shares and 1,860,680 warrants in the HydRx which represents a 8.7% ownership interest. HydRx is a private company and prior to February 2018 the fair value of the Company's equity interest could not be reliably measured and the common shares and warrants were carried at their cost amount of $nil. In the quarter ended March 31, 2018 the Company completed a financing that provided a measure of the fair value of the common shares and warrants and the shares and warrants were adjusted to their fair value of $12,401 and $5,210, respectively. The difference between their carrying amount of the shares and this fair value was recorded in other comprehensive income and the difference between the carrying amount of the warrants and the fair value of the warrants was recorded in other income (expense).

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2018		March 31, 2017
Trade payables	**$**	**46,175**	$	5,661
Accrued liabilities		**43,396**		9,725
Total accounts payable and accrued liabilities	**$**	**89,571**	$	15,386

The accounts payable and accrued liabilities balance of $89,571 (2017 – $15,386) is comprised of amounts for property, plant and equipment of $62,034 (2017 – $2,804), professional fees of $7,391 (2017 – $1,642), compensation related liabilities of $5,747 (2017 – $2,349), and other miscellaneous liabilities of $14,399 (2017 – 8,591).

18. LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

(a) Long-term debt

	Maturity Date	**March 31, 2018**	March 31, 2017
Mortgage payable with a five-year term and amortization period of seven years bearing an annual interest rate of 4.9%	August 1, 2021	**$ 2,777**	$ 3,210
Mortgage payable with a five-year term and amortization period of seven years bearing an annual interest rate of 5.3%	December 1, 2019	**1,089**	1,345
Mortgage payable with a five-year term and amortization period of seven years bearing an annual interest rate of 4.8%	December 1, 2020	**2,648**	2,994
Term loan at 10% interest with monthly repayment	October 1, 2024	**1,564**	1,724
Finance lease obligations with interest rates between 5.9%-17.1%, and terms between 2-5 years, liens against the related leased equipment		**344**	1,057
		8,422	10,330
Less: current portion		**(1,557)**	(1,691)
Long-term portion		**$ 6,865**	$ 8,639

The mortgage with a maturity date of August 1, 2021 is secured by a first charge mortgage on the Tweed Farms property, a first position on a Tweed Farms general security agreement and a specific security interest, backed by a corporate guarantee from the Company.

The mortgage with a maturity date of December 1, 2019 is secured by a first charge on the Tweed Farms property.

In respect of the mortgage with a maturity date of December 1, 2020, the mortgage is secured by a first charge on the Mettrum Bowmanville property.

The mortgages payable, all with Farm Credit Canada, a Canadian Crown Corporation can be prepaid at any time but is subject to a prepayment fee equal to the greater of (a) three months' interest on the amount being prepaid or (b) the amount of interest lost by the lender over the remaining term of the loan on the amount being prepaid.

The Company also has revolving lines of credit for up to $5,500 with Farm Credit Corporation, with variable interest rates based on the CIBC prime rate plus 1.2% with a 5 year term and interest only payments on drawn amounts, but is payable on demand or may be prepaid at any time at the option of the Company. The lines of credit are subject to disbursement conditions related to capital expenditures at Tweed Farms and Mettrum. The lines of credit were undrawn as at March 31, 2018 and March 31, 2017.

The term loan was added to the existing lease agreement for the Toronto facilities and is held by a related party. The loan accrues interest at 10% annually and is payable over the initial ten-year term of the amended lease to October 1, 2024 by way of additional monthly rent of $27, which includes principal and interest payments.

18. LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES (CONTINUED)

Principal repayments required on the long-term debt in the next five fiscal years are as follows:

2019	$	1,547
2020		2,048
2021		2,537
2022		1,588
2023		263
Thereafter		439
	$	8,422

(b) Other long-term liabilities

At March 31, 2018 other long-term liabilities of $61,150 is comprised of the BC Tweed Put Liability (Note 13) with a fair value of $56,300 and the Vert Mirabel Put Liability (Note 10(a)(iv)) with a fair value of $4,850.

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

			Non-cash changes		
	April 1, 2017	**Cash flows**	**Acquisition/ Disposal**	**New leases**	**March 31, 2018**
Long-term borrowings	$ 9,273	$ (1,195)	$ -	$ -	**$ 8,078**
Finance lease obligations	1,057	(336)	(396)	19	**344**
Long-term debt	$ 10,330	$ (1,531)	$ (396)	$ 19	**$ 8,422**

			Non-cash changes		
	April 1, 2016	Cash flows	Acquisition/ Disposal	New leases	March 31, 2017
Long-term borrowings	$ 3,457	$ 2,813	$ 3,003	$ -	$ 9,273
Finance lease obligations	565	(12)	504	-	1,057
Long-term debt	$ 4,022	$ 2,801	$ 3,507	$ -	$ 10,330

20. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares.

(i) *Equity Raises*

During fiscal 2018 the Company completed the following equity financings:

	Number of Shares	**Share Capital**
Equity financing - February 7, 2018 - net of share issue costs of $8,615	5,800,000	$ 192,065
Equity investment from Greenstar - November 2, 2017 - net of share issue costs of $707	18,876,901	173,765
Equity financing - July 21, 2017 - net of share issue costs of $78	3,105,590	24,922
Total equity raise share issuances	27,782,491	$ 390,752

20. SHARE CAPITAL (CONTINUED)

During fiscal 2017 the Company completed the following equity financings:

	Number of Shares		Share Capital
Equity private placement financing - March 22, 2017 - net of share issue costs of $90	2,500,000	$	24,160
Equity financing - December 22, 2016 - net of share issue costs of $3,886	5,662,000		56,131
Equity financing - August 24, 2016 - net of share issue costs of $2,407	9,453,000		32,096
Equity financing - April 15, 2016 - net of share issue costs of $707	5,002,500		10,799
Total equity raise share issuances	22,617,500	$	123,186

On November 2, 2017, Greenstar Canada Investment Limited Partnership, which is an affiliate of Constellation Brands, Inc., ("Greenstar") acquired 18,876,901 common shares from treasury and 18,876,901 warrants in exchange for $244,990. The common shares have 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.

(ii) *Acquisitions*

During fiscal 2018 the Company issued the following shares as a result of business combinations that occurred in the current or prior years:

	Notes	Number of Shares	Share Capital	Share Based Reserve
Issuance of shares for rTrees acquisition - net of share issue costs of $69	10(a)(i)	3,494,505	$ 28,026	$ 1,079
Issuance of shares for Spot acquisition - net of share issue costs of $9	10(a)(v)	111,669	984	-
Issuance of shares for Green Hemp acquisition - net of share issue costs of $9	10(a)(v)	24,577	848	-
Shares released from escrow related to the MedCann Access acquisition		240,678	390	(390)
Shares released from escrow related to the Hemp.CA acquisition	10(b)(iii)	129,016	-	-
Shares released from escrow related to the Spektrum Cannabis GmbH acquisition	10(b)(ii)	367,981	-	-
Shares released from escrow related to the Vert Medical acquisition	10(b)(iii)	147,453	-	-
Total acquisition related share issuances		4,515,879	$ 30,248	$ 689

20. SHARE CAPITAL (CONTINUED)

During fiscal 2017 the Company issued the following shares as a result of business combinations that occurred in the current or prior years:

	Notes	Number of Shares	Share Capital	Share Based Reserve
Issuance of shares for Mettrum acquisition - net of share issue costs of $997	10(b)(i)	34,265,042	$ 336,514	$ 12,143
Issuance of shares per Spektrum Cannabis GmbH acquisition	10(b)(ii)	674,631	10,406	-
Issuance of shares per Vert acquisition	10(b)(iii)	58,978	1,664	-
Issuance of shares per Hemp acquisition	10(b)(iii)	129,021	1,711	-
Shares released from escrow related to the MedCann Access acquisition		1,011,239	2,919	(468)
Total acquisition related share issuances		36,138,911	$ 353,214	$ 11,675

During fiscal 2018, the Company released 240,678 (fiscal 2017 – 1,011,239) of the common shares held in escrow in relation to the fiscal 2016 MedCann Access acquisition as certain milestones of the acquisition had been met. In addition, 48,078 (fiscal 2017 – 1,149,892) escrowed shares were cancelled. No shares remain in escrow at March 31, 2018.

(iii) *Other*

During fiscal 2018 the Company other share issuances were comprised of:

	Notes	Number of Shares	Share Capital	Share Based Reserve
Shares released from escrow to LBC Holdings, Inc.		87,836	$ 1,297	$ (1,297)
Shares issued to BC Tweed Partner for performance conditions	20(c)	155,158	1,880	(1,880)
Shares issued for Apollo/Bodystream earnout	20(c)	243,493	2,398	(2,398)
Issuance of shares for Niagara asset acquisition - net of share issue costs of $8	9	111,366	995	-
Issuance of shares for acquired intangible - net of share issue costs of $14	11	117,253	3,225	-
Total other share issuances		715,106	$ 9,795	$ (5,575)

During fiscal 2017 the Company other share issuances were comprised of:

	Number of Shares	Share Capital	Share Based Reserve
Shares released from escrow to LBC Holdings, Inc.	138,032	$ 639	$ (639)
Issuance of shares for 1 Hershey Drive purchase	94,397	858	-
Issuance of shares per service agreements	156,240	1,333	-
Total other share issuances	388,669	$ 2,830	$ (639)

During fiscal 2018, 87,836 (fiscal 2017 – 138,032) common shares were released from escrow under the agreement with LBC Holdings, Inc., a company controlled by the artist known as Snoop Dogg. The remaining 25,097 common shares are escrowed for release, subject to meeting certain service criteria.

During fiscal 2017, the Company issued 72,418 common shares to XIB consulting Inc. ("XIB), to assist the Company with corporate development initiatives and 83,822 common shares to satisfy $1,000 in acquisition costs related to the Mettrum acquisition.

20. SHARE CAPITAL (CONTINUED)

(iv) *Warrants*

	Number of whole warrants	Average exercise price	Warrant value	Expiry date
Balance at March 31, 2017	-	$ -	$ -	
Greenstar equity investment - net of warrant issue cost of $253	18,876,901	12.98	70,265	May 1, 2020
rTrees acquisition	242,408	3.83	1,302	April 30, 2018
Exercise of warrants	(207,297)	3.72	(1,113)	N/A
Balance at March 31, 2018	18,912,012	$ 12.96	$ 70,454	

During the year ended March 31, 2018, 207,297 warrants were exercised at a weighted average price of $3.72 (March 31, 2017- 213,104 warrants at an average price of $0.59).

(b) Omnibus plan

On September 15, 2017, shareholders approved an Omnibus Incentive Plan ("Omnibus Plan") pursuant to which it is able to 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 ("DSUs"), stock appreciation rights ("Stock Appreciation Rights"), restricted stock ("Restricted Stock"), 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 10% 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 (being the existing employee stock option plan ("ESOP") and the Purchase Plan). The maximum number of common shares reserved for Awards is 19,955,721 at March 31, 2018. As of March 31, 2018, the only Awards issued have been options under the ESOP, and no shares have been issued under the Purchase Plan as it has not yet been implemented.

The ESOP 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 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, and has 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 Plan.

20. SHARE CAPITAL (CONTINUED)

The following is a summary of the changes in the Company's ESOP options during the period:

	Options issued	Weighted average exercise price
Balance outstanding at March 31, 2016	8,446,182	$ 2.05
Options granted	4,337,701	6.23
Replacement options issued as a result of the Mettrum acquisition	2,417,102	2.35
Options exercised	(4,010,865)	1.74
Options forfeited/cancelled	(1,146,008)	2.78
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

The following is a summary of the outstanding stock options as at March 31, 2018:

Options Outstanding			Options Exercisable	
Number Outstanding at March 31, 2018	Weighted Average Remaining Contractual Life (years)	Range of Exercise Prices	Number Exercisable at March 31, 2018	Range of Exercise Prices
3,471,904	3.41	$0.56 - $3.78	1,569,274	$0.56 - $3.78
5,731,691	5.13	$3.79 - $8.51	577,665	$3.79 - $8.51
2,712,240	4.91	$8.52 - $11.76	536,254	$8.52 - $11.76
1,540,000	5.67	$11.77 - $27.94	16,667	$11.77 - $27.94
3,790,000	5.88	$27.95 - $33.66	-	$27.95 - $33.66
17,245,835	4.96		2,699,860	

At March 31, 2018, the weighted average exercise price of options outstanding and options exercisable was $12.95 and $4.55, respectively.

The Company recorded $21,278 in share-based compensation expense related to options issued to employees for the year ended March 31, 2018 (for the year ended March 31, 2017 - $7,650) and $4,774 in share-based compensation expense related to options issued to contractors. The fiscal 2018 compensation expense includes an amount related to 420,000 options being provided in exchange for services which are subject to performance conditions.

20. SHARE CAPITAL (CONTINUED)

In determining the amount of share-based compensation related to options issued during the year, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the year ended March 31, 2018 and 2017 on their measurement date by applying the following assumptions:

		March 31, 2018	March 31, 2017
		(Weighted average)	(Range)
Risk-free interest rate		**1.54%**	0.50% - 1.94%
Expected life of options (years)		**3 - 5**	1 - 6
Expected annualized volatility		**64%**	55% - 70%
Expected forfeiture rate		**11%**	7%
Expected dividend yield		**nil**	nil
Black-Scholes value of each option	**$**	**8.88**	$0.20 - $6.09

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. Beginning the fourth quarter of Fiscal 2017, the Company began using its own historical volatility. 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 the zero coupon Canada government bonds with a remaining term equal to the expected life of the options.

The Company recorded $3,579 (March 31, 2017 – $nil) in share-based compensation expense related to the issuance of shares and options in Canopy Rivers to employees and consultants (refer to Note 12).

During fiscal 2018, 3,912,946 ESOP options were exercised ranging in price from $0.43 to $11.71 for gross proceeds of $11,053.

(c) Share-based compensation expense related to acquisition and asset purchase milestones

Share-based compensation expense related to acquisition milestones is comprised of:

				Compensation expense	
	Notes	**Released during fiscal 2018**	**Remaining shares to be issued on completion of milestones***	**March 31, 2018**	March 31, 2017
Apollo/Bodystream	(i)	243,493	1,941,804	**$ 5,095**	**$ 690**
Spektrum Cannabis GmBH	(ii)	-	23,570	**349**	-
Spot	10(a)(v)	-	30,658	**330**	-
Spectrum Denmark	10(a)(iii)	-	1,906,214	**7,206**	-
BC Tweed	13	155,158	240,061	**5,001**	-
Vert Mirabel	10(a)(iv)	-	84,903	**1,131**	-
Green Hemp	10(a)(v)	-	24,567	**167**	-
Intellectual property acquisition	11	-	33,804	**196**	-
				$ 19,475	$ 690

20. SHARE CAPITAL (CONTINUED)

(i) The obligation for share-based compensation owing to former shareholders of Apollo Applied Research Inc., and Apollo CRO Inc. (together "Apollo") and 2344823 Ontario Inc., operating as Bodystream ("Bodystream") was assumed by the Company in fiscal 2017 on the acquisition of Mettrum Health Corp. and its subsidiaries ("Mettrum"). The maximum number of Company shares that would be issued with respect to the Apollo and Bodystream agreements is 1,111,702 and 1,073,595 shares, respectively. The Company has estimated the number of shares it expects to vest and is amortizing the expense over the expected vesting period based on the fair value of the shares on the acquisition date.

(ii) The share-based compensation expense is related to a bonus that will be paid to a former shareholder of Spektrum Cannabis GmbH within two years of the acquisition date if certain performance targets are met and the shareholder remains as an employee.

(d) Other share based payments

The Company also recorded a gain of $14 for the year ended March 31, 2018 (expense for the year ended March 31, 2017 - $396) in share-based compensation expense for escrowed shares issued on the acquisition of MedCann Access that were related to employment. These shares were measured at fair value at the date of grant and expensed over their vesting period.

In addition, the Company recorded share based payments of $1,151 (for the year ended March 31, 2017 - $1,307) related to shares provided in exchange for sales and marketing services. The Company has determined that the sales and marketing services received are best measured by reference to the fair value of the equity granted as the services are rendered. This expense is recorded in sales and marketing expenses.

On October 20, 2017, the Company agreed to issue 79,717 common shares in payment of royalties. The Company will record the expense over the subsequent year. The Company recorded an expense of $920 in cost of sales for the fiscal year ended March 31, 2018 related to this arrangement (March 31, 2017 – $nil).

21. OTHER INCOME (EXPENSE)

	Notes		March 31, 2018		March 31, 2017
Fair value changes on financial assets	16	**$**	**78,172**	$	5,702
Impairment of product rights	11		**(28,000)**		**-**
Fair value increase in BC Tweed Put Liability and Vert Mirabel Put Liability	10(a),13		**(21,000)**		**-**
Gain on disposal of consolidated entity	10(c)		**8,820**		-
Bargain purchase gain	10(iii)		**638**		
Partner expense			**(4,995)**		-
Gain/loss disposal of property, plant and equipment			**(1,181)**		-
Increase in fair value of acquisition consideration related liabilities			**-**		(1,193)
Other expense, net			**(1,241)**		(651)
Total other income, net		**$**	**31,213**	$	3,858

The partner expense represents a distribution to the Partner of BC Tweed.

22. EXPENSES BY NATURE

Operating expenses are presented on the face of theconsolidated statements of operations using a classification based on the functions "Cost of sales (recovery)," "Sales and marketing," "Research and development," and "General and administration." The Company also presents other material operating expenses separately as they were deemed to be items of dissimilar function.

22. EXPENSES BY NATURE (CONTINUED)

Operating expenses totalled $160,229 and $53,978 for the years ended March 31, 2018 and 2017. Total operating expenses were distributed by nature as follows:

		March 31, 2018		March 31, 2017
Employee compensation and benefits	**$**	**49,971**	$	21,726
Raw materials used and consumables		**13,286**		8,105
Other costs of sales		**12,340**		5,603
Net valuation gains related to inventory and biological assets		**(53,652)**		(25,555)
Share-based compensation		**51,177**		10,043
Acquisition-related costs		**3,406**		7,369
Depreciation and amortization		**20,486**		6,064
Legal and professional fees		**10,370**		2,947
Royalties		**3,110**		1,416
Consultants		**12,385**		3,391
Facility expenses		**12,669**		3,087
Patient assistance		**7,365**		2,913
Marketing and promotion		**3,835**		2,314
Office expenses		**6,454**		1,986
Travel and other employee expenses		**5,141**		1,672
Bank and payment processor fees		**1,886**		897
Total	**$**	**160,229**	$	53,978

23. EARNINGS PER SHARE

Net income per common share represents the net income attributable to common shareholders divided by the weighted average number of common shares outstanding during the period.

Diluted net income per common share is calculated by dividing the applicable net income by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. As at March 31, 2018 and 2017, all instruments were anti-dilutive.

24. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to loss before income taxes, shown as follows:

		March 31, 2018		March 31, 2017
Loss from operations		**(52,541)**		(10,275)
Expected tax rate		**26.5%**		26.5%
Expected tax benefit resulting from loss	**$**	**13,923**	$	2,723
Non-deductible expenses		**(19,310)**		(2,156)
Increase in unrecognized temporary differences		**(5,506)**		2,258
Non-taxable portion of capital gains and losses		**9,421**		-
Other		**(121)**		(122)
Income tax (expense) recovery	**$**	**(1,593)**	$	2,703

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws.

24. INCOME TAXES (CONTINUED)

The effect of temporary differences and loss carryforwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended March 31, 2018 are as follows:

	March 31, 2017	Recognized in profit or loss	Recognized in equity	Recognized in other comprehensive income	Disposal of consolidated entity	Business combinations and assets held for sale	**March 31, 2018**
Deferred tax asset							
Loss carryforwards	$ 30,494	$ 5,677	$ -	$ -	$ (1,014)	$ -	**$ 35,157**
Other	829	-	4,511	-	-	-	**5,340**
	31,323	5,677	4,511	-	(1,014)	-	**40,497**
Deferred tax liability							
Fixed assets	(1,126)	3,577	-	-	(263)	(1,117)	**1,071**
Intangibles	(42,703)	10,310	-	-	6,965	-	**(25,428)**
Biological assets	(20,615)	(9,460)	-	-	295	-	**(29,780)**
Investments	(3,184)	(13,558)	-	(5,124)	-	-	**(21,866)**
Other long-term liabilities	-	2,783	-	-	-	-	**2,783**
Other	381	(922)	-	-	(284)	12	**(813)**
	(67,247)	(7,270)	-	(5,124)	6,713	(1,105)	**(74,033)**
Net deferred taxes	$ (35,924)	$ (1,593)	$ 4,511	$ (5,124)	$ 5,699	$ (1,105)	**$ (33,536)**

The effect of temporary differences and loss carryforwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended March 31, 2017 are as follows:

	March 31, 2016	Recognized in profit or loss	Recognized in goodwill	Recognized in other comprehensive income	Liabilities associated with asset held for sale	**March 31, 2017**
Deferred tax asset						
Loss carryforwards	$ 9,100	$ 15,332	$ 6,062	$ -	$ -	**$ 30,494**
Other	224	(62)	667	-	-	**829**
	9,324	15,270	6,729	-	-	**31,323**
Deferred tax liability						
Fixed assets	(1,097)	132	(161)	-	-	**(1,126)**
Intangibles	(8,436)	479	(34,746)	-	-	**(42,703)**
Asset held for sale	-	-	(820)	-	820	**-**
Biological assets	(7,201)	(12,529)	(885)	-	-	**(20,615)**
Investments	-	(756)	-	(2,428)	-	**(3,184)**
Other	(3)	107	277	-	-	**381**
	(16,737)	(12,567)	(36,335)	(2,428)	820	**(67,247)**
Net deferred taxes	$ (7,413)	$ 2,703	$ (29,606)	$ (2,428)	$ 820	**$ (35,924)**

The unrecognized temporary differences of the Company are comprised of:

	March 31, 2018	March 31, 2017
Losses carried forward	**$ 30,041**	$ 2,792
Intangibles assets and fixed asset	**-**	9,906
Total	**$ 30,041**	$ 12,698

24. INCOME TAXES (CONTINUED)

The Company has the following non-capital losses available to reduce future years' taxable income which expires as follows:

2030	$	40
2031		123
2032		376
2033		3,195
2034		7,258
2035		18,196
2036		29,806
2037		29,202
2038		79,301
Foreign - indefinite		3,900
	$	171,397

25. RELATED PARTIES

Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors, who control approximately 5% of the outstanding shares of the Company. Compensation provided to key management is as follows:

	March 31, 2018	March 31, 2017
Short-term employee benefits	**$ 3,746**	$ 1,420
Share-based compensation	**5,786**	1,535
	$ 9,532	$ 2,955

As of March 31, 2018, in the event that executive officers employment agreements were terminated by the Company, other than due to a material breach of their employment agreements or in the event the Company becomes insolvent: the CEO is entitled to a severance amount equal to nine months of compensation based on the monthly contract work fee or $300 in aggregate and all other Executive officers are entitled to a severance amount equal to at least thirty four week's annual base salary and in some cases, inclusive of their annual bonus.

Related party transactions

On January 13, 2017, the Company acquired the entire building and land, known as 1 Hershey Drive, Smiths Falls, Ontario, from Tweed Hershey which was related through common ownership (the Company's CEO and chairman is a significant shareholder of the lessor) (refer to Note 8). The Company had previously been leasing a portion of this facility from Tweed Hershey. For the year ended March 31, 2017 up until January 13, 2017, the acquisition date, the expense incurred under this lease including base rent and operating costs was $2,118.

The Company leases premises for the two Bedrocan facilities in Toronto from a company controlled by a director of Canopy Growth Corporation. The leases expire on October 15, 2018 (with 3 separate options to renew for an additional period of 5 years) and August 31, 2024. Included in the expenses for the year ended March 31, 2018 for rent and operating costs was $2,686 (for the year ended March 31, 2017 - $785). In addition to the leased premises, consulting services of $159 was also provided to the Company (March 31, 2017 - $nil). The Company had $137 owing in accounts payable and accrued liabilities at March 31, 2018 (March 31, 2017 - $nil).

25. RELATED PARTIES (CONTINUED)

The Company leases premises for the Mettrum Hempworks Inc. ("Hempworks") production facility located in Barrie, Ontario from the former founder and shareholder of Hempworks and former officer of Mettrum, now an employee and shareholder of the Company. The lease has a term of five (5) years with an expiration date of March 31, 2020 together with one (1) extension term of five (5) years. The lease has an identical term and extension term (each expiring one (1) day earlier). Included in the expenses for the year ended March 31, 2018 for rent and operating costs was $131 (for the year ended March 31, 2017 from the date of the Mettrum acquisition - $8). At March 31, 2018, the Company had $24 owing related to rent associated with these leased premises (March 31, 2017 - $8). All amounts exclude HST.

The CEO is providing consulting services to the Company at $55 per quarter and is eligible for up to an annual $300 bonus, representing his sole cash compensation. For the year ended March 31, 2018 consulting expenses including travel totaled $531 (for the year ended March 31, 2017 - $400). The Company had $375 owing in accounts payable and accrued liabilities at March 31, 2018 (March 31, 2017 - $255). All amounts exclude HST.

The Company currently has a loan payable to a director of the Company. Included in interest expense for the year ended March 31, 2018 was an amount of $169 (for the year ended March 31, 2017 - $179). At March 31, 2018, the loan balance was $1,564 (March 31, 2017 - $1,724) (refer to Note 18).

During the year ended March 31, 2018, $708 was expensed in director's fees (for the year ended March 31, 2017 - $223). The Company had $nil owing in accounts payable and accrued liabilities to directors at March 31, 2018 (March 31, 2017 - $nil).

Pursuant to the share purchase agreement with Hemp.CA, the Company entered into a lease for the Vert and Hemp.CA properties with a shareholder of Hemp.CA who for a period of time following the acquisition was an employee of Canopy. The lease was to expire on November 1, 2036 and the Company had two automatic renewal terms of 10 years each. As of March 31, 2018, the related lease was cancelled and the expense incurred under the lease including base rent, operating costs, and cancellation costs were $84 since acquisition.

These transactions are in the normal course of operations and are measured at the exchange amounts being the amounts agreed to by the parties.

26. COMMITMENTS AND CONTINGENCIES

(a) The Company leases production and retail space under operating leases which range in expiration from April 2018 to October 2037 and also has royalty, equipment and other commitments with varying terms. All production and retail operating leases have optional renewal terms that the Company may exercise at its option.

(b) Future commitments which include minimum lease and royalty payments due in each of the next five years are as follows:

2019	$	21,767
2020		21,712
2021		21,017
2022		21,076
2023		19,366
Thereafter		85,200
	$	190,138

(c) In March 2015, a claim was commenced against Canopy Growth Corporation by the former CEO for $330 in specified damages for breach of contract and wrongful dismissal. The litigation process will continue into the foreseeable future unless settled. No amount has been recorded in the consolidated financial statements since the amount cannot be reliably measured at this point.

(d) Prior to its acquisition by the Company, Mettrum had initiated voluntary Type III recalls for products where trace amounts of an unauthorized pesticide was found to have been applied in certain Mettrum products. A Type III recall refers to a situation in which the use of, or exposure to, a product is not likely to cause any adverse health consequences. In March 2017, two separate class action lawsuits relating to the Mettrum recalls were initiated naming Mettrum Health Corp. as respondent.

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

The proposed action seeks damages for the proposed class of individuals who purchased the products affected by the recall. The Company and its insurers are contesting the litigation. The litigation process will continue into the foreseeable future before the class action suit is certified by the court and unless settled out of court. No amount has been recorded in the consolidated financial statements since the amount cannot be reliably measured at this point.

27. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	March 31, 2018	March 31, 2017
Amounts receivable	**$ (15,738)**	$ (2,184)
Prepaid expenses and other assets	**(15,770)**	(1,493)
Biological assets and inventory	**(24,493)**	(12,270)
Accounts payable and accrued liabilities	**27,130**	(200)
Deferred revenue	**312**	55
Other liabilities	**40**	(256)
Total	**$ (28,519)**	$ (16,348)

Non-cash transactions

Excluded from the March 31, 2018 consolidated statements of cash flows was a total of $49,679 in accounts payable and accrued liabilities as follows: $49,627 of property, plant and equipment and assets in process purchases and $52 of share issue costs. Included for the March 31, 2018 consolidated statements of cash flows is a total of $3,860 in accounts payable and accrued liabilities as follows: $3,770 of property, plant and equipment and assets in process purchases and $90 of share issue costs.

Excluded from the March 31, 2017 consolidated statements of cash flows was a total of $3,860 in accounts payable and accrued liabilities as follows: $3,770 of property, plant and equipment and assets in process purchases and $90 of share issue costs. Included for the March 31, 2017 consolidated statements of cash flows was a total of $946 in accounts payable and accrued liabilities as follows: $877 of property, plant and equipment and assets in process purchases and $69 of share issue costs.

Cash and cash equivalents consist of the following:

	March 31, 2018	March 31, 2017
Cash	**$ 322,560**	$ 16,700
Short-term guaranteed investment certificates	**-**	85,100
Total cash and cash equivalents	**$ 322,560**	$ 101,800

28. FINANCIAL INSTRUMENTS

(a) Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

(i) Currency risk

As at March 31, 2018, less than 2% of the Company's financial assets (as at March 31, 2017 – 1%) and less than 3% of the Company's financial liabilities (as at March 31, 2017 – 1%) for which cash flows are denominated in a foreign currency. The Company has very limited currency risk. No other financial assets and liabilities are denominated in a foreign currency.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Interest rate risk

The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. Currently the Company's short-term investments and restricted investments consist of $65,395 in guaranteed investment certificates which have fixed rates of interest.

Interest rate risk on the long-term debt and capital lease obligations is limited due to the fact that they are both fixed rate of interest instruments.

The Company is exposed to the risk that changes in interest rate will impact the fair value of financial instruments whose cash flows are fixed in nature.

(iii) Other market risk

The Company holds financial assets in the form of shares, warrants and options that are measured at FVTPL and FVOCI. The Company is exposed to equity price risk on these financial assets.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade
accounts receivable. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk, but has limited risk due to the fact that the majority of sales are transacted with credit cards. Trade accounts receivable are reported net of an allowance for doubtful accounts of $78.

The carrying amount of cash and cash equivalents, short-term restricted investments and amounts receivable represents the maximum exposure to credit risk and at March 31, 2018, this amounted to $344,659 (2017 - $108,165). Since the inception of the Company, no losses have been suffered in relation to cash held by the bank.

As at March 31, 2018, the Company's aging of receivables was approximately as follows:

		March 31, 2018		March 31, 2017
0-60 days	**$**	**5,683**	$	2,137
61-120 days		**258**		909
Total	**$**	**5,941**	$	3,046

The Company's accounts receivable are primarily driven by sales to government agencies and credit card processors and timing of bill payments. At March 31, 2018, the receivables from government agencies and credit card processor and bill payment receivables accounted for 19% and 42%, respectively, of trade accounts receivable (2017 - 55% and 30%, respectively).

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. During the year ended March 31, 2018, the Company completed several equity financings for gross cash proceeds of $470,670.

28. FINANCIAL INSTRUMENTS (CONTINUED)

In addition to the commitments disclosed in Note 17, the Company is obligated to the following contractual maturities of undiscounted cash flows:

As at March 31, 2018	Carrying amount	Contractual cash flows	Year 1	Years 2 - 3	Years 4 and after - 5
Accounts payable and accrued liabilities	$ 89,571	$ 89,571	$ 89,571	$ -	$ -
Long-term debt	8,422	9,522	1,899	5,082	2,541
Total	$ 97,993	$ 99,093	$ 91,470	$ 5,082	$ 2,541

(d) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of level 2 financial instruments:

Financial asset/financial liability	Valuation techniques and key inputs	Key inputs
AusCann shares	Put option pricing model	Quoted prices in active market
AusCann options	Black-Scholes option pricing model	Quoted prices in active market
TerrAscend warrants	Black-Scholes option pricing model	Quoted prices in active market

The following table summarizes the valuation techniques and significant unobservable inputs in the fair value measurement of level 3 financial instruments

Financial asset/financial liability	Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
JWC warrants	Black-Scholes option pricing model	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
JWC shares	Market approach	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
HydRx shares	Market approach	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
HydRx warrants	Black-Scholes option pricing model	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
Agripharm warrant	Black-Scholes option pricing model	Share price	Increase or decrease in share price will result in an increase or decrease in fair value
BC Tweed and Vert Mirabel put liability	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
BC Tweed call option liability	Market approach	Appraised value of property	Increase or decrease in value will result in a increase or decrease in fair value

28. FINANCIAL INSTRUMENTS (CONTINUED)

During the year, there were no transfers of amounts between levels.

(e) Fair value of financial assets and liabilities that are not measured at fair value but fair value disclosures are required

The carrying values of cash, short-term investments, and restricted investments and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the JWC repayable debenture, Agripharm royalty interest, Radicle repayable debenture, and mortgage payables approximate their fair value.

29. SEGMENTED INFORMATION

The Company operates in one segment, the production and sale of medical cannabis.

All property, plant and equipment and intangible assets are located in Canada, except for $6,242 which is located outside of Canada.

All revenues were principally generated in Canada during the year ended March 31, 2018, except for $3,746, related to exported medical cannabis generated outside of Canada (for the year ended March 31, 2017 - $35).

30. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders.

As at March 31, 2018 total managed capital was comprised of shareholders' equity and debt of $1,251,660 (March 31, 2017 - $650,056).

There were no changes in the Company's approach to capital management during the year.

The Company is subject to externally imposed restrictions related to covenants on its mortgage payable (refer to Note 18).

31. SUBSEQUENT EVENTS

(a) Strategic agreement with LiveWell

On April 2, 2018, the Company entered into a strategic agreement with LiveWell Foods Canada Inc. ("LiveWell") and Artiva Inc. ("Artiva"). Artiva is an ACMPR applicant operating as a subsidiary of LiveWell. This strategic agreement represents an amendment to the original investment agreement that the parties entered into on November 22, 2017. Under the terms of the amended agreement, in exchange for strategic support services and for the offering of financial support, on April 15, 2018 Canopy Growth was issued 5,487,642 common shares and Canopy Rivers was issued 5,487,642 common shares of LiveWell which represents a 10% equity interest in LiveWell. An additional 5,487,642 common shares were placed in escrow and will be released to the Company on the achievement of certain milestones. LiveWell has the option to draw on up to $20,000 of debt financing from Canopy Rivers (subject to the completion of certain milestones).

(b) Investment in Civilized

On April 17, 2018, the Company announced that Canopy Rivers had entered in to a strategic investment and collaboration agreement with Civilized Worldwide Inc. ("Civilized") pursuant to which Canopy Rivers, will invest $5,000 in Civilized via a debenture that is convertible into common shares of Civilized, and the companies will work together on various online, media and event mandates relating to the cannabis industry. Canopy Rivers also received common share purchase warrants of Civilized with a total exercise price of $3,500 and a 24-month expiry.

31. SUBSEQUENT EVENTS (CONTINUED)

(c) Investment in Good Leaf, Inc.

On April 23, 2018, the Company invested $5,478 in Good Leaf, Inc. in exchange for 674,709 Series A-1 preferred shares and warrants to acquire 139,432 common shares. The warrants are exercisable at a price of $0.01 per share for a period of 7 years. Following the transaction the Company's ownership interest in Good Leaf, Inc. is 8.8% on a fully diluted basis.

(d) Creation of joint venture

On May 7, 2018, Canopy Rivers entered into a joint venture with principals and operators of a leading North American greenhouse produce company, to finance and support the development and operation of a retrofitted 1.2 million square foot greenhouse for cannabis cultivation in Leamington, Ontario.

(e) Option to acquire production assets

On May 9, 2018 the Company entered into lease agreement for the lease of production assets and issued 332,009 common shares with a value of approximately $10,000 in exchange for an option to purchase the building from the landlord. The Company also provided a loan of $10,000 to the landlord which will be used by the landlord to assist with the construction of the building.

(f) Agreement to acquire non-controlling interest(s) in CHI

On May 15, 2018 the Company announced that it had entered in to a definitive arrangement agreement ("Arrangement Agreement") pursuant to which the Company will acquire all of the non-controlling interests in CHI. Pursuant to the Arrangement Agreement, shareholders of CHI will receive 0.3790 common shares of the Company for each common share of CHI held (the "Exchange Ratio"). In addition, Canopy Growth will issue options to purchase common shares of the Company in exchange for options previously issued by CHI and Canopy Animal Health based on the Exchange Ratio. In aggregate Canopy Growth will issue 3,037,771 common shares, having a value of $91,573, along with options having an aggregate "in-the-money" value of $9,688 for aggregate consideration of $101,261. The transaction, which is expected to close on or before August 2018, will be undertaken by way of a plan of arrangement and is subject to a number of approvals.

(g) Acquisition of Daddy Cann Lesotho PTY Ltd.

On May 17, 2018 the Company acquired Daddy Cann Lesotho PTY Ltd., trading as Highlands ("Highlands"). Based in the Kingdom of Lesotho, Highlands holds a license to cultivate, manufacture, supply, hold, import, export and transport cannabis and its resin. As consideration the Company issued 666,362 common shares in the capital of the Company on closing and, subject to meeting certain milestones, the Company will issue up to an additional 333,281 common shares for a total of up to 999,643 common shares. The total value of the consideration payable by the Company under the terms of the agreement is approximately $28.8 million.

(h) Bedrocan product rights

On June 11, 2018 the Company announced that it had reached an agreement with Bedrocan Internationalto bring the Parties' licensing arrangement to a close. As part of the Agreement, Bedrocan Canada and Bedrocan International will discontinue the previously announced arbitration proceedings.

Under the terms of the Agreement, the Company will decrease and then end the production and sale of Bedrocan products within the calendar year. Canopy Growth will retain the licensed production facility, licensed sales facility, and all associated licenses owned and operated by Bedrocan Canada. Management will redeploy these facilities, free of the current royalty structure and fixed production practices. During the year ended March 31, 2018 the Company recorded an impairment loss in connection with these product rights in anticipation of the orderly termination of this agreement (Note 11).

31. SUBSEQUENT EVENTS (CONTINUED)

(i) Convertible debt financing

In June 2018, the Company issued $600,000 convertible senior notes, including the over-allotment option of $100,000. The notes are general unsecured, senior obligations of Canopy Growth and interest will be payable semi-annually in arrears at a rate of 4.25% annually. The initial conversion rate for the notes will be 20.7577 common shares of the Company per $1 principal amount of notes, subject to potential adjustments. The initial conversion rate is equivalent to an initial conversion price of approximately $48.18 per Company common share. The notes will mature on July 15, 2023, unless earlier converted, redeemed or repurchased in accordance with their terms prior to such date.

Prior to January 15, 2023, the notes will be convertible at the option of holders only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the business day immediately preceding the maturity date. Upon conversion, the notes may be settled in cash, common shares of Canopy Growth or a combination of cash and common shares of Canopy Growth, at the election of Canopy Growth.

Canopy Growth may not redeem the notes prior to July 20, 2021, except in the event of certain changes in Canadian tax law. Canopy Growth may redeem for cash all or any portion of the notes, at its option, on or after July 20, 2021 if the last reported sale price of Canopy Growth's common shares for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on the trading day immediately preceding the date on which Canopy Growth provides notice of redemption has been at least 130% of the conversion price then in effect on each such trading day. Redemptions 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.

If Canopy Growth undergoes a fundamental change, holders of the notes will have the right to require Canopy Growth to repurchase for cash all or a portion of their notes at 100% of their principal amount, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date. Canopy Growth will also be required, in certain circumstances, to increase the conversion rate for a holder who elects to convert its notes in connection with certain corporate events or during the related redemption period.

32. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current presentation.

CANOPY GROWTH CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE MONTHS AND YEAR ENDED MARCH 31, 2018

JUNE 27, 2018

Canopy Growth Corporation ("the Company" or "Canopy Growth") is a publicly traded corporation, incorporated in Canada, with its head office located at 1 Hershey Drive, Smiths Falls, Ontario. Common shares of Canopy Growth trade on the Toronto Stock Exchange ("TSX") under the ticker symbol "WEED" and since May 24, 2018 trade on the New York Stock Exchange ("NYSE") under the symbol "CGC".

This Management's Discussion and Analysis of the Financial Condition and Results of Operation ("MD&A") is dated June 27, 2018. It should be read in conjunction with the Company's audited consolidated financial statements (the "Annual Financial Statements") for the year ended March 31, 2018, including the accompanying notes.

This MD&A was prepared with reference to National Instrument 52-109 – Continuous Disclosure Obligations of the Canadian Securities Administrators. Under the U.S./Canada Multijurisdictional Disclosure System, we are permitted to prepare this MD&A in accordance with Canadian disclosure requirements which may differ from U.S. disclosure requirements. This MD&A provides information for the three months and year ended March 31, 2018 and up to and including June 27, 2018.

The Annual Financial Statements and this MD&A have been reviewed by the Company's Audit Committee and was approved by the Company's Board of Directors on June 27, 2018.

The accompanying Annual Financial Statements were prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include the accounts of the Company and its subsidiaries and the Company's interests in affiliated companies (see page 5). All intercompany balances and transactions have been eliminated on consolidation.

Additional information filed by us with the Canadian Securities Administrators, including quarterly reports, annual reports and annual information forms are available on-line at www.sedar.com or at www.sec.gov/edgar and also on the Company's website at www.canopygrowth.com, and Short Form Prospectus with respect to the bought deal dated January 31, 2018 is available on-line at www.sedar.com.

Canopy Growth does not engage in any U.S. marijuana-related activities as defined in Canadian Securities Administrators Staff Notice 51-352. While the Company has a number of partnerships with U.S.-based companies that may themselves participate in the U.S. cannabis market, these relationships are licensing relationships that see intellectual property developed in the United States brought into Canada, and in no manner involve Canopy Growth in any US activities respecting cannabis.

Financial information contained herein is expressed in thousands of Canadian dollars, except share and per share amounts, or as otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking statements" and forward-looking information within the meaning of Canadian securities laws, including but not limited to statements relating to:

- assumptions and expectations described in the Company's critical accounting policies and estimates;
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements;
- the Company's expectations regarding legislation, regulations and licensing related to the cultivation, production and sale of cannabis products by the Company's wholly-owned subsidiaries;
- the expected number of users of cannabis or the size of the legal cannabis market in Canada and internationally;
- the expected number of users of recreational cannabis or the size of the recreational cannabis market in Canada and internationally;
- the potential time frame for the implementation of legislation to legalize regulated recreational cannabis use in Canada and internationally and the potential form implementation of the final legislation will take, including the method of delivery and framework adopted or to be adopted by various Canadian provinces or other jurisdictions;
- the potential size of the regulated recreational cannabis market in Canada should regulated recreational use be legalized;
- the ability to enter and participate in international market opportunities;
- the Company's expectations with respect to the Company's future financial and operating performance;
- the Company's expectations with respect to future performance, results and terms of strategic initiatives, strategic agreements and supply agreements;
- product sales expectations;
- development of affiliated brands, product diversification and future corporate development;
- anticipated results of research and development;
- inventory and production capacity expectations including discussions of plans or potential for expansion of capacity at existing or new facilities;
- expectations with respect to future expenditures and capital activities;
- statements about expected use of proceeds from fund raising activities; and
- the Company's ability to achieve profitability without further equity financing.

The words "plans", "expects", "is expected", "budget", "scheduled", "estimates" "forecasts", "intends", "anticipates", or "believes" or variation (including negative variations) of such words and phrases, or statements that certain actions, events, or results "may", "could", "would", "might", or "will" be taken, occur or to achieve are all forward-looking statements. Forward-looking statements are based on the reasonable assumptions, estimates, internal and external analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled "RISKS AND UNCERTAINTIES". Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of the MD&A. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue re liance on the forward-looking statements. The Company does not undertake to update any forward-looking statements except as required by applicable securities laws.

CORPORATE STRATEGY

Canopy Growth, an early mover in the Canadian market, is a multi-brand cannabis company that believes its strong focus on and investment in brand, market and product differentiation, increased cannabis supply through Company and partner cannabis production platforms, securing channels to market, and education, to help citizens safely, effectively and responsibly use cannabis, will create a dominant global business with the potential to generate a significant and sustained return on invested capital over the long-term.

To achieve this, the Company will continue making deliberate investments, including via acquisition and entering into strategic partnerships to:

- Increase the strength and differentiation of the Company's multiple brands;
- Increase awareness of the healthcare community as to the potential applications of medical cannabis;
- Increase the efficiency and effectiveness of the Company's customer engagement resources;
- Increase the diversity, quality and inventory of products, across value and premium cannabis market segments, through owned production capacity, partner or joint owned capacity as well as partner capacity offtake;
- Implement robust information technology systems including Enterprise Resources Planning;
- Drive automation into packaging and shipping to improved distribution capabilities;
- Drive production and yield efficiencies and focus on cost reduction efforts;
- Increase the sophistication, capacity and efficiency of the Company's post-harvest processing capabilities including trimming, drying and oil extraction;
- Implement effective sales management and market support capabilities in advance of launch of Canadian Regulated Recreational, or Adult Access market;
- Drive growth in international markets in which cannabis is federally legal;
- Expand the Company's business into the development of value-added products in preparation for, and the marketing, production and sale of value-added products as permitted by regulations;
- Diversify the Company's business in the distinct but complimentary legal cannabis markets; and
- Foster a positive, challenging and rewarding work environment for the Company's staff.

The Company's strategy is to focus on developing and scaling to be the world's biggest multi-platform, creator of high value branded offerings in multiple formats for medical cannabis markets in Canada and abroad where federally legal, and for regulated recreational markets when they are federally legal.

During the fourth quarter of fiscal 2018 and since then, the Company has continued to direct significant effort on major expansion plans to increase both capacity and capability and ensuring those plans are well funded as evidenced by the investment on November 2, 2017 of $244,990 by an affiliate of Constellation Brands ("Constellation") (NYSE: STZ and STZ.B), gross proceeds of $200,680 from the bought deal financing that closed on February 7, 2018 and gross proceeds of $500,000 from the convertible debenture financing that closed on June 20, 2018, including the over-allotment option.

The Company's expansion plans in Canada have more than tripled the Company's licensed space in calendar 2018, to over 2.4 million sq. ft., with an additional 3.2 million sq. ft. under development. The Company is also developing over 400,000 sq. ft globally.

Believing that distribution drives revenue and capacity alone does not, Management has invested significant effort in securing channels into the future regulated recreational markets across Canada. This effort has resulted in the Company securing supply related agreements with all five provinces that have announced to date (Newfoundland & Labrador, New Brunswick, Prince Edward Island, Quebec and Yukon), for a total multi-year commitment of 25,000 kg per annum. Negotiations with remaining provinces are ongoing.

To further strengthen the Company's channels to market, the Company has undertaken efforts to secure sales licenses (both "brick & mortar" physical stores and online e-commerce) in provinces where private retail will be allowed. By developing and operating a Tweed "owned" retail channel, the Company believes it will enable the capture of retail gross margin (incremental to wholesale margin), capture higher market share within the owned channel and establish a powerful marketing vehicle to build the Tweed brand in an environment where opportunities to market and build brands is otherwise constrained by regulations. To date, the Company has secured retail locations in Newfoundland & Labrador and Manitoba as well as permits to apply for retail

locations in Saskatchewan. In addition, the Company has also secured the license to operate online sales of cannabis in Newfoundland & Labrador, Manitoba and Saskatchewan. The Company is also pursuing a strategic retail presence in Alberta and British Columbia, as permitted by regulations in those provinces.

The Company has also committed to making investments in marketing, branding and sales functions strengthening Canopy Growth's position in Canadian and international medical markets, as well as for the coming Canadian regulated recreational market expected to commence in October 2018.

The Company is also continuing to invest in its internal administrative and supporting infrastructure, including governance programs, to build a strong and capable organization to maintain its market leadership and capture and scale into new market opportunities.

The Company's operations are focused on ensuring a consistent selection and availability of cannabis strains for sale in all formats. As at June 27, 2018, there were 41 offerings for sale on the Tweed Main Street online store including dry flower, oils, soft gel capsules across multiple branded categories.

Investment for the Canadian Recreational Cannabis Market

The Company continues to invest significant effort, capital and resources in activities and programs to prepare the Company to participate in and lead the Canadian recreational cannabis market. These investments cover the Company's entire business operations including production, fulfillment, marketing, sales and general administration. With the passing of Bill C-45 ("The Cannabis Act") on June 19, 2018 and the expected roll out of the recreational market in October 2018, Management believes the prudent investments being made by the Company will foster strong demand for the Company's products in the Canadian recreational cannabis market and prepare the Company to supply very large quantities of cannabis and generate significantly greater revenues beginning in the second quarter of fiscal 2019.

The Company continues to invest in the development of marketing and branding programs, the development of new permitted product SKUs, the development of recreational product packaging, building the Company's business to business sales functions, the development of cannabis retail and education programs as well as the ongoing investment in information technology.

In the third quarter of fiscal 2018, the Company began implementing a series of changes to its operations, primarily at its facility in Smiths Falls, Ontario, to better prepare the Company to become a trusted supplier to the Canadian recreational market. These changes included:

• The re-purposing of 4 of the 24 flower rooms to provide additional mother/clone rooms for the purpose of cultivating 200,000 clones that helped plant over 1.7 million sq. ft of greenhouses in British Columbia and Quebec in the fourth quarter of fiscal 2018 and in the first quarter of fiscal 2019; and

• The re-purposing of an additional 3 flower rooms to build a large footprint pre-pack room that will help the Company ready a significant amount of product for shipment to provincial and territorial agencies beginning in the second quarter of fiscal 2019.

These operational changes which decreased the amount of cannabis that the Company harvested, combined with higher overheads in the fourth quarter of fiscal 2018, led to decreased gross margins in the fourth quarter of fiscal 2018.

Management Preamble

The Company will no longer report on the weighted average cost per gram metric. There are three reasons for this. First, a gram is a measurement of the weight of the plant only. Management believes it will be more meaningful in the future to consider milligrams of THC or CBD cannabinoid representing ingredients to new, evolving product formats as they are introduced beyond the traditional cannabis flower, including oils and capsules. Second, management believes other key performance indicators will evolve as the legal recreational and retail market takes hold in Canada. Lastly, there is no industry standard for cost per gram components or classification to draw a meaningful comparison.

Controlled or jointly controlled subsidiaries

Legal entity	Defined as	% Ownership	Accounting method
Tweed Inc.	Tweed	100.0%	Consolidation
Tweed Farms Inc.	Tweed Farms	100.0%	Consolidation
Bedrocan Canada Inc.	Bedrocan Canada	100.0%	Consolidation
Spectrum Cannabis Canada Ltd. (formerly Mettrum Ltd.)	Spectrum Cannabis	100.0%	Consolidation
Tweed Grasslands Cannabis Inc.	Tweed Grasslands	100.0%	Consolidation
Mettrum Hempworks Inc.	Mettrum Hempworks	100.0%	Consolidation
Groupe H.E.M.P.CA	Group H.E.M.P.	75.0%	Consolidation
Spektrum Cannabis GmbH	Spektrum Cannabis	100.0%	Consolidation
Vert Cannabis Inc.	Vert Cannabis	100.0%	Consolidation
2344823 Ontario Inc. d/b/a Bodystream	Bodystream	100.0%	Consolidation
Apollo Applied Research Inc. and Apollo CRO Inc.	together "Apollo"	100.0%	Consolidation
Spot Therapeutics Inc.	Spot	100.0%	Consolidation
Spectrum Cannabis Australia PTY Ltd.	Spectrum Australia	100.0%	Consolidation
Annabis Medical s.r.o.	Annabis Medical	100.0%	Consolidation
Spectrum Chile SpA	Spectrum Chile	85.0%	Consolidation
Les Serres Vert Cannabis	Vert Mirabel	66.7%	Consolidation
Spectrum Cannabis Denmark Aps	Spectrum Cannabis Denmark	62.0%	Consolidation
Grow House JA Limited	Tweed JA	49.0%	Consolidation
Canopy Rivers Corporation	Canopy Rivers	31.5%	Consolidation
BC Tweed Joint Venture Inc.	BC Tweed	66.7%	joint operation

Investments in affiliates

Legal entity	Defined as	% Ownership	Accounting method
Agripharm Corp.	Agripharm	40.0%	equity and FVTPL
Canopy Health Innovations Inc.	Canopy Health	43.0%	Equity
Bedrocan Brasil S.A.	Bedrocan Brasil	39.4%	Equity
Entourage Phytolab S.A.	Entourage	38.5%	Equity
AusCann Group Holdings Ltd.	AusCann	11.0%	FVTOCI and FVTPL
Vapium Incorporated	Vapium	12.2%	Cost
HydRx Farms Ltd. (operating as Scientus Pharma Inc.)	HydRx	8.7%	FVTOCI
TerrAscend Corp	TerrAscend	24.0%	equity and FVTPL
James E. Wagner Cultivation Ltd.	JWC	14.7%	FVTOCI
Radicle Medical Marijuana Inc.	Radicle	23.8%	equity

HIGHLIGHTS

Fourth Quarter 2018 Revenue and Operational

- Total fourth quarter revenue was $22,806 representing a 55% increase over the quarter ended March 31, 2017 when revenue totaled $14,661 and a 5% increase over revenues of $21,700 in the third quarter of fiscal 2018.
- Approximately 74,000 registered patients at March 31, 2018 compared to approximately 69,000 at December 31, 2017.
- 2,528 kilograms and kilogram equivalents[1] sold in the fourth quarter ended March 31, 2018, representing an increase of 45% over the fourth quarter of last year, and an increase of 9% over the third quarter of fiscal 2018 in which 2,330 kilograms and kilogram equivalents were sold.
- Oil sales, including gel caps, accounted for 23% of fourth quarter product revenue (reported revenue net of merchandise revenue, clinic revenue and shipping fees). Oil sales in the fourth quarter accounted for 2,152 litres (or approximately 268 kilogram equivalents) of the kilogram and kilogram equivalents stated above.
- Average sales price per gram was $8.43 for the fourth quarter, as compared to $8.03 last year in the same quarter and $8.30 in the third quarter of fiscal 2018.
- Spektrum Cannabis sold 175 kilograms in Germany at an average price of $13.35 per gram, up from 78 kilograms at an average price of $12.61 per gram in the third quarter of fiscal 2018, representing quarter over quarter growth of 124% and 5% respectively.
- Harvested 4,811 kilograms in the fourth quarter as compared to 7,961 kilograms in the third quarter of fiscal 2018 and 1,980 kilograms in the fourth quarter of fiscal 2017.
- At quarter end the Company held inventory of 15,726 kilograms of dry cannabis, 6,969 litres of cannabis oils, ranging from concentrated resins, or refined oil, to finished oil, and 356 kilograms softgel capsules., inventories are continuing to be scaled to meet management's expectation of market demands, including the legalized recreational market expected later in calendar 2018.
- Consolidated cash and cash equivalents were $322,560 at March 31, 2018

Corporate Initiatives

Securing Channels to Market

- The Company entered a supply Memorandum of Understanding ("MOU") with the Province of Prince Edward Island to allocate a minimum supply of 1,000 kg of high-quality cannabis for the first year. The two-year supply agreement will renew for a third-year upon mutual agreement of the Company and Province; At the time in the fourth quarter, the MOU was the fourth supply-related commitment entered into by the Company (joining commitments signed in prior quarters with Newfoundland & Labrador, New Brunswick, and Quebec.).

- The Company and partner Delta 9 Cannabis Inc. were conditionally selected by the Government of Manitoba to operate cannabis retail stores in the province after a rigorous and highly competitive RFP process.

Capacity Expansion

- The Company's majority owned BC Tweed Joint Venture Inc. ("BC Tweed") received a cultivation licence for its site in Aldergrove, BC. The initial license covered over 400,000 sq. ft. of growing space, allowing vegetative growth so that the mature plants can be spread into the full 1.3 million sq. ft. in the coming months for flowering and ultimate harvest.

International Development

- Spectrum Cannabis Denmark's 40,000 m^2 facility in Odense, Denmark received a cannabis production licence by Laegemiddelstyrelsen, Denmark's Medicines Agency.
- The Company completed a transfer of 1,500 cannabis clones to its Madrid-based partner, Alcaliber SA ("Alcaliber"), completing the first phase of a partnership announced on September 11, 2017.

[1] *Kilogram equivalents refers to cannabis oils where 8 ml is the equivalent of approximately 1 gram of dried cannabis.*

Strategic

- Canopy Growth closed a short form prospectus offering on a bought deal basis. A total of 5,800,000 common shares in the capital of Canopy Growth (the “Shares”) were sold at a price of $34.60 per Share, for aggregate gross proceeds of $200,680,000 (the “Offering”).

Fiscal Year 2018 Revenue and Operational

- Total revenue in the fiscal year ended March 31, 2018 was $77,948 representing a 95% increase over the prior fiscal year ended March 31, 2017 when revenue totaled $39,895.
- 8,708 kilograms and kilogram equivalents sold in fiscal 2018, representing an increase of 69% over the fiscal year ended March 31, 2017 in which 5,139 kilograms and kilogram equivalents were sold.
- Average sales price per gram was $8.24 for the fiscal year ended March 31, 2018, as compared to $7.40 in the prior year.
- Spektrum Cannabis sold 254 kilograms in Germany at an average price of $13.16 per gram, up from 3 kilograms at an average price of $11.93 in the prior fiscal year.
- Harvested 22,513 kilograms in the fiscal year ended March 31, 2018 as compared to 10,837 kilograms in the prior year period.

SUBSEQUENT EVENTS

- Completed a three-year conditional supply agreement with the Société des alcools du Québec ("SAQ") for 12,000 kgs of cannabis products.
- Majority owned Serres Vert Cannabis Inc. ("Vert Mirabel"), received a cultivation license. The 700,000 sq. ft. Vert Mirabel greenhouse is licensed for an initial 40,000 sq. ft. of growing space.
- The Company’s majority owned BC Tweed Joint Venture Inc. received additional licensing at both greenhouse facilities. The license of its greenhouse facility in Aldergrove, BC was increased to 840,000 sq. ft. The BC Tweed site in Delta, BC also received a cultivation license for its first 900,000 sq. ft. of growing space.
- Canopy Growth entered a non-binding agreement to purchase, subject to certain conditions, the 33% stake of BC Tweed not currently owned by the Company. The transaction is anticipated to close in early July, following the negotiation of definitive agreements.
- Canopy Growth announced that the Company would acquire all of its unowned interest in Canopy Health Innovations and Canopy Animal Health. The transaction is anticipated to close on or before July 31, 2018.
- The common shares of the Company began trading on the NYSE, under the symbol CGC.
- The Company was selected by the Saskatchewan Liquor and Gaming Authority (SLGA) to apply for five cannabis retail permits and operate an online store serving the entire province.
- Canopy Health has been approved by Health Canada to proceed with Phase IIb “in-human” clinical trials to evaluate the use of medical cannabis in the treatment of insomnia.

DESCRIPTION OF THE BUSINESS

MEDICAL MARIJUANA REGULATORY FRAMEWORK IN CANADA

On August 24, 2016, the Government of Canada introduced new regulations governing the use of cannabis for medical purposes. These new regulations, known as the ACMPR, were introduced in response to the February 24, 2016 decision rendered by the Federal Court of Canada in the Allard et al v the Federal Government of Canada case. The plaintiffs in the Allard case argued that the MMPR violates their Charter of Rights and the court, in a lengthy and detailed judgment, agreed with the plaintiffs. The court gave the Government of Canada until August 24, 2016 to determine how existing regulations should be amended to ensure that patients have the access to medical cannabis that they need.

The ACMPR, remained largely consistent with the former Marihuana for Medical Purposes Regulations (“MMPR”), but restores the ability of patients to grow their own cannabis at home, including the ability to designate a fourth-party grower through regulations akin to the former *Medical Marihuana Access Regulations* (MMAR). Under the ACMPR, patients who choose to grow at home, subject to a maximum number of plants, will be required to register their production sites and provide copies of their medical authorization to Health Canada to allow for monitoring and auditing of their activities.

Under the ACMPR, patients are required to obtain a medical approval from their healthcare practitioner and provide a medical document to the licensed producer from which they wish to purchase cannabis. Since the requirements under the new regulations are both simpler and involve fewer obstacles to access than the previous regulatory regime, it is anticipated that the growth in the number of approved patients will accelerate. Moreover, the new system allows for competition among licensed producers on a host of factors including product quality, customer service, price, variety and brand awareness, allowing for well-positioned and capitalized producers to leverage their position in the marketplace.

Health Canada recently reported that over 269,000 patients had enrolled into the ACMPR program by December 31, 2017 [2]. By 2024, Health Canada estimates that the number of patients using medical cannabis will grow to 450,000 creating a market worth an estimated $1.3 billion[3], estimates that management believes is very conservative considering the growth in patient enrollment that has been experienced to date in the program. Eight Capital estimates that by 2024 the medical cannabis market in Canada will be worth $3.0 billion[4].

LEGALIZATION OF REGULATED RECREATIONAL CANNABIS IN CANADA

Background

CIBC World Markets reports estimates of the potential value of the regulated recreational cannabis market in Canada range from $5.0 billion to $10.0 billion per year. The lower market value of $5.0 billion per year translates into yearly consumption of 770,000 kilograms of cannabis, assuming a price of approximately $6.50 per gram.[5] To put the potential size of the Canadian regulated recreational market in context, Statistics Canada valued the beer market in Canada, in 2014, at $8.7 billion.[6]

On April 13, 2017, the Canadian Federal Government tabled legislation (Bill C-45) which aims to legalize regulated recreational cannabis in Canada. Bill C-45 passed third reading in the Senate and was referred to the House of Commons where the government rejected several non-technical amendments returning the Bill to the Senate on June 18, 2018. On June 19, 2018, the Bill passed the final vote in the Senate. The Government is targeting implementation over eight to twelve weeks. As expected, Canadian Licensed Producers (“LP”), which currently supply the medical marijuana market, will also be responsible for supplying marijuana to the regulated recreational market.

Canopy Growth looks forward to continued discussion on this topic as regulations are developed. The legislation does not prescribe specific limitations other than details on overly promotional language or targeting youth. Prohibiting promotion aimed at children is a common-sense approach and Canopy applauds these limitations as expressed in the bill.

Federal legislation, once created, will enable provinces to distribute and retail Cannabis. Each Canadian province and territory is preparing for the sale and distribution of cannabis for regulated recreational. Management believes that the revenue generating opportunities and economic development potential of the control and sale of cannabis for regulated recreational is not lost on provinces.

At the onset of the regulated recreational cannabis market, permitted products will be the same as what is currently offered in the medical cannabis market – dried flowers, oils and soft-gel. As this product offering represents only a portion of the products available on the illicit market, the federal government has indicated that value-added products including higher concentrated oils and ingestibles will be permitted for sale within a year of the opening of the regulated recreational cannabis market.

2 http://www.hc-sc.gc.ca/dhp-mps/marihuana/info/market-marche-eng.php
3 http://www.cbc.ca/news/canada/1-3b-medical-marijuana-free-market-coming-to-canada-1.1872652
4 Eight Capital “The Value Case for Investing in the Cannabis Sector”, market research report published July 26, 2017
5 http://research.cibcwm.com/economic_public/download/eijan16.pdf
6 http://www.statcan.gc.ca/daily-quotidien/150504/dq150504a-eng.htm

Provincial Distribution and Retail Frameworks

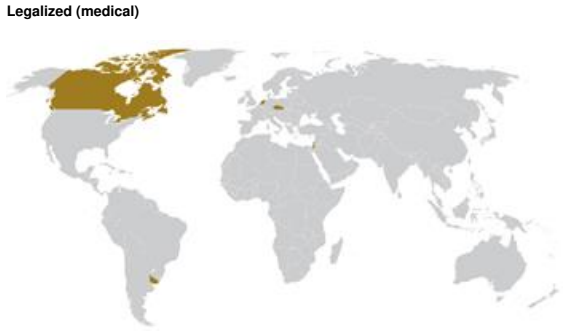
To date, the provinces of Ontario [7], New Brunswick[8], Quebec[9] , PEI[10] and Nova Scotia[11] have announced that their provincial liquor control agencies will oversee the distribution and retail on non-medicinal cannabis. The provinces of Manitoba[12], Newfoundland & Labrador[13], Saskatchewan[14], Alberta[15], British Columbia[16] and the Yukon Territory[17] have announced that the provincial liquor control agency will be responsible for distribution and oversee the private retail of non-medicinal cannabis.

While responsible government agencies and/or designated private companies in their respective provinces are likely to begin rolling out physical retail storefront locations in the months leading up to and after the legal regulated recreational market opens, Canopy Growth believes that, in certain provinces, it will take two years and possibly longer to rollout the full network of regulated cannabis retail stores that is required to satisfy consumer demand. As such, Canopy Growth believes that a significant portion of sales in the first two years of the regulated recreational market will go through provincial online sales. While the majority of provinces are expected to develop and operate ecommerce sites, select provinces are expected to outsource the development and operation of ecommerce sites for the purpose of selling cannabis to their residents.

LEGALIZATION OF CANNABIS IN INTERNATIONAL JURISDICTIONS

In 2014, a limited number of countries in the world, in addition to Canada, specifically, Israel, Czech Republic, Netherlands and Uruguay had established federally legal cannabis access regimes.

Figure 1: Map of countries with federally legal cannabis access regimes in 2014



Since 2014, the actions of governments around the world have signaled a significant change in attitudes towards cannabis. To date, federal governments in at least 20 additional countries including Argentina, Austria, Australia, Brazil, Denmark, Chile, Columbia, Germany, Greece, Israel, Italy, Jamaica, Mexico, Netherlands, Norway, Poland, Puerto Rico, South Africa, Switzerland and Turkey have formally legalized medicinal cannabis access to either foster research into cannabis-based medical treatments and/or towards increasing legal access to medical cannabis for their citizens. For example, on January 19, 2017, the German parliament passed legislation that legalized medical cannabis and included provisions for medical cannabis treatment expenses to be covered by health insurance.

7 https://news.ontario.ca/mof/en/2017/09/ontarios-cannabis-retail-and-distribution-model.html
8 http://www2.gnb.ca/content/gnb/en/news/news_release.2017.09.1206.html
9 http://plus.lapresse.ca/screens/b9063848-7868-4a20-846b-a84fcd3a747f%7C_0.html
10 https://www.princeedwardisland.ca/en/news/province-sets-next-policy-directions-cannabis-legalization
11 https://novascotia.ca/cannabis/#cannabis-retail-and-distribution
12 http://news.gov.mb.ca/news/?archive=&item=42491
13 http://www.releases.gov.nl.ca/releases/2017/exec/1123n01.aspx
14 https://globalnews.ca/news/3951690/marijuana-to-be-sold-in-private-saskatchewan-stores-and-online/
15 https://www.alberta.ca/cannabis-framework.aspx
16 https://globalnews.ca/news/3897846/bc-government-unveils-how-cannabis-will-be-sold-once-legalized/
17 https://yukon.ca/en/news/government-yukon-tables-cannabis-control-and-regulation-act

In addition, many other countries including Belgium, Ireland, England, France, Portugal, Spain and India have established formal government efforts to explore the legalization of medicinal cannabis access.

To date, Uruguay is the only country in the world that has legalized both medical and adult access to cannabis.

Figure 2: Map of countries with/exploring federally legal cannabis access regimes in 2018



Canopy Growth, with the assistance of international subsidiaries or partners, has secured the necessary agreements to export medicinal cannabis to Australia, Brazil and Germany. Management believes that an opportunity will exist, for some time to come, to export medical cannabis to countries that require a secure supply of medicinal cannabis but have yet to develop domestic production capabilities.

Management believes that over time many countries will move to establish domestic production capabilities, in part due to the economic development opportunities that this represents. With cannabis continuing to emerge from the shadows, many countries are looking to Canada, and its regulatory framework for the production and commercialization of medical cannabis, with much interest and respect. As Canada has developed an enviable regulatory model, companies acting within that framework have expertise, knowledge and potentially product to share with the global community.

Eight Capital estimates that the total addressable market for medical cannabis globally will be approximately $180 billion over time. [18]

OVERVIEW OF CANOPY GROWTH CORPORATION

At March 31, 2018, there were 1,033 full-time employees in the Company as compared to 546 at March 31, 2017.

Canopy Growth is a multi-brand cannabis company that believes its strong focus on and investment in brand, market and product differentiation, increased cannabis supply through Company and partner cannabis production platforms, and education, to help citizens safely, effectively and responsibly use cannabis, will create a dominant global business with the potential to generate a significant and sustained return on invested capital over the long-term.

As discussed above **(See Legalization of Cannabis in International Jurisdictions)**, many countries around the world are moving to provide their citizens with legal access to cannabis products produced by a commercial regulated industry, similar to that pioneered in Canada.

18 Eight Capital, "The Value Case for Investing in the Cannabis Sector", market research report published July 26, 2017.

BRANDS



PLATFORMED USER EXPERIENCE – TWEED MAIN STREET

The Company has established Tweed Main Street as the platform for its core customer experiences, both online and physical "brick and mortar" locations.

With expected prominence of online sales during the initial rollout of the regulated recreational market and the continuation of the existing ACMPR e-commerce-driven market for Canadian medical patients, Canopy Growth launched the Tweed Main Street online store in April 2017, a single online platform that enables registered patients to purchase medicinal cannabis from multiple producers across numerous brands.

Further engagement between the Company's brands and customers is facilitated by the Company's expanding network of *Tweed Main Street Shops*. These physical "brick and mortar" locations in Southern Ontario (Barrie, Guelph, Hamilton and Toronto) provide an opportunity for interested individuals to learn about medical cannabis in a helpful, supportive and consumer-friendly environment.

Tweed Main Street offers an income-tested Compassionate Pricing Promise whereby eligible patients may obtain a 20% discount off regular prices.

PRODUCTION BRANDS

The Company's core production brands are:

Tweed

A key focus of the Company, since its inception, has been the development of its flagship Tweed brand. From the name, quality and consistency, logo and design aesthetic, to the tone and light-hearted copy, Tweed deliberately chose to incorporate a sense of texture and approachability that welcomes customers and encourages an intimate relationship and trust with the brand. In support of its brand, Tweed focuses heavily on its social media and earned media presence as an engagement strategy. Management believes Tweed has emerged as the most dynamic brand in the industry with exceptionally strong appeal and recognition in the medical cannabis industry. Tweed is currently positioned as a diverse medical cannabis brand offering high-quality cannabis in multiple product forms – dried, oil and easy-to-consume soft gels. The Tweed brand will evolve towards an adult lifestyle brand to best serve the needs of the future regulated recreational market in Canada.

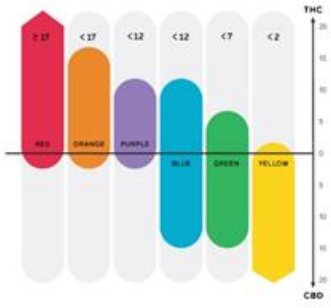
Black Label

Black Label is Tweed's premium sub-brand meant to carry innovative product types and delivery formats in addition to certain dried strains that warrant a premium price point. On June 19, 2017, Tweed launched the sale of the sector's first encapsulated cannabis oil soft gels under the Black Label brand. Black Label soft gels provide a very convenient delivery format that is easy to carry and easy to consume.

Spectrum Cannabis

On February 1, 2017, the Company acquired ACMPR licensed producer Mettrum. As part of the acquisition, Canopy Growth acquired the trademarked Mettrum Spectrum, which simplifies the dialogue around strength and dosage by categorizing medical cannabis using a straightforward colour-coded guide.

Figure 3: Strain categorization by colour spectrum (and % of THC or CBD)



On June 19, 2017, Canopy Growth announced a new international medical brand that will serve as the Company's physician and patient-facing identity. Spectrum Cannabis, with roots in the Mettrum Spectrum, will focus on physician interactions, stakeholder outreach, and patient education.

On September 18, 2017, the Company introduced Spectrum Cannabis to the medical market in Canada. As part of the introduction of Spectrum Cannabis to the medical market in Canada, the Company rebranded Mettrum to Spectrum Cannabis. Utilizing Spectum Cannabis in Canada, Germany, Australia, Denmark, Chile and Czech Republic ensures a consistent and recognizable global brand across all federally legal jurisdictions where Canopy Growth operates.

On June 18, 2018, Spectrum Cannabis announced the launch of Spectrum Softgells. Each coloured Softgel aligns to the broader Spectrum Cannabis offering and contains a different ratio of THC and CBD to give patients clear options while also supporting healthcare professionals' ability to make consistent treatment recommendations.

Bedrocan Canada

The Bedrocan brand has been associated with standardized cannabis to medical patients in the Netherlands for more than 20 years. The Company acquired the Bedrocan Canada brand in 2015 to strengthen the Company's position in the Canadian medical cannabis market. On June 7, 2018, the Company announced that under the terms of an agreement with Bedrocan International BV, the Company will cease the sale of Bedrocan products within the 2018 calendar year.

AFFILIATED BRANDS

Leafs By Snoop

Tweed has partnered with Snoop Dogg, a renowned cannabis connoisseur and business pioneer in the Cannabis sector. Snoop and business partner Ted Chung recently launched online media platform MERRY JANE, the definitive cultural destination for news and original content.

Tweed and Snoop Dogg have partnered to bring the *Leafs By Snoop* offering of diverse whole-flower and oil strains, including a high CBD option and mid to high-range THC options, to Canada and exclusively available to Tweed patients.

DNA-Certified

DNA Genetics, world-renowned Cannabis breeders, have won awards in every category in the Cannabis Cup, the world's preeminent cannabis competition. In October 2015, Tweed and DNA Genetics announced an exclusive partnership that would see Tweed leverage DNA's expertise in cannabis breeding to bring new, exclusive DNA Certified strains to Tweed patients. With an official certification on select strains, DNA is adding a stamp of approval. DNA Certified cannabis has been personally bred, phenotyped and inspected by DNA Genetics.

On October 23, 2017, the Tweed and DNA Genetics announced the renewal and expansion of their partnership through to October 2022. As part of the expansion, Tweed and DNA Genetics have expanded their exclusive licensing relationship into Jamaica, where, so long as federally legal, Tweed JA and DNA will work similarly in the medical market to cultivate the best possible cannabis genetics.

Green House Seeds Company and Organa Brands

For 30 years Green House Seeds Company ("Green House") has been at the forefront of cannabis legalization by advocating for its normalization and expansion into new territories. A leader in cannabis genetics, Green House has won many international awards including Cannabis Cups and Highlife Cups. Organa Brands Ltd. ("Organa Brands"), founded in 2010, is a cannabis extract product innovator. Bringing together some of the best minds in the regulated cannabis market, Organa Brands operates one of the longest-running CO_2 extraction facilities – Organa Labs.

On November 16, 2017 and effective December 1, 2017, the Company entered into an agreement with Green House and Organa Brands (see **"Agripharm Cannabis Production – Partner Capacity offtake"**) that will see Agripharm's production facility in Creemore, Ontario serve as the cultivation site of sought after cannabis genetics that are infused into consumer-friendly ingestion formats, and put them on stores shelves across the country, and abroad where federally legal. Agripharm will not conduct any business in the United States. Products from the new Agripharm are expected to begin entering the market in the second half of calendar 2018.

CraftGrow

Tweed's curated CraftGrow collection brings even more variety to registered patients by bringing otherwise unaffiliated partner's products into the Tweed Main Street store. The model increases the SKU count available through the Tweed Main Street platform while in turn providing partner's customizable access to the Company's platform including rigorous product Quality Assurance program, online market place, recognized customer care and call centre capabilities as well as Tweed's large and growing customer base.

DOMESTIC CANNABIS PRODUCTION

Through its wholly-owned subsidiaries, Canopy Growth operates numerous state-of-the-art production facilities with over • million sq. ft. of licensed indoor and greenhouse production capacity. Under the ACMPR program, the Company has ten licenses to cultivate cannabis and 8 licenses to sell cannabis.

As it relates to future production needs, Canopy Growth is a diversified cannabis producer. It will continue to place the highest priority on meeting the needs of medical patients, expanding internationally as federal laws permit, and increasing its capacity to serve regulated recreational customers across Canada in the future. With that in mind, widespread capacity expansion totaling over 3.2 million sq. ft. of production space has been announced to date.

DOMESTIC CANNABIS PRODUCTION – COMPANY OWNED FACILITIES

The Company's wholly-owned subsidiaries operate licensed cannabis production facilities in locations across Canada as described below.

Smiths Falls, Ontario

The license for this facility covers 168,000 sq. ft, and covers 24 completed grow rooms and related vegetation, nutrient delivery and post-production infrastructure. On June 19, 2017, the Company announced that its Smiths Falls facility received a certificate of Good Manufacturing Practices (GMP) as issued by the German authority, Regierungspräsidium Tübingen.

The Smiths Falls facility also includes an in-house laboratory and R&D area, cannabis oil extraction infrastructure, a high-level security vault and a breeding facility that features several breeding rooms, phenotyping rooms, as well as male and female plant rooms.

Tweed received a Dealer's License pursuant to the provisions of the Controlled Drugs and Substances Act and its Regulations and has begun operating this purpose-built area, built to Good Manufacturing Practice ("GMP") specifications, within the Smiths Falls facility. As a licensed dealer, Tweed will be able to conduct research and possess cannabis and cannabis derivatives in forms that are not currently covered by the ACMPR. Tweed can also begin development of innovative products for future market opportunities, and with necessary approvals, undertake the export of non-dried form of cannabis to other jurisdictions.

In fiscal 2018, the Company began construction of new infrastructure in the approximately 300,000 sq. ft. unlicensed portion of the original 472,000 sq. ft. building. New facilities being constructed include additional indoor growing rooms, post-harvest processing, security vault and a visitors centre. Construction of this extension is expected to be completed in the second half of calendar 2018.

In the fourth quarter of fiscal 2018, the Company also began the construction of new building footprints and the redevelopment of existing buildings that together will add over 300,000 sq. ft. to the campus in Smiths Falls. The additional footprint will include storage, an advanced manufacturing building built to GMP specifications and a dedicated distribution centre. The distribution centre has been designed to significantly increase the capability and flexibility of the Company's fulfillment resources in an effort to better and more efficiently serve the demands of the Canadian medicinal market, expected demands of the Canadian recreational cannabis market and anticipated increase in cannabis exports to federally legal markets around the world. Construction of is expected to be completed in calendar 2018.

Niagara-on-the-Lake, Ontario

The current production facility in Niagara-on-the-Lake, Ontario ("Niagara") is comprised of a greenhouse facility that is 375,000 sq. ft., of which 350,000 sq. ft. represents the greenhouse and 25,000 sq. ft. is used for post-harvest processing storage, shipping and offices. Currently, all dried cannabis produced in the Niagara greenhouse is transferred in bulk to the Company's facility in Smiths Falls, Ontario for final processing and sale. All 350,000 sq. ft. of the greenhouse is utilized to produce medical cannabis.

On June 19, 2017, the Company announced that its Niagara facility received a certificate of Good Manufacturing Practices (GMP) as issued by the German authority, Regierungspraesidium Tübingen.

On September 27, 2017, the Company announced the expansion of this facility to over 1,000,000 sq. ft. of greenhouse space under glass. The expansion of this site is expected to be completed in calendar 2018.

Scarborough, Ontario

Canopy Growth's indoor facility in the Greater Toronto Area leveraged over two decades of indoor standardized cannabis growing experience of Netherlands-based Bedrocan International BV ("Bedrocan International"). This approximately 50,000 sq. ft. production facility is licensed, and includes 34 vegetative and growing rooms. The Toronto facility exclusively cultivates Bedrocan strains.

The Company acquired its facility in Toronto on August 28, 2015 as part of the acquisition of Bedrocan Canada pursuant to a definitive plan of arrangement, in which the Company acquired all of the issued and outstanding securities of Bedrocan Canada.

As part of an agreement with Bedrocan International BV to discontinue previously announced arbitration proceedings, the Company announced on June 7, 2018 that the Company will cease the sale of Bedrocan products within the calendar year while retaining ownership of licensed production and sales facilities in Scarborough, Ontario. Management will redeploy these facilities to develop new premium branded cannabis offerings.

Bowmanville South, Ontario

The Bowmanville South facility's current license allows for the production, sale or provision, possession, shipping, transportation, delivery and destruction of dried marijuana and marijuana plants or seeds. The license covers approximately 75,000 sq. ft. and includes 13 growing rooms as well as necessary vegetation, nutrient delivery and plant destruction infrastructure.

The Bowmanville South facility sits on a 7-acre site which provides the opportunity for future expansion. The Company is currently planning the expansion of this location, by up to 100,000 sq. ft. of growing capacity, as the market for legal cannabis develops. In addition, on October 6, 2017, the Company acquired a parcel of land next to the Bowmanville South location to add approximately 33 acres for future expansion.

Yorkton, Saskatchewan

The Yorkton facility operates as Tweed Grasslands. Tweed Grasslands occupies a 60,000 sq. ft. facility, of which approximately 15,000 sq. ft. is currently licensed, with the capacity to expand operations to over 300,000 sq. ft. on the parcel of land if necessary. This facility received it sales license under the ACMPR in January 2018.

Saint-Lucien, Quebec

In November 2016, the Company acquired a pre-license applicant, Vert Cannabis (formerly Vert Medical), and the lease on a relatively small production facility in Drummondville, Quebec. Since being acquired by Canopy Growth, the Company has fully upgraded the site's approximate 10,000 sq. ft. facility to the Company's standards. On December 22, 2017, the Company announced that Vert Cannabis received its ACMPR production license. Considering the efficient use of resources, the Company has re-located certain research and development activities to this location.

The Company also has the right to purchase the 90 acres of leased land and building located in Saint-Lucien, Québec.

Newfoundland & Labrador

On December 8, 2017, Canopy Growth announced that the Company had entered into a supply and production agreement. Under the terms of the agreement, Canopy Growth will supply up to 8,000 kg of high quality cannabis products annually for the first two years of the deal and will establish a new production facility in Newfoundland and Labrador capable of producing 12,000 kg per year, bringing an expected 145 jobs in an emerging sector and major capital investment to the region. The new production facility is being built in St. John's. The expansion of this site is expected to be completed in calendar 2019.

DOMESTIC CANNABIS PRODUCTION – PARTNER OR JOINTLY OWNED FACILITIES

The Company may enter into agreements with select partners for the development of additional facilities in Canada and other international jurisdictions where cannabis is federally legal. For the select partners, the Company will look for partners that can bring specific capabilities, expertise and financial resources to the venture.

Edmonton, Alberta

Canopy Growth announced on June 24, 2017 that it will expand its footprint into Edmonton, Alberta with a 100,000 sq. ft. facility that will be leased to Canopy Growth by the Goldman Group, a related party, with an option to purchase the facility at the end of each 5-year quarter of the 20-year lease. The transaction closed in August 2017 with the existing tenants vacating October 1, 2017 so that expansion construction could begin. The agreement and licensing are contingent upon Health Canada and municipal approvals. The development of this site is expected to be completed in calendar 2019.

Fredericton, New Brunswick

On August 28, 2017, the Company announced that it had acquired Spot Therapeutics Inc. ("Spot"), an ACMPR applicant based in Fredericton, New Brunswick. Additionally, Canopy Rivers, an affiliated entity of the Company, entered into a definitive agreement to complete the purchase of an industrial building and property where the Company's Fredericton-based production and distribution platform is being established. The Company will lease the building from Canopy Rivers. The facility will operate under the Tweed brand and support the Company's global operations with high quality, large scale cannabis production capabilities. The existing building and infrastructure is in excellent condition and includes almost 50,000 sq. ft. of dedicated production space. The facility is anticipated to be ready for licensing and production before the end of calendar 2018. Once licensed, this initial footprint is anticipated to produce over 4,000 kg of dried cannabis annually.

The development of this site is expected to be completed in calendar 2018. The property is suited for expansion to over 100,000 sq. ft.

British Columbia

On October 10, 2017, the Company entered into a definitive agreement to form a new company, BC Tweed Joint Venture Inc. ("BC Tweed") together with a large-scale greenhouse operator ("the Partner") develop 1.3 million sq. ft. of greenhouse growing capacity in lower British Columbia with an option, since exercised, to develop a further 1.7 million sq. ft. of existing greenhouse infrastructure at a second BC location.

On February 20, 2018, Canopy Growth announced that it had received a cultivation license for the first of its two sites operated by BC Tweed. The initial licensing covered over 400,000 sq. ft. of growing space, allowing vegetative growth so that the mature plants can be spread into the full 1.3 million sq. ft. for flowering and ultimate harvest. The Company also announced that the site received the largest single shipment of cannabis clones in the Company's history, with over 100,000 live cannabis clones flying high from the Tweed Smiths Falls Campus to British Columbia.

On April 14, 2018, Canopy Growth announced that it received additional licensing at both greenhouse facilities operated by BC Tweed. In particular, the already operating 1.3 million sq. ft. greenhouse facility in Aldergrove, BC is licensed for 840,000 sq. ft. of growing space. The second BC Tweed site in Delta, BC, totaling 1.7 million sq. ft. of greenhouse production space, also received a cultivation license for its first 900,000 sq. ft. of growing space.

On May 14, 2018, Canopy Growth announced that it had entered into a non-binding agreement (the "Agreement") to purchase, subject to certain conditions, the remaining 33% stake of BC Tweed not currently owned by the Company. Canopy Growth, upon closing of the transaction, will issue up to $374 million worth of shares in the Company, subject to the satisfaction of certain conditions, to the minority shareholders of BC Tweed (the "Operators"). Additional details of the agreement are provided in the press release issued by the Company on May 14, 2018.

Mirabel, Quebec

On December 18, 2017, the Company and its subsidiary Canopy Rivers entered into an agreement to form a new company, Les Serres Vert Cannabis Inc. ("Vert Mirabel"), together with Les Serres Stéphane Bertrand Inc. ("Bertrand"), a largescale tomato greenhouse operator in Mirabel, Quebec. Bertrand operated a 700,000 sq. ft. of modern greenhouse, most of which was built in 2015. Further details on the business formation are provided in the press release issued on December 18, 2017. On May 27, 2018, the Company and Bertrand announced that Vert Mirabel received a cultivation license from Health Canada. The 700,000 sq. ft. Vert Mirabel greenhouse is licensed for an initial 40,000 sq. ft. of growing space.

DOMESTIC CANNABIS PRODUCTION – PARTNER CAPACITY OFFTAKE

The Company has established a number of programs designed to help sector partners, both license applicants and LPs, establish and/or grow their licensed operations and achieve greater success faster. Through these programs, additional cannabis production capacity will be secured for sale to the Company's customers.

Tweed's Curated *CraftGrow* Line

On April 19, 2017, Canopy Growth announced the launch of Tweed's curated *CraftGrow* line, which brings high quality cannabis grown by a diverse set of producers to Tweed Main Street's customers. To date, nine distinct partners including AB Laboratories Inc., Canada's Island Garden, Delta 9 Cannabis Inc., JWC Ltd., PhyeinMed Inc., PUF Ventures Inc. SweetGrass Inc., TerrAscend Corp. and Valens GroWorks, have joined *CraftGrow*, all with different growing styles and approaches to cannabis. Cannabis grown by Canada's Island Garden and AB Laboratories Inc. have become available for sale in Tweed Main Street.

Agripharm

Agripharm holds the lease and Health Canada license for a 15,000 sq. ft. facility at Creemore, Ontario. Prior to December 1, 2017 Agripharm was a wholly owned subsidiary of the Company. On December 1, 2017, the Company's interest in Agripharm was diluted from 100% to 40% under a collaborative agreement whereby in exchange for the issuance of shares, Green House and Organa Brands have granted an exclusive, royalty-free license in Canada to certain proprietary technology, trademarks, genetics, know-how and other intellectual

property to Agripharm, subject to compliance with applicable law. The agreement will create a new Canadian home-base for Green House and Organa Brands where they will work together with Canopy Growth to produce cannabis products for the Canadian market. Green House will oversee day-to-day operations and bring their own expertise into cultivation, while Organa Brands will implement world-class extraction functions as new and novel value-add products become part of the regulatory environment.

Pursuant to the agreement, the Company has the right to purchase all of 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 brick and mortar retail locations. In addition, the Company will sublicense the proprietary technology, trademarks, genetics, know-how and other intellectual property from Agripharm to ensure that Canopy Growth is able to satisfy consumer demand across Canada for the suite of Green House and Organa Brands products. Agripharm will not do business in the United States.

Canopy Rivers

On April 27, 2017, Canopy Growth announced the commitment of $20,000 in seed capital funding for a unique investment and operating platform structured to pursue opportunities in the emerging global cannabis sector. Canopy Rivers is managed by an experienced team of qualified financial and technical professionals with deep industry experience and relationship networks.

Canopy Rivers works collaboratively with Canopy Growth to identify strategic counterparties seeking financial and/or operating support and affiliation with the Canopy Growth group of companies. The result is an ecosystem of complementary and companies operating throughout the cannabis value chain. As the portfolio continues to develop, each constituent benefits from opportunities to collaborate with Canopy Growth and among themselves, which the company believes results in an ideal environment for innovation, synergy, and value creation for Canopy Rivers, Canopy Growth, and across the entire Rivers ecosystem.

On May 12, 2017, the Company advanced $20,000 in the form of a convertible debenture. On June 16, 2017, Canopy Rivers closed an offering to raise aggregate gross proceeds of $36,230, at which time the convertible debenture including interest was converted to equity. This offering increased the cash resources available for Canopy Rivers to provide growth capital and strategic support within the regulated cannabis industry to approximately $56,000.

January 10, 2018, the Company announced that Canopy Rivers has closed a non-brokered private placement offering that raised aggregate gross proceeds of approximately $26,000. Canopy Growth invested $5,141 in the round and 9 employees and a director of Canopy Growth invested $2,357.

To date, in collaboration with Canopy Growth, Canopy Rivers has quickly established a diversified portfolio of cannabis industry investments that includes licensed producers, late stage applicants, pharmaceutical formulators, branded developers & distributors, and technology & media platforms. Investments are customized for each counterparty and include a balanced mix of equity, debt, royalty, and profit sharing agreements.

On May 30, 2018, AIM2 Ventures Inc. (TSXV:AIMB.P) ("AIM2") and Canopy Rivers announced that they had entered into a binding letter of intent dated May 30, 2018 (the "LOI"), which outlines the terms and conditions pursuant to which AIM2 and Canopy Rivers will complete a transaction that will result in a reverse take-over of AIM2 by Canopy Rivers (the "Proposed Transaction"). The Proposed Transaction will be an arm's length transaction, and, if completed, will constitute AIM2's "Qualifying Transaction" (as such term is defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV")).

Also on May 30, 2018, Canopy Rivers announced that it had entered into an engagement letter with CIBC Capital Markets ("CIBC") and GMP Securities L.P. ("GMP"), as joint book runners and together with Eight Capital (collectively with CIBC and GMP, the "Co-Lead Agents") as co-lead agents, on behalf of a syndicate of agents (together with the Co-Lead Agents, the "Agents") pursuant to which Canopy Rivers proposes to issue and sell, on a private placement basis, subscription receipts (the "Subscription Receipts") at a price of $3.50 per Subscription Receipt (the "Issue Price") for aggregate gross proceeds of up to $60,000 (the "Offering").

On May 31, 2018, Canopy Rivers announced its newly appointed, majority independent Board of Directors, as well as a number of strategic appointments to its management team.

On June 18, 2018, Canopy Rivers announced the upsizing of its previously announced private placement offering by subscription receipts. Pursuant to the revised terms of the offering, Canopy Rivers proposes to issue and sell Subscription Receipts at a price of $3.50 per Subscription Receipt for aggregate gross proceeds of up to $104,125,00. CIBC Capital Markets, GMP Securities L.P. and Eight Capital are acting as co-lead agents, on behalf of a syndicate of agents including Cormark Securities Inc., INFOR Financial Inc. and PI Financial Corp. The Offering is expected to close on or about July 5, 2018.

DOMESTIC CANNABIS PRODUCTION SUMMARY

Table 1 below provides a summary of the Company's licensed facilities and the facility development projects in Canada, including their approximate size and the calendar year in which completion of the development projects is anticipated.

Facility	Type	Status	Approx. Size (sq. ft., rounded)	Anticipated Development Project Completion
Smiths Falls, Ontario	Indoor	168,000 sq. ft. licensed Project Underway	730,000	CY2018
Niagara-on-the-Lake, Ontario	Hybrid Greenhouse	350,000 sq. ft. licensed Project Underway	1,000,000	CY2018
Aldergrove, British Columbia	Hybrid Greenhouse	840,000 sq. ft. licensed Project Underway	1,300,000	CY2018
Delta, British Columbia	Hybrid Greenhouse	900.000 sq. ft. licensed Project Underway	1,700,000	CY2018
Mirabel, Quebec	Hybrid Greenhouse	40,000 sq. ft. licensed Project Underway	700,000	CY2018
Newfoundland & Labrador	Indoor	Project Underway	150,000	CY2019
Edmonton, Alberta	Indoor	Project Underway	100,000	CY2019
New Brunswick	Indoor	Project Underway	50,000	CY2018
Yorkton, Saskatchewan	Indoor	15,000 sq. ft. licensed	60,000	
Bowmanville, Ontario	Indoor	Licensed	75,000	
Creemore, Ontario[19]	Indoor	Licensed	15,000	
St. Lucien, Quebec	Indoor	Licensed	10,000	
Scarborough, Ontario	Indoor	Licensed	50,000	
Total:			**5,675,000**	

Table 1: Domestic Cannabis Production Summary

[19] Agripharm facility 40% owned by the Company for which the Company has an off-take arrangement for between 75%-100% of production

CANOPY GROWTH'S POSITIONING FOR THE CANADIAN REGULATED RECREATIONAL MARKET

Early in the development of the Company's plan to enter the future Canadian Regulated Cannabis Market, management realized that securing channels to market was equally, if not more, important than licensed cultivation capacity, as distribution drives revenue while capacity alone does not. Management has invested significant effort in securing channels into the future regulated recreational markets across Canada. With the provincial liquor agencies being given responsibility for establishing distribution and retail frameworks focused the majority of its management outreach on building relationships with these agencies. To aid in this effort, the Company hired a government relations team with significant direct liquor agency experience.

It is worthwhile noting that the Company has engaged in outreach to other retail networks including national pharmacy chains in Canada. As it remains unclear as to when other retail networks, including pharmacies, will be permitted to sell cannabis, the Company determined that efforts to secure supply related agreements with pharmacy chains in Canada would provide limited value to the Company in the short-term.

When selecting Licensed Producers to supply cannabis for recreational retail sales, provincial governments and/or their liquor control agencies, management believes that many factors, including cannabis inventory and production capacity, product quality, product variety, product branding, price, sales support and economic commitments to the provinces, will influence product demand and supplier selection.

In preparation for the launch of a regulated recreational cannabis market expected in October 2018, the provincial liquor agencies are actively seeking multi-year supply arrangements with a limited number of licensed producers that they believe can provide them supply certainty. Management believes that most provinces are likely to enter into supply arrangements with 4 to 6 primary suppliers.

Management believes that cannabis producers positioning to become primary provincial suppliers will need to demonstrate that they have sufficient inventory levels and in production capacity. The supply related agreements established by the provincial liquor agencies in Newfoundland & Labrador, New Brunswick, Prince Edward Island, Quebec and the Yukon Territory contemplate supply contracts of a minimum two years in length. Management believes that many, if not all, of the remaining provincial and territorial liquor agencies will enter similar supply agreements with primary suppliers.

For Licensed Producers that meet the inventory and capacity requirements sought by the provinces and who successfully secure a primary supplier relationship, management believes the two-year supply contracts can be expected to provide certainty of business operation and secure a channel to market for additional capacity that the selected producers may bring into production as well as partner capacity offtake.

To position the Company to confidently secure primary supplier contracts with all of the provincial liquor agency, the Company has invested significant resources to establish the largest cannabis inventory and in-production licensed capacity by early calendar 2018. At March 31, 2018, management believes the Company had the largest inventory of harvested product and biological assets with a value exceeding $118,000. As of June 27, 2018, management believes the Company has the largest licensed and in production platform in Canada, at over 2.4 million sq. ft. In addition, the Company expects to have up to an additional 3.2 million sq. ft. to enter production over the next year ended. With the combination of the sector's largest inventory and the Company's vast production platform, management believes the Company is well positioned to secure large supply channels into the regulated recreational market and ultimately supply a significant portion of that market.

The Company's *CraftGrow* program discussed elsewhere, which assists smaller local/regional Licensed Producers in getting their product to market, provides additional value-added consideration should provincial liquor control agencies seek the flexibility to showcase products of local/regional Licensed Producers within a trusted supply agreement with a larger producer.

With renowned cannabis brands (Tweed, *Leafs By Snoop* & DNA Genetics), strong customer and online communication, substantial product variety, investment in the development and execution of marketing, and retail programs and investment in a business to business sales function, management believes consumer demand for the Company's products will be strong.

With licensed cultivation and production operations in Ontario, Saskatchewan, Quebec and British Columbia as well as announced development plans spanning Alberta, New Brunswick and Newfoundland & Labrador, Canopy Growth has made meaningful economic development commitments in various provinces. Management believes that economic development commitments will be one of the many factors that influence cannabis supply related decisions made by the provinces.

Management believes large scale Licensed Producers are well positioned to support the provinces in their efforts to establish, oversee and implement physical and online cannabis retail. The Company, with comprehensive standard operating procedures for secure cultivation, production, storage and transportation of Cannabis and significant, highly secure vault storage capacity in place or under development in multiple locations across the country, is well positioned to assist provincial agencies with the provisioning of secure cannabis storage and transportation. With the largest customer base in the legal Canadian cannabis market and broadest product portfolio in the sector, the Company can offer provincial agencies/crown corporations/retailers with significant consumer product demand intelligence to assist with product selection.

Management believes Licensed Producers will be required to have operational information technology systems, including Enterprise Resource Planning systems, to interface with the sophisticated inventory management, ordering and billing systems in operation at the various liquor boards. Canopy Growth has invested significantly in the upgrading of our IT infrastructure, including the implementation of an Enterprise Resource Planning application.

Management believes the large product volumes that will shipped to the provincial and territorial agencies will require large capacity and increasingly efficient cannabis packing and shipping capabilities. In the fourth quarter of fiscal 2018, the Company began the development of a dedicated distribution centre. This centre has been designed to significantly increase the capability and flexibility of the company's fulfillment resources. The Company is also investing significant resources in the research and development of automated systems.

The provincial and territorial agencies are being tasked with implementing and managing the distribution and, in many cases, the retail of cannabis products. As management functions within the liquor agencies and new staff being hired to support the rollout of cannabis distribution and retail likely have limited previous experience/knowledge of the product, Management believes significant in market sales support and education will be required. The Company has established a sales management and in market support team and programs to educate and prepare retail staff. To date, the Company has entered into agreements with the liquor agencies in New Brunswick and Prince Edward Island for the development and delivery of education programs.

As highlighted earlier, Canopy Growth believes that, in certain provinces, it will take two years and possibly longer to rollout the full network of regulated cannabis retail stores that is required to satisfy consumer demand. As such, Canopy Growth believes that most of the sales in the first two years of the regulated recreational market will go through provincial online sales. With less than 6 months to establish a robust online retail system and cannabis marketplace, management expects that certain, if not many, provinces could benefit from leveraging the existing online ecommerce, customer demand data and transactional information technology systems that have been deployed by the Company. The Company's Tweed Main Street online store (See **Overview of Canopy Growth Corporation, Tweed Main Street**), a single online marketplace offering cannabis for sale from multiple producers across numerous brands – delivering a shopping experience that consumers expect, is uniquely suited to deliver the online retail experience that provincial agencies/crown corporations/retailers will be expected to deliver.

CANADIAN REGULATED RECREATIONAL CANNABIS MARKET - PRIMARY PROVINCIAL CANNABIS SUPPLY ARRANGEMENTS

Leveraging the combined strength of the Company's cannabis inventory, in production and future capacity, branding and substantial economic commitments, Canopy Growth is the sole licensed producer to have entered into cannabis-related supply agreements with each announcing provincial agency. Table 2 below provides a summary of provincial cannabis supply agreements signed to date.

Province/Territory	Annual Quantity (Kilograms)	Term (Years)	Additional Details
Newfoundland & Labrador	8,000	2	Press Release on December 8, 2017
New Brunswick	4,000	2	Press Release on September 15, 2017
Prince Edward Island	1,000	2	Press Release on January 16, 2018
Quebec	12,000	3	Press Releases on February 14, 2018 and April 11, 2018
Yukon	300	3	Press Release on April 18, 2018
Total:	**25,000**		

Table 2: Provincial Cannabis Supply Agreement Summary

CANADIAN REGULATED RECREATIONAL CANNABIS MARKET - PROVINCIAL RETAIL

As highlighted earlier, the Provinces of Newfoundland & Labrador, Manitoba, Saskatchewan, Alberta and British Columbia are permitting the sale of recreational cannabis products through private retail. The Company is pursuing a cannabis retail presence in these provinces to capture retail gross margin (incremental to wholesale margin), capture higher market share within the owned channel and establish a powerful marketing vehicle to build the Tweed brand in an environment where opportunities to market and build brands is constrained by regulations.

To date, the Company has received licenses or permits to apply for licenses to operate private retail and online sites in the three of these provinces that have announced private retail operations – Newfoundland & Labrador, Manitoba and Saskatchewan. The Company is pursuing retail licenses in a select number of communities in Alberta and British Columbia. Figure 4 below provides a summary of provincial retail licenses secured by the Company.

Figure 4: Provincial Cannabis Retail Summary



INTERNATIONAL DEVELOPMENT

Management believes that a significant opportunity exists today to leverage the Company's expertise, financial strength and business model in federally legal cannabis markets around the world. In addition, management believes future opportunities are likely to exist for the Company in jurisdictions where governments are actively moving towards such a legal framework. Subject to regulatory approval, strategic international business opportunities pursued by the Company could include:

- Providing advisory services to third-parties that are interested in establishing licensed cannabis cultivation and sales operations;
- The export of medical cannabis in countries outside of Canada; and
- Ownership of cannabis cultivation and sales operations in countries outside of Canada, where it is federally legal to do so.

Canopy Growth, with the assistance of international subsidiaries or partners, has secured the necessary agreements to export medicinal cannabis to Australia, Brazil and Germany. Canopy Growth believes that an opportunity will exist, for some time to come, to export medical cannabis to countries who wish to secure a supply of medicinal cannabis but have yet to develop domestic production capabilities. To date, the Company has announced subsidiaries, partnerships or business activities in Germany, Chile, Denmark, Jamaica, Lesotho, Australia, Brazil, Czech Republic and Spain as described below.

Canopy Growth does not engage in any U.S. marijuana-related activities as defined in Canadian Securities Administrators Staff Notice 51-352. While the Company has a number of partnerships with U.S.-based companies that may themselves participate in the U.S. cannabis market, these relationships are licensing relationships that see intellectual property developed in the United States brought into Canada, and in no manner involve Canopy Growth in any US activities respecting cannabis.

Figure 5: International subsidiaries, partnerships or business activities



Spektrum Cannabis GmbH

Spektrum Cannabis GmbH ("Spektrum" and formerly MedCann GmbH Pharma and Nutraceuticals) is a German-based pharmaceutical distributor that was acquired by the Company on December 12, 2016.

On July 25, 2016, the Corporation announced that Tweed had received necessary approvals in Canada and Germany to begin export of medical cannabis for sale to German patients, and will be working with Spektrum, a then privately held pharmaceutical importer and manufacturer in Germany. Since then, Spektrum has placed Tweed-branded cannabis strains in hundreds of German pharmacies.

To date, Spektrum distributes cannabis products to over 1200 pharmacies across Germany. Spektrum's processing facility is GMP certified by Regierungspraesidium Tübingen.

Spectrum Chile SpA

The Company announced on June 20, 2017 its complementary expansion into South America with Spectrum Chile. Medical markets in Chile are emerging and the Company plans to enter the market aggressively in order to position itself as a leader. Through a strategic partnership with a domestic Chilean medical cannabis company, Spectrum Chile will work to ensure Chilean patients have access to high-quality cannabis products.

Spectrum Denmark ApS

On September 20, 2017 the Company formed Spectrum Denmark. Spectrum Denmark will produce, cultivate and distribute medical cannabis products in Denmark. Spectrum Denmark will also seek to establish operations in other jurisdictions in Europe where federally lawful and regulated. The Company owns 62% of the issued shares of Spectrum Denmark and Danish Cannabis ApS ("Danish Cannabis") owns the remaining 38% of shares. A principal in Danish Cannabis, Moellerup Estate, has for years been one of the largest hemp producers in Europe. Moellerup Brands include a wide range of hemp food products from gin, beer, granola, oil, to flour, cosmetics and hemp for CBD oil production. The Company will fund the operation of Spectrum Denmark through loan of up to $10 million to be released in tranches, bearing interest at 5%. Upon achievement of defined milestones Danish Cannabis will exchange its shares in Spectrum Denmark for up to 1,906,214 common shares in Canopy Growth.

On December 5, 2017, Spectrum Denmark purchased a 430,000 sq. ft. operating greenhouse facility in Odense, Denmark ("Odense") for cash consideration of $3,241. On December 18, 2017, the Company announced that Spectrum Denmark had been issued a cannabis production license by Laegemiddelstyrelsen, Denmark's Medicines Agency. The license was issued without conditions, meaning that Spectrum Cannabis Denmark will not be limited to a production cap or limited to the product formats it can produce. High quality oils and dried cannabis flowers will be produced in Odense and sold under the Spectrum Cannabis brand using the proprietary Spectrum colour-coded strain classification system. The license announced today is valid through 2021.

Spectrum Czech ApS

On April 15, 2018, Canopy Growth announced that it had signed a definitive agreement to acquire Annabis Medical s.r.o ("Annabis Medical"). The transaction closed on Monday, April 16, 2018. Annabis Medical is the leader in the Czech Republic's medical cannabis industry and currently imports and distributes cannabis products pursuant to federal Czech licenses, with products for sale through pharmacy channels across the Czech Republic.

Spectrum Australia

On April 25, 2018, Canopy Growth and the Victoria State Government announced the launch of Spectrum Australia. The Victoria facility will enable domestic cultivation and production of high quality medical cannabis for patients while serving as a distribution hub for other jurisdictions in APAC. It will also operate as the APAC Research and Development Center for the Company, supporting the ongoing research collaboration between Spectrum Australia and Agriculture Victoria on innovations in medical cannabis cultivation and production.

Spectrum Lesotho

On May 30, 2018, Canopy Growth announced that it had acquired Daddy Cann Lesotho PTY Ltd., trading as Highlands ("Highlands"). Based in the Kingdom of Lesotho ("Lesotho"), Highlands holds a license to cultivate, manufacture, supply, hold, import, export and transport cannabis and its resin.

Combining the domestic and regional knowledge of Highlands with the global experience and expertise of Canopy Growth is the latest example of the Company establishing a meaningful local presence. With the objective of future local production to serve the regional market, these operations are part of Canopy Growth's commitment to the Lesotho economy including supporting job creation and lasting community engagement. All key members of Highlands's management team will continue to lead the organization. Additional details on the acquisition are provided in the press release issued by the Company on May 30, 2018.

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 had received a provisional license to cultivate and sell medical cannabis and has already begun construction of its greenhouse facility.

Canopy Growth believes that the production and formulation model it has built in Canada, combined with the strength of the existing team in Jamaica, made up of experienced entrepreneurs with substantial cannabis cultivation experience, will drive the national conversation around cannabis forward, and promote Jamaica's well-established and renowned ganja, oils and other cannabis products on a global level.

AusCann Group Holdings Ltd.

On May 20, 2016, the Company closed a minority stake with AusCann (ASX:AC8), in exchange for consultation in a number of areas including production, quality assurance and operations, and strategic advisory services. In exchange for these services, the Company initially received a 15% interest and options in Auscann, but, following subsequent dilutive financings, now owns an 11.01% interest in AusCann, including its pro rata participatory investment of $1,214 in AusCann's last financing which closed in May 2017. At March 31, 2018, the AusCann investment was valued at $49,573.

The expertise and advisory services offered or performed by Canopy Growth subsidiaries will be exclusively carried out by Tweed Inc. and Tweed Farms Inc.

On September 13, 2017, the Company announced that it had entered into a supply agreement with AusCann, whereby Canopy Growth will act as AusCann's exclusive supplier of medical cannabis for the Australian market, beginning with the transfer of a range of medicines for research and commercialization in Australia.

Victoria Agriculture

On January 16, 2018, Canopy Growth and the Victorian State Government announced the signing of a MOU to further develop research and technical capabilities in the production of medical cannabis in Australia. The work will focus on medical applications for cannabis genetics, strain development, cultivation, and processing. This partnership will directly contribute to the emerging medical cannabis industry in Australia, allowing for improved patient access in that market, creating a leadership position for Australia and Canopy Growth in the Asia Pacific geography.

Alcaliber S.A.

On September 11, 2017, the Company and its wholly-owned subsidiary Spektrum announced a supply license agreement with Spain's Alcaliber, S.A. ("Alcaliber"). Per the supply license agreement, Canopy Growth and Spektrum will grant Alcaliber a license to use certain strains and seeds to be grown and cultivated at Alcaliber's facilities for sale worldwide.

Alcaliber specializes in research and development, breeding and cultivation, and the extraction, purification and preparation of Narcotic Raw Materials ("NRMs") and Active Pharmaceutical Ingredients ("APIs"). Last year, Alcaliber exported 125 tonnes of alkaloids to 40 countries around the world, representing a 20% market share for NRMs. Alcaliber has been granted a license to cultivate, produce, manufacture, export/import, and commercialize cannabis for medical and scientific purposes by the Spanish Agency of Medicinal Products and Medical Devices.

On March 19, 2018, Canopy Growth confirmed that the Company had completed a transfer of 1,500 cannabis clones Alcaliber completing the first phase of the partnership announced on September 11, 2017.

Bedrocan Brasil S.A. and Entourage Phytolab S.A .

On June 28, 2016, the Company announced an agreement with São Paulo, Brazil-based Entourage. Under the agreement, wholly-owned subsidiary Bedrocan Canada, Bedrocan International BV (formerly Bedrocan Beheer BV) and local Brazilian partners created a new company called Bedrocan Brasil, which will facilitate the importation of Bedrocan's proprietary standardized cannabis varieties and know-how into the Brazilian market. Additionally, Canopy Growth will partner with Entourage to develop cannabis-based pharmaceutical medical products for the Brazilian and international markets and launch a clinical research plan.

Canopy Growth's holding in Entourage is 38.5% and its holding in Bedrocan Brasil is 39.4%.

CORPORATE POSITION ON CONDUCTING BUSINESS IN THE UNITED STATES AND OTHER INTERNATIONAL JURISDICTIONS WHERE CANNABIS IS FEDERALLY-ILLEGAL

As cannabis is federally illegal in the US., Canopy Growth does not engage in any U.S. cannabis- related activities as defined in Canadian Securities Administrators Staff Notice 51-352. While the Company has a number of partnerships with U.S.-based companies that may themselves participate in the U.S. cannabis market, these relationships are licensing relationships that see intellectual property developed in the United States brought into Canada, and in no manner involve Canopy Growth in any US activities respecting cannabis.

Canopy Growth will only conduct business activities related to growing or processing cannabis, in jurisdictions where it is federally legal to do so. Canopy Growth believes that conducting activities which are federally-illegal, or investing in companies which do, puts the company at risk of prosecution, puts at risk its ability to operate freely, and potentially could jeopardize its listing on major exchanges now and in the future, limiting access to capital from large and reputable global funds.

While the Company will not engage in cannabis-related activities in the U.S related to growing and processing cannabis so long as cannabis is federally-illegal, Canopy Growth has developed specific plans related to establishing business operations in the U.S. in the event cannabis becomes federally legal. The Company has entered into option agreements to purchase certain cultivation infrastructure (for capped capital investment amounts) should cannabis be rescheduled to become a legal substance in the U.S.

PRODUCT DIVERSIFICATION

Management also believes a significant potential future opportunity exists, within an appropriate regulatory framework, to improve the Company's profit margins by vertically integrating up the value chain towards products that treat cannabis and cannabinoids as ingredients rather than the base product. This view applies to the medical and regulated recreational cannabis/cannabinoid markets.

Development of Cannabis-Based Medical Therapies - Canopy Health Innovations

Canopy Growth established the cannabis research incubator, Canopy Health Innovations Inc. ("Canopy Health"), to develop and research clinically ready cannabis drug formulations and dose delivery systems. Canopy Health has put a team in place to evaluate, prepare for, and develop cannabis drug formulations and dose delivery systems. The role of the Canopy Health is to act as the pre-clinical and clinical research arm of the Company, which would include elements of product design and ingredient selection, formulation, safety and efficacy testing, and pre-clinical and clinical trials (to the extent required), for a range of products which are anticipated to be developed as the regulatory framework and market evolve.

Canopy Health established subsidiary Canopy Animal Health ("CAH") to create Cannabis-derived products for applications in veterinary medicine. CAH intends to adapt Cannabis extracts to develop formulations that can be used to create pharmaceutical products for pets. As in the human market, there is a great unmet medical need in the veterinary market to provide effective therapeutics with acceptable safety profiles. CAH is in the process of developing Cannabis-based products that veterinarians can provide via a prescription drug process.

The development and maintenance of a robust IP program is a key element of the Company Health's strategy. The purpose of the program is to build, or otherwise secure, protected status, through patents and otherwise (trademarks, trade secrets, plant breeders rights, copyrights, and other forms of intellectual property). IP is important in order to create competitive advantage in the marketplace and provide an opportunity to earn appropriate economic returns on R&D investments.

On April 9, 2018, the Company announced the launch of Beckley Canopy Therapeutics ("Beckley Canopy"), a partnership between Canopy Health and drug research pioneer Lady Amanda Feilding and the Beckley Foundation ("Beckley"). The partnership will combine Amanda Feilding's 20+ year track record of groundbreaking research and network of world-renowned scientific collaborators with Canopy Health's leadership in the commercial cannabis and pharmaceutical industries, bringing together European and North-American based research leaders in cannabis.

To date, Canopy Health has filed thirty-nine (39) US provisional patent applications, across a range of cannabis and cannabinoid uses, compositions, formulations, indications, methods of delivery, and dosing regimens, including the following areas:

- Insomnia and its various sub-groups
- Amyotrophic Lateral Sclerosis (“ALS”)
- Fibromyalgia
- Anxiety and its various sub-groups (in humans and animals, in conjunction with Canopy Animal Health)
- Cognitive enhancement (in humans and animals, in conjunction with Canopy Animal Health)
- Pain and various sub-groups (in humans and animals, in conjunction with Canopy Animal Health)
- Opioid sparing, pain management, and addiction (through Beck ley Canopy Therapeutics)
- Addiction and smoking cessation (through Beckley Canopy Therapeutics)
- A platform and method for delivery of cannabis-based compositions

US provisional patent applications are commonly used to establish a priority date for the protection of novel inventions. As is common practice globally, Canopy Health has used the United States as its “first to file” jurisdiction, affording protection of its provisional patent application priority dates in that jurisdiction and others through the ordinary course patent process. From the point of such a US provisional patent application filing, the filer then has one year from the filing date to add additional disclosure to the confidential application and determine whether to (a) file a non-provisional, utility patent application and proceed through prosecution with a view to patent issuance, or (b) abandon the provisional patent application. At the same time, the filer must determine whether to file what is commonly called a PCT (Patent Co-operation Treaty) patent to pursue registration in other countries. The PCT application process preserves the original US provisional patent application filing date and allows the filer approximately 30 months from the filing of the US provisional patent application filing date to select and file in the individual contracting states of its choosing.

It is the intention of Canopy Health to continue to build its intellectual property base through a range of strategies and tactics, including but not limited to, filing additional provisional applications, conversion of those provisional applications into non-provisional utility filings, prosecution of utility filings through to issuance, and extending filings into various additional countries.

Canopy Health plans to graduate product offering over time to higher order formulations and advanced delivery methods, enrich the composition of matter with actives, and ultimately combine cannabis/cannabinoid-based actives with other active pharmaceutical ingredients. This additional breadth and sophistication in offering would allow precision in delivery and innovation in content to better serve the nuanced needs of patients and address additional disease areas with increased specificity.

To date, Canopy Health has raised over $15,800 in development capital, including $4,000 from the Company. The Company’s interest in Canopy Health common shares is 43.9%.

On May 15, 2018, Canopy Growth announced that the Company would acquire all of its unowned interest in Canopy Health and CAH. The Canopy Health management team will remain in place to continue pursuing IP protection, clinical work, and product formulation for both human and animal cannabinoid programs alongside Canopy Growth’s team. Pursuant to the Arrangement Agreement, shareholders of Canopy Health (other than Canopy Growth) will receive 0.3790 common shares of the Company for each common share of CHI held (the “Exchange Ratio”). In addition, Canopy Growth will issue options to purchase common shares of Canopy Growth in exchange for options previously issued by Canopy Health and CAH, based on the Exchange Ratio. In the aggregate, Canopy Growth will issue 3,037,771 common shares, having a value of $91,574 (based on the 5-day volume weighted average price of Canopy Growth’s common shares on the TSX as of May 11, 2018 (the “5-day VWAP)), along with options having an aggregate “in-the-money” value of $9,688 (based on the 5-day VWAP) for aggregate transaction consideration of $101,262. The transaction will be undertaken by way of a plan of arrangement and is subject to a number of customary conditions including the approval of the Ontario Superior Court, CHI shareholders and the Toronto Stock Exchange. The transaction is anticipated to close on or before July 31, 2018.

On June 12, 2018, the Company announced that Canopy Health has received approval from Health Canada to proceed with Phase IIb “in-human” clinical trials to evaluate the use of medical cannabis in the treatment of insomnia. The trial will be conducted in collaboration with a leading Canadian research institution.

Development of Cannabis-based Consumer Recreational Products

The Canadian federal government has indicated that the sale of value-added cannabis-based Consumer Recreational products will be permitted within one of year of the opening of the legal recreational cannabis market in Canada. These products can be expected to include higher concentrated vaping oils (along with related device hardware), edibles and beverages.

Canopy Growth is actively laying the foundation for these products through investment in a range of research and development efforts, the licensing of intellectual property from innovative entrepreneurs in the cannabis industry and the acquisition its select technologies.

Development of Cannabis-based Beverages
Management believes the benefits that cannabis-based beverages can offer consumers including tailored consumption experiences, consumption with reduced/no weight gain, no “hangover”, and limited/no negative interaction with traditional pharmaceutical medications, could cause significant demand to develop for cannabis-based beverages and resulting disruption to traditional alcohol beverage markets.

Canopy has invested significant resources in researching and developing technologies, processes and applications involved in the creation of clear, shelf-stable cannabis-based beverages that offer a social experience similar to that of traditional sugar-based alcoholic beverages, specifically, a rapid on-set and shorter duration. Similar to the IP program at Canopy Health, Canopy Growth has built, or otherwise secured, protected status, through patents and other IP forms.

Development of Cannabis-based Beverages – Strategic Relationship with Constellation Brands

October 30, 2017, Canopy Growth announced that it had entered a strategic relationship with the leading total beverage alcohol supplier in the United States, Constellation Brands (“Constellation”) (NYSE: STZ and STZ.B). Constellation is a leading international producer and marketer of a fast-growing, high-performing portfolio of beer, wine and spirits brands.

In the strategic relationship, Constellation is providing broad support in the areas of consumer analytics, market trending, marketing and brand development to Canopy Growth. In addition, Canopy Growth and Constellation intend to collaborate to develop and market cannabis-based beverages that can be marketed as regulated recreational products in markets where and when such products are federally legal.

As part of the strategic relationship, an affiliate of Constellation invested approximately $245 million in Canopy Growth in exchange for common shares that, following the transaction which closed on November 2, 2017, represents a 9.9% equity share in the Company as at such date.

In exchange for the investment, a total of 18,876,901 Canopy Growth common shares were issued on November 2, 2017 at a price of $12.9783 per share based on a 5-day volume weighted average price (VWAP) as of the close of markets on October 27, 2017. An equal number of common share purchase warrants will be issued at the same price, subject to certain restrictions, expiring 30 months from the closing date. The common shares and warrants will have a hold period of four months and one day from the closing date, with the warrants being 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. The Company will principally use the proceeds to fund the expansion of its growing platform and to support ongoing investments in value-add processing and new product development and research.

Cannabis-based Consumer Recreational Products – Strategic Licensing

On July 20, 2017, Isodiol International Inc. (“Isodiol”) announced it had signed a licensing agreement with the Company. Under this licensing agreement, Canopy Growth will have the right to manufacture and distribute Isodiol’s "Pot-O-Coffee" and "Pot-O-Tea" branded cannabis infused single serve K-Cup products in Canada and certain other markets internationally as federal regulations allow. Licensed products include caffeinated and de-caffeinated product lines as well as Isodiol's single serve "Pot-O-Coco". In addition to the Canadian rights, Canopy Growth shall have the right of first refusal to sell the "Pot-O" brand products in any territory outside of the US, Mexico and Puerto Rico.

On September 28, 2017, the Company and Skinvisible Pharmaceuticals, Inc. ("Skinvisible"), a researc h and development company with a patented drug delivery system, announced they have signed a definitive license agreement for Skinvisible's patented topical formulations. Per the agreement, Canopy Growth is exclusively licensed to distribute Skinvisible's topical products in Canada and shall have a first right of refusal for all other countries, excluding China and the United States. The agreement covers two distinct product lines made with Skinvisible's Invisicare® technology. Skinvisible will first develop unique topical hemp-based products that will be launched by Canopy Hemp Corporation in Canada. The agreement also includes potential cannabis-based topical products using the Invisicare® technology, when and if federal regulations permit CBD or THC infused topical products for sale in Canada.

On November 7, 2017, the Company announced it had signed a definitive licensing agreement with Farm to Farma Inc. ("FTF") for FTF's innovative Trokie® lozenges. Under this licensing agreement, Canopy Growth will have the exclusive right to manufacture and distribute FTF's Trokie® lozenges through its subsidiaries in Canada, as permitted by federal regulations, and shall have a first right of offer for all other countries where federally legal and excluding the United States.

HEMP-Based Products

The Company has taken steps to diversify its cannabis-related business into the development, production and sale of hemp-based medical, regulated recreational and industrial products. Hemp and cannabis come from the *Cannabis sativa L* specie, but are genetically distinct and are further distinguished by use, chemical makeup and cultivation methods. Hemp, which refers to the non-psychoactive (less than 0.3% THC) varieties of *Cannabis sativa L*, is a renewable raw material used in thousands of products including health foods, body care, clothing, construction materials, biofuels and plastic composites. The Company believes that entry into the regulated hemp market, whose regulations allow for more robust consumer-facing brand marketing, advertising and retail channels, will serve to strengthen the Company's consumer facing brands in the future.

On January 25, 2018, the Company announced that it has closed the acquisition of assets and intellectual property from Green Hemp Industrie Ltd. ("Green"). Combining the Company's expertise in large-scale cannabinoid extraction processes with Green's unique whole-plant hemp harvesting knowledge and library of stable CBD-rich hemp genetics to positions Canopy Growth leader in low-cost, high yield CBD production. On closing, the Company issued 24,576 common shares. The Company may issue up to another 24,576 common shares if certain production related milestones are achieved.

RESULTS OF OPERATIONS

The following table sets forth consolidated statements of operations and balance sheet data, which is expressed in thousands of Canadian dollars, except share and per share amounts, for the indicated periods.

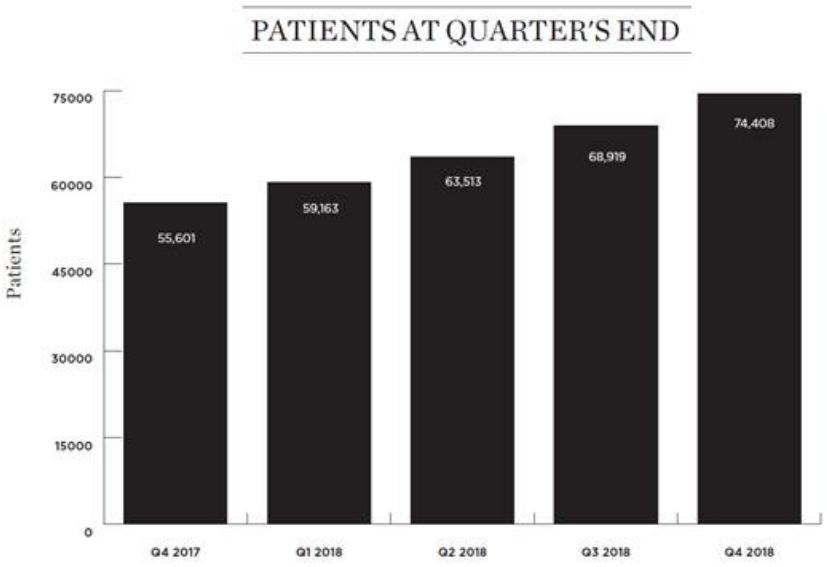
SELECTED OPERATIONAL INFORMATION
(CDN $000's, except share amounts)

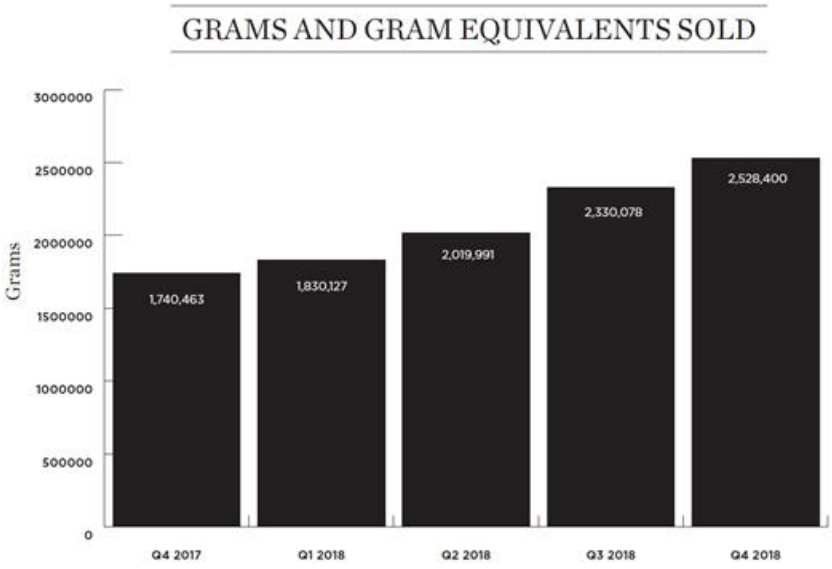
	Three Months Ended		Year Ended	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Revenue	**22,806**	14,661	**77,948**	39,895
Gross margin before fair value impacts in cost of sales	**8,517**	9,058	**40,158**	24,602
Gross margin before fair value impacts in cost of sales %	**37%**	62%	**52%**	62%
Gross margin	**7,177**	2,499	**74,192**	38,714
Gross margin %	**31%**	17%	**95%**	97%
Operating expenses before acquisition costs and non-cash operating expenses	**32,173**	9,509	**114,103**	36,141
Total operating expenses	**58,209**	23,415	**156,473**	52,797
Loss from operations	**(51,032)**	(20,916)	**(82,281)**	(14,083)
Net loss after taxes	**(54,361)**	(12,029)	**(54,134)**	(7,572)
Net loss attributable to Canopy Growth Corporation	**(61,544)**	(11,994)	**(70,353)**	(7,521)
Net loss per share - basic and diluted	**$ (0.31)**	$ (0.08)	**$ (0.40)**	$ (0.06)
Weighted average shares - basic and diluted	**196,571,715**	147,060,478	**177,301,767**	118,989,713

Selected statements of financial position information	**March 31, 2018**	March 31, 2017
Cash and cash equivalents	**322,560**	**101,800**
Biological assets	**16,348**	**14,725**
Inventory	**101,607**	**45,981**
Other working capital	**(49,209)**	**(5,874)**
Current and long-term debt	**8,422**	**10,330**
Other long-term liabilities	**61,150**	**766**
Deferred tax liability	**33,536**	**35,924**
Shareholders' equity	**1,243,238**	**639,726**

FOURTH QUARTER REVIEW

Results of Operations for the three months ended March 31, 2018 as compared to the three months ended March 31, 2017.





SELECTED QUARTERLY INFORMATION

	Q4'18	Q3'18	Q2'18	Q1'18
Revenue	$ 22,806	$ 21,700	$ 17,569	$ 15,873
Net income (loss) attributable to Canopy Growth Corporation	(61,544)	1,583	(1,338)	(9,054)
Net income (loss) per share - basic	$ (0.31)	$ 0.01	$ (0.01)	$ (0.06)
Weighted average shares - basic	196,571,715	182,029,481	167,226,218	163,884,269
Net income (loss) per share - diluted	$ (0.31)	$ 0.01	$ (0.01)	$ (0.06)
Weighted average shares - diluted	196,571,715	194,739,044	167,226,218	163,884,269

	Q4'17	Q3'17	Q2'17	Q1'17
Revenue	$ 14,661	$ 9,752	$ 8,498	$ 6,984
Net income (loss) attributable to Canopy Growth Corporation	(11,994)	2,992	5,430	(3,949)
Net income (loss) per share - basic	$ (0.08)	$ 0.03	$ 0.05	$ (0.04)
Weighted average shares - basic	147,060,478	116,813,261	108,872,770	103,663,724
Net income (loss) per share - diluted	$ (0.08)	$ 0.02	$ 0.05	$ (0.04)
Weighted average shares - diluted	147,060,478	123,034,872	112,254,363	103,663,724

REVENUE

Total revenue for the three months ended March 31, 2018 was $22,806 representing a 55% increase over the quarter ended March 31, 2017.

The Company believes the sale of cannabis oils will represent a significant revenue stream going forward. In the three months ended March 31, 2018 and 2017, oils, including gel caps, both accounted for 23% of product revenue for each respective period.

The total quantity of cannabis sold during the three months ended March 31, 2018 was 2,528 kilograms and kilogram equivalents at an average price of $8.43 per gram, up from 1,740 kilograms and kilogram equivalents at an average price of $8.03 in same period last year due to changes in the mix of product sold and increasing sales in Germany.

COST OF SALES

Plants that are in pre-harvest are considered biological assets and are capitalized on the balance sheet at fair market value less cost to sell at their point of harvest. Fair market value estimates are based directly on the Company's selling list prices for specific medical cannabis strains and estimated or expected selling prices to provincial crown corporations in a regulated domestic recreational market, as applicable, though no such prices have yet been established. Costs to sell include post-harvest, trimming, fulfillment, testing and shipping costs. As they continue to grow through the pre-harvest stages, a corresponding non-cash unrealized gain is recognized in income through cost of sales, reflecting the changes in fair value of the biological assets. At harvest, the biological assets are transferred to inventory at their fair value, which becomes the deemed cost for inventory. Inventory is later expensed to cost of sales when sold. In addition, the inventory production costs are expensed through cost of sales and represents overheads and other production costs of growing, processing and selling cannabis products. Together, the inventory production costs expensed, the fair value changes in biological assets included in inventory sold and other inventory charges, and the gain from changes in the fair value of biological assets comprise cost of sales. Management expects cost of sales to vary from quarter to quarter based on the number of pre-harvest plants, the strains being grown, and where the pre-harvest plants are in the grow cycle at the end of the period.

During the three months ended March 31, 2018, the Company harvested 4,811 kilograms. In comparison, during the three months ended March 31, 2017, the Company harvested 1,980 kilograms. The Company is ramping up production and inventories for later in calendar 2018 when the legalized recreational market is expected to commence to meet expected demand from consumers and the provinces.

The net cost of sales of $15,629 during the three months ended March 31, 2018 was comprised of inventory production costs expensed to cost of sales of $14,289, fair value changes in biological assets included in inventory sold and other inventory charges of $19,929 offset by the unrealized gain on changes in the fair value of biological assets of $18,589. The impact of changes in the fair value of biological assets recorded during the quarter was due in large part to the full utilization of Tweed Farms in Niagara-on-the-Lake and part utilization of BC Tweed offset by a lower amount of biological assets at Smiths Falls, Ontario as 7 of the 24 flower rooms at that facility were re-purposed, for clone propagation for other sites and the preparation of a large footprint pre-pack room, which reduced growing capacity for commercial harvest. In the quarter ended

March 31, 2017, the net recovery to cost of sales was $12,162 with inventory production costs expensed amounting to $5,603 fair value changes in biological assets included in inventory sold and other inventory charges of $9,363 offset by the unrealized gain on changes in the fair value of biological assets of $2,804.

The inventory production costs expensed to cost of sales of $14,289 is principally comprised of the cash costs of the inventory sold in the period of $8,397 and $5,892 of cash operating costs of subsidiaries not yet cultivating or selling cannabis, such as BC Tweed, Vert Mirabel, Tweed 53 (Edmonton, Alberta) and Spot Therapeutics (Fredericton, New Brunswick). This compares to the same period last year when the inventory production costs expensed to cost of sales of $5,603 was comprised of the cash costs of inventory sold in the period of $5,514 and $89 of cash operating costs of subsidiaries not yet cultivating or selling cannabis.

Management has made the decision to no longer report the weighted average cost per gram metric. There are three reasons for this change. First, there is no industry standard for cost per gram components or classification, a situation that management believes may cause investor confusion. Second, consistent with our long held and communicated view that the cannabis market will move beyond traditional dried flower products to cannabis as an ingredient in branded consumer products and medical therapies, management believes the sector will move away from measurements of the weight of the plant only, to milligram measurements of THC, CBD and other cannabinoid ingredients as new product formats are introduced. Lastly, management believes other key performance indicators will evolve as the legal recreational and retail market takes hold in Canada.

GROSS MARGIN

The fourth quarter Fiscal 2018 gross margin before the effects of IFRS fair value impacts in cost of sales and other inventory charges, and excluding the costs of non-cultivating subsidiaries and assets, totaling $5,892, was $14,409 or 63% of sales.

The fourth quarter Fiscal 2018 gross margin before the effects of the IFRS fair value impacts in cost of sales and other inventory charges was $8,517 or 37% of sales, as compared to $9,058 or 62% of sales in the fourth quarter of last year. The lower gross margin percentage was due primarily to the impact of cash operating costs of subsidiaries not yet cultivating or selling cannabis, described earlier in this MD&A.

The IFRS reported gross margin was $7,177 or 31% of revenue, for the three-month period ended March 31, 2018. In the comparative period ended March 31, 2017, the gross margin on the same basis was $2,499 or 17% of revenue. Gross margin includes the fair value changes in biological assets included in inventory sold and other inventory charges and unrealized gain on changes in fair value of biological assets.

The IFRS gross margin was mostly impacted by the full utilization of Tweed Farms greenhouse, partial utilization of BC Tweed facilities, full operation of the Bowmanville facility partially offset by a lower amount of biological assets at the Company's Smiths Falls facility which resulted in a higher gain on changes in the fair value of biological assets relative to the fourth quarter of last year.

As noted earlier in this MD&A, beginning in the third quarter of Fiscal 2018, 7 of 24 flower rooms in the Company's Smiths Falls, Ontario facility were repurposed for mother/clone rooms to produce over 200,000 clones deployed in the planting of over 1.7 million sq. ft. of additional greenhouse space in the first half of calendar 2018 and additional fulfillment capability, was necessary and worthwhile as it positions the Company to supply larger quantities of cannabis and generate increasing revenues beginning in the second quarter of fiscal 2019.

The Company's announced production expansion plans, which will add up to 3.2 million sq. ft. over the next 12 months, are expected to yield harvests that will produce increased volumes of available inventories for domestic sales and for export. The Company continues to refine its production processes and methodologies to increase production yields and gross margins.

OPERATING EXPENSES

Sales and marketing expenses include staffing levels in marketing and sales functions needed to service the coming regulated recreational and international markets, costs associated with the development of marketing and branding programs, the development of new permitted product SKUs, the development of recreational product packaging, the development of cannabis retail and education programs as well as costs associated with the Company's medical outreach program and the growing customer care center which interfaces directly with the Company's growing base of patients. Since March 31, 2017, the number of patients has grown from over 55,000 to over 74,000 at March 31, 2018. The outreach program is targeted towards ensuring that healthcare practitioners understand how they can incorporate medical cannabis into their practices. These expenditures are consistent with the Company's view that strong brand recognition is essential to the Company's successful ongoing customer acquisition strategy, particularly in the coming recreational market in Canada. These costs represent a strategic investment, which management believes will have a future benefit in customer acquisition and retention. Further, the Company is making these investments to aggressively seek new domestic and international business opportunities to build for the future.

As a result, sales and marketing were up significantly relative to the same periods last year for the purpose of being ready for the recreation market while currently still operating in a medical market in the fourth quarter and through the first half of fiscal 2019. Specifically, sales and marketing expenses for the three months ended March 31, 2018 were $14,751 or 65% of revenue. In comparison, sales and marketing expenses for the three months ended March 31, 2017 were $4,110 or 28% of revenue.

Research and development ("R&D") expenses for the three months ended March 31, 2018 and 2017 were $539 or 2% of revenue and ($535) or 4% of revenue, respectively.

The Company's R&D team is researching a variety of intellectual property opportunities, including those relating to growth patterns under different environmental scenarios and the genetics of various strains, the production of encapsulated cannabis oil capsules in higher volumes as well as in the development and implementation of internal testing resources, capabilities and procedures. In addition, the Company has invested in the development of patent pending technology related to equipment that the Company has engineered specifically for the cannabis industry to be incorporated in Canopy Growth's operations. Also, ongoing R&D work being performed in the Company's Dealers License Area is expected to lead to the development of new cannabis-based product form factors that will enter the market when permitted.

General and administrative ("G&A") expenses for the three months ended March 31, 2018 and 2017 were $16,883 and $5,934, respectively and 74% and 40% of sales, respectively.

The G&A expenses increased as the company scaled up to be ready for the Canadian legal recreational market, international expansion, and increased governance costs associated with listing on the New York Stock Exchange. G&A includes higher legal and professional services fees related to investments in governance, expanded operations and supporting business development as well as expanding the Company's information technology capability. G&A expenses also included higher employee compensation costs due to increased staff levels, necessary use of consultants and advisory services while expanding and commercializing the Company's operations, compliance costs associated with meeting Health Canada requirements, as well as other public company compliance related expenses including related professional fees. Overall, the increase in G&A reflects the Company's growth and building of commercial capacity and capability. As international expansion forms a key component of the Company's business growth strategy, the Company expects to incur related costs, such as legal and tax advice, while pursuing these business ventures in the future.

Acquisition-related expenses for the three-month period ended March 31, 2018 and 2017 were $915 and $5,394, respectively. Acquisition-related expenses in the fourth quarter period ended March 31, 2017 were primarily related to the Mettrum acquisition of $4,581. The remaining $813 was due to the ongoing evaluation of potential acquisitions performed during the period and increased legal, accounting and strategic business consulting services required to complete or evaluate the transactions. The Company may acquire strategic businesses and assets in the future as it pursues its growth strategy. As such, the Company may incur related acquisition expenses, including legal, accounting and strategic business consulting service related fees, in the future.

Share-based compensation expense for the three month period ended March 31, 2018 and 2017 related to options granted to employees and consultants of the Company and to acquisition-related milestones, of $20,170 and $5,391, respectively. The acquisition-related milestone share based compensation during the three months ended March 31, 2018 primarily related to Spectrum Denmark, BC Tweed, Apollo and Bodystream and to other affiliates, as summarized in Note 20 to the Annual Financial Statements.

ADJUSTED EBITDA (NON-GAAP MEASURE)

The Company's "Adjusted EBITDA" is a Non-GAAP metric used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines the Adjusted EBITDA as the Income (loss) from operations, as reported, before interest, tax, and adjusted for removing other non-cash items, including the share-based compensation expense, depreciation, and the non-cash effects of accounting for biological assets and inventories, and further adjusted to remove acquisition related costs. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash adjusted basis before the impact of non-cash items and acquisition activities.

Adjusted EBITDA in the fourth quarter fiscal 2018 amounted to a loss of $22,898 compared to a loss of $146 in the same period last year.

Adjusted EBITDA[1] Non-GAAP Measure	**Three Months Ended**	
(In CDN$000's)	**March 31, 2018**	March 31, 2017
Adjusted EBITDA[1] Reconciliation		
Loss from operations - as reported	$ (51,032)	$ (20,916)
IFRS non-cash accounting related to biological assets and inventory		
Fair value changes in biological assets included in inventory sold and other inventory charges	19,929	9,363
Unrealized gain on changes in fair value of biological assets	(18,589)	(2,804)
	1,340	6,559
Share-based compensation expense (per statement of cash flows)[2]	20,928	5,696
Acquisition Costs	915	5,394
Depreciation and amortization	4,951	3,121
	26,794	14,211
Adjusted EBITDA	$ (22,898)	$ (146)

1 - Adjusted EBITDA is Earnings Before Interest, Tax, and Depreciation and other non-cash items, and as adjusted for acquisition related items.

2 - Includes $8,247 and $690 for the three months ended March 31, 2018 and 2017, respectively, in share-based compensation expense related to acquisition milestones

OTHER EXPENSES AND NET INCOME

Other expenses are made up of fair value changes on financial assets of $46,169 for the three months ended March 31, 2018, which is recognized primarily from the strategic agreement with TerrAscend. The warrants represent a derivative financial instrument that is initially measured at fair value and subsequently remeasured to its fair value at the end of each reporting period with changes in fair value recorded in the consolidated statement of operations through profit and loss. The Company also recognized $5,776 for the three months ended March 31, 2018, which is recognized from the strategic agreement with AusCann. Under the agreement, the Company obtained shares and options. The options represent a derivative financial instrument that is initially recognized at fair value and subsequently remeasured to its fair value at the end of each reporting period. The Company also recognized $5,210 related to the Company's ownership in HydrRx. In the quarter ended March 31, 2018 HydRx completed a financing that provided a measure of the fair value of the warrants. The difference between the carrying amount of the warrants and this fair value for the warrants was recorded in the consolidated statement of operations through profit and loss.

The above was more than offset by an impairment loss of $28,000 related to the arbitration proceedings against Bedrocan International BV, fair value increases on BC Tweed and Vert Mirabel put liabilities of $21,000, and a partner sharing expense of $4,995 related to the BC Tweed partners. Please refer to the Annual Financial Statements for more information.

The Company recorded an income tax expense of $8,042 for the three months ended March 31, 2018 relating to changes in the deferred tax liability. In the comparative period last year, the Company recorded income tax expense of $3,566.

Net earnings for the three months ended March 31, 2018 was $54,361 compared to net loss of $12,029 in the comparative period last year.

ANNUAL REVIEW

Results of Operations for the year ended March 31, 2018 as compared to the year ended March 31, 2017.

REVENUE

Total revenue for the year ended March 31, 2018 was $77,948 representing a 95% increase over the year ended March 31, 2017.

The Company believes the sale of cannabis oils will represent a significant revenue stream going forward. In the year ended March 31, 2018 and 2017, oils, including gel caps, accounted for 22% and 12% of product revenue, respectively.

The total quantity of cannabis sold during the year ended March 31, 2018 was 8,708 kilograms and kilogram equivalents at an average price of $8.24 per gram, up from 5,139 kilograms and kilogram equivalents at an average price of $7.40 in same period last year due to an increasing mix of oil products and oil-based soft gel caps being sold as well as the increasing Germany sales.

COST OF SALES

During the year ended March 31, 2018, the Company harvested 22,513 kilograms. In comparison, during the twelve ended March 31, 2017, the Company harvested 10,837 kilograms. The Company is ramping up production and inventories for later in calendar 2018 when the legalized recreational market is expected to commence to meet expected demand from consumers and the provinces.

The net cost of sales of $3,756 during the year ended March 31, 2018 was comprised of inventory production costs expensed to cost of sales of $37,790, fair value changes in biological assets included in inventory sold and other inventory charges of $66,268 offset by the unrealized gain on changes in the fair value of biological assets of $100,302. The impact of changes in the fair value of biological assets recorded during the year was due in large part to the full utilization of Tweed Farms in Niagara-on-the-Lake, part utilization of BC Tweed, the new grow rooms fully operating at Smiths Falls, and to the refitted former Mettrum Bowmanville facility back in full production. In the year ended March 31, 2017, the net cost of sales was $1,181 with inventory production costs expensed amounting to $15,293 fair value changes in biological assets included in inventory sold and other inventory charges of $34,978 offset by the unrealized gain on changes in the fair value of biological assets of $49,090.

The inventory production costs expensed to cost of sales of $37,790 is principally comprised of the cash costs of the inventory sold in the period of $26,415 $11,375 related to cash operating costs of subsidiaries not yet cultivating or selling cannabis, such as BC Tweed, Vert Mirabel (Quebec), Tweed 53 (Edmonton, Alberta) and Spot Therapeutics (Fredericton, New Brunswick). This compares to the same period last year when the inventory production costs expensed to cost of sales of $15,293 was comprised of the cash costs of inventory sold in the period of $15,154 and $139 of cash operating costs of subsidiaries not yet cultivating or selling cannabis.

GROSS MARGIN

The fiscal year 2018 gross margin before the effects of the IFRS fair value impacts in cost of sales and other inventory charges was $40,158 or 52% of sales, as compared to $24,602 or 62% of sales in fiscal 2017. The lower gross margin percentage was due primarily to the impact of cash operating costs of subsidiaries not yet cultivating or selling cannabis, described earlier in this MD&A. Excluding the costs of the non-cultivating subsidiaries totaling $11,375, the gross margin before non-cash gains and losses would have been $51,533 or 66% of sales.

The IFRS reported gross margin was $74,192 or 95% of revenue, for the twelve-month period ended March 31, 2018. In the comparative period ended March 31, 2017, the gross margin on the same basis was $38,714 or 97% of revenue. Gross margin includes the fair value changes in biological assets included in inventory sold and other inventory charges and unrealized gain on changes in fair value of biological assets.

The IFRS gross margin was mostly impacted by the full utilization of Tweed Farms, part utilization of BC Tweed, the new grow rooms in use at Smiths Falls and Bowmanville fully operating again to result in a higher gain on changes in the fair value of biological assets relative to fiscal 2017.

The Company's announced production expansion plans, which will add up to 3.2 million sq. ft. over the next 12 months, are expected to yield harvests that will produce increased volumes of available inventories for domestic sales and for export. The Company continues to refine its production processes and methodologies to increase production yields and gross margins.

OPERATING EXPENSES

Sales and marketing expenses include staffing levels in marketing and sales functions needed to service the coming regulated recreational and international markets, costs associated with the development of marketing and branding programs, the development of new permitted product SKUs, the development of recreational product packaging, the development of cannabis retail and education programs as well as costs associated with the Company's medical outreach program and the growing customer care center which interfaces directly with the Company's growing base of patients. As a result, sales and marketing were up significantly relative to last year for the purpose of being ready for the recreation market while currently still operating in a medical market. Specifically, sales and marketing expenses for the year ended March 31, 2018 were $38,203 or 49% of revenue. In comparison, sales and marketing expenses for the year ended March 31, 2017 were $12,960 or 32% of sales.

Research and development ("R&D") expenses for the year ended March 31, 2018 and 2017 were $1,453 or 2% of revenue and $810 or 2% of revenue, respectively.

The Company's R&D team is researching a variety of intellectual property opportunities, including those relating to growth patterns under different environmental scenarios and the genetics of various strains, the production of encapsulated cannabis oil capsules in higher volumes as well as in the development and implementation of internal testing resources, capabilities and procedures. In addition, the Company has invested in the development of patent pending technology related to equipment that the Company has engineered specifically for the cannabis industry to be incorporated in Canopy Growth's operations. Also, ongoing R&D work being performed in the Company's Dealers License Area is expected to lead to the development of new cannabis-based product form factors that will enter the market when permitted.

General and administrative ("G&A") expenses for the year ended March 31, 2018 and 2017 were $43,819 and $16,858, respectively and 56% of sales and 42% of sales, respectively.

The G&A expenses include higher legal and professional services fees related to investments in governance, expanded operations and supporting business development as well as expanding the Company's information technology capability. G&A expenses also included higher employee compensation costs due to increased staff levels, necessary use of consultants and advisory services while expanding and commercializing the Company's operations, compliance costs associated with meeting Health Canada requirements, as well as other public company compliance related expenses including related professional fees. Overall, the increase in G&A reflects the Company's growth and building of commercial capacity and capability. As international expansion forms a key component of the Company's business growth strategy, the Company expects to incur related costs, such as legal and tax advice, while pursuing these business ventures in the future.

Acquisition-related expenses for the year ended March 31, 2018 and 2017 were $3,406 and $7,369, respectively. Acquisition-related expenses in the fiscal year ended March 31, 2018 were primarily related to the ongoing evaluation of potential acquisitions performed during the period and increased legal, accounting and strategic business consulting services required to complete or evaluate the transactions. Acquisition related expenses for the year ended March 31, 2017 included $5,190 related to the acquisition of Mettrum, $630 related to M&A advisory services, $372 related to the acquisition of Spektrum and $94 related to the acquisition of Vert. The Company may acquire strategic businesses and assets in the future as it pursues its growth strategy. As such, the Company may incur related acquisition expenses, including legal, accounting and strategic business consulting service related fees, in the future.

Share-based compensation expense related to options granted to employees and consultants of the Company and to acquisition-related milestones, of $29,631 and $19,475, respectively (year ended March 31, 2017 - $8,046 and $690, respectively). The acquisition-related milestone share based compensation primarily related to Spectrum Denmark, BC Tweed, Apollo and Bodystream and to other affiliates, as summarized in Note 20 (c) to the financial statements.

ADJUSTED EBITDA (NON-GAAP MEASURE)

Adjusted EBITDA in the fiscal year 2018 amounted to a loss of $41,246 compared to a loss of $4,719 in the same period last year.

Adjusted EBITDA[1] Non-GAAP Measure	**Year Ended**	
(In CDN$000's)	**March 31, 2018**	March 31, 2017
Adjusted EBITDA[1] Reconciliation		
Loss from operations - as reported	$ (82,281)	$ (14,083)
IFRS non-cash accounting related to biological assets and inventory		
Fair value changes in biological assets included in inventory sold and other inventory charges	66,268	34,978
Unrealized gain on changes in fair value of biological assets	(100,302)	(49,090)
	(34,034)	(14,112)
Share-based compensation expense (per statement of cash flows)[2]	51,177	10,043
Acquisition Costs	3,406	7,369
Depreciation and amortization	20,486	6,064
	75,069	23,476
Adjusted EBITDA	$ (41,246)	$ (4,719)

1 - Adjusted EBITDA is Earnings Before Interest, Tax, and Depreciation and other non-cash items, and as adjusted for acquisition related items.

2 - Includes $19,475 and $690 for the year ended March 31, 2018 and 2017, respectively, in share-based compensation expense related to acquisition milestones

OTHER EXPENSES AND NET INCOME

Other expenses are made up of fair value changes on financial assets of $78,172 for the year ended March 31, 2018, which is recognized primarily from the strategic agreement with TerrAscend. The warrants represent a derivative financial instrument that is initially measured at fair value and subsequently remeasured to its fair value at the end of each reporting period with changes in fair value recorded in the consolidated statement of operations through profit and loss. The Company also recognized $5,210 related to the Company's ownership in HydrRx. In the quarter ended March 31, 2018 HydRx completed a financing that provided a measure of the fair value of the warrants. The difference between the carrying amount of the warrants and this fair value for the warrants was recorded in the consolidated statement of operations through profit and loss. The Company also recognized $4,785 for the three months ended March 31, 2018, which is recognized from the strategic agreement with AusCann. Under the agreement, the Company obtained shares and options. The options represent a derivative financial instrument that is initially recognized at fair value and subsequently remeasured to its fair value at the end of each reporting period. In connection with the Agripharm agreement entered into

with Green House and Organa Brands where the Company's ownership interest was reduced to 40%, the Company recognized a gain of $8,820 during the year ended March 31, 2018.

The above was offset by an impairment loss of $28,000 related to the arbitration proceedings against Bedrocan International BV, fair value increases on BC Tweed and Vert Mirabel put liabilities of $21,000, and a partner sharing expense of $4,995 related to the BC Tweed partners. Please refer to the Annual Financial Statements for more information.

The Company recorded an income tax recovery of $1,593 for the year ended March 31, 2018 relating to changes in the deferred tax liability. In the comparative period last year, the Company recorded income tax expense of $2,703.

Net loss for the year ended March 31, 2018 amounted to $54,134 compared to net loss of $7,572 in the comparative period last year.

LIQUIDITY

As at March 31, 2018, the Company had cash and cash equivalents available of $322,560, up from $101,800 at the end of fiscal 2017. The increase from the end of fiscal 2017 was mainly due to the cash received from the Canopy Rivers private placement of $36,320 in June 2017, a $25,000 private placement common share issuance in July 2017, investment of approximately $245,000 by an affiliate of Constellation Brands, gross proceeds of $200,700 from a bought deal financing that closed on February 7, 2018 and the exercise of options and warrants totaling $11,823 offset by cash used to fund operations of $92,516 and investments in facility enhancements totaling $212,573. The Company's cash and cash equivalents includes cash held by Canopy Rivers, amounting to $322,560 at March 31, 2018.

While the Company has incurred cash losses to date, management anticipates success and eventual cash profitability of the business, though there can be no assurance that the Company will gain adequate market acceptance for its products or be able to generate sufficient positive cash flow to achieve its business plans.

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating, acquisition and organic growth requirements.

The table below sets out the cash, biological assets, inventory, other working capital, and long-term debt at March 31, 2018 and March 31, 2017.

(CDN $000's)	**March 31, 2018**	March 31, 2017
Cash & cash equivalents	**$ 322,560**	$ 101,800
Biological assets	**16,348**	14,725
Inventory	**101,607**	45,981
Other working capital	**(49,209)**	(5,874)
Current and long-term debt	**8,422**	10,330
Other long-term liabilities	**61,150**	766

The increase in total working capital to $389,749 (March 31, 2017 - $154,941) was primarily due to the increase in inventory, the investment in the Company by an affiliate of Constellation Brands, gross proceeds of $200,700 from the February 2018 bought deal financing and the cash raised by Canopy Rivers which was consolidated in the financial statements.

As at March 31, 2018, on average, the biological assets were 12% complete as to the next expected harvest date, compared to 43% average stage of completion as at March 31, 2017.

At March 31, 2018, inventory quantities amounted to 15,726 kilograms of dry cannabis. Of this amount, 2,982 kilograms was finished goods available for sale; 3,480 kilograms of product in process of testing and awaiting release for sale, and 9,264 kilograms of extract-grade cannabis held for conversion to oils and capsules. This compares to March 31, 2017 when a total of 8,360 kilograms of dry cannabis was in inventory, comprised of 377 kilograms of finished goods, 3,173 kilograms of product awaiting approvals to be released for sale, and 4,810 kilograms of extract-grade cannabis being held for conversion to oils and to capsules. In addition, the Company had a total of 6,969 litres of cannabis oil, ranging from concentrated resins, or refined oil, to oil in its finished state and available for sale, up from 1,799 litres held at March 31, 2017, also ranging from

concentrated resins to finished oils available for sale. The Company also had 356 kilograms of capsules on hand at March 31, 2018.

Inventory at March 31, 2018 amounted to $101,607 (March 31, 2017 - $45,981) and biological assets amounted to $16,348 (March 31, 2017 - $14,725), together totaling $117,955 (March 31, 2017 - $60,706) all of which Management believes is required to meet expected market demands, including the legalized recreational market expected later in calendar 2018.

The increase in inventory since March 31, 2017 was due to the new grow rooms coming on line at Smiths Falls, having Spectrum operations integrated and online, and the harvests at the Company's greenhouse in Niagara-on-the-Lake. Harvested plants were added to inventories during the quarter and quantities maintained to meet the growth in sales expected and meet strain availability requirements, and the expansion of oils.

The long-term assets which total $955,040 (March 31, 2017 - $523,934) were comprised principally of intangible assets and goodwill of $416,449, property, plant and equipment and assets in process of $303,682, investments in associates of $63,106 and investments in other financial assets of $163,463 which are comprised of various investments the Company and its subsidiaries have made, and other long-term assets of $8,340 which mainly consists of deposits on property, plant and equipment.

The chart below highlights the Company's cash flows during the year ended March 31, 2018 and 2017.

(CDN $000's)	**Year Ended**	
Net cash provided by (used in)	**March 31, 2018**	March 31, 2017
Operating activities	**$ (81,506)**	$ (27,093)
Investing activities	**(223,583)**	(18,602)
Financing activities	**525,849**	132,098
Cash and cash equivalents, beginning of year	**101,800**	15,397
Cash and cash equivalents, end of year	**$ 322,560**	$ 101,800

CASH USED IN OPERATING ACTIVITIES

The cash used in operating activities prior to changes in working capital during the year ended March 31, 2018 amounted to $52,987, with a net loss of $54,134, which included the IFRS accounting unrealized gain on biological assets of $100,302 and the non-cash other income and expenses of $78,172 more than offset the fair value changes in biological assets included in inventory sold and other inventory charges of $66,268 and other non-cash items such as depreciation and amortization of $20,486, total share-based compensation of $51,177, and income tax expense of $1,593. The cash used in operating activities after changes in working capital during the year ended March 31, 2018 amounted to $81,506.

In comparison, the cash used in operating activities prior to changes in working capital during the year ended March 31, 2017 amounted to $10,745, with net loss of $7,572 which included the non-cash unrealized gain on biological assets of $35,807, the non-cash other income and expenses of $5,702 and income tax recovery of $2,703 to more than offset net changes in inventory and biological assets of $21,695 and other non-cash items such as depreciation and amortization of $6,064, and total share-based compensation of $10,043. The cash used in operating activities after changes in working capital during the year ended March 31, 2017 amounted to $27,093.

CASH USED IN INVESTING ACTIVITIES

The cash used in investing activities during the twelve-months ended March 31, 2018 of $223,583 was primarily due to the expansion of growing capacity at Tweed and Tweed Farms, and the development of Tweed BC amount to investments of $176,037, investments made by the Company and its subsidiaries of $48,618, partially offset by proceeds on the sale of Bennett North of $7,000.

In comparison, the cash used in investing activities during the year ended March 31, 2017 of $18,602 was primarily due to the expansion of growing capacity at Tweed, acquisition of the Smiths Falls facility from the landlord, improvements at Vert, and investments made to improve production efficiencies such as high capacity oil extraction and new offerings such as soft-gel capsules amounting together to $29,391, partially offset by the cash and cash equivalents acquired, net of the cash paid for the acquisitions of Mettrum, Vert, Hemp and MedCann GmbH of $11,193.

CASH FROM FINANCING ACTIVITIES

The cash provided by financing activities during the year ended March 31, 2018 of $470,670 due to investment by an affiliate of Constellation of approximately $245,000, net proceeds of $192,514 from a bought deal in the fourth quarter of fiscal 2018, $35,135 raised by Canopy Rivers and net proceeds from July private placement of $24,160 and the exercise of stock options and warrants amounting to $11,823, which were partially offset by the repayment of long-term debt amounting to $1,195 and payment of share issue costs of $10,008.

In comparison, the cash provided by financing activities during the year ended March 31, 2017 of $132,098 mainly resulted from the bought deal financings which closed on April 15, 2016, August 24, 2016 and December 22, 2016 for combined net proceeds of $99,026, private placement closed on March 22, 2017 for net proceeds of $24,160, the proceeds from the issuance of new mortgage debt of $3,500, and the proceeds from the exercise of warrants and stock options amounting to $7,087. The cash proceeds were partially offset by the repayment of long-term debt amounting to $959.

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

The Company is subject to risks including, but not limited to, its inability to raise additional funds through debt and/or equity financing to support the Company's development and continued operations and to meet the Company's liabilities and commitments as they come due. Specifically, the Company has a history of losses with an accumulated deficit of $91,649, share capital of $1,076,838 and working capital of $389,749 as at March 31, 2018. This compares to an accumulated deficit of $21,296, share capital of $621,541 and working capital of $154,941 as at March 31, 2017. See below under the heading "Risk Factors".

CAPITAL ACTIVITIES

The Company manages its capital with the objective of maximizing shareholder value and sustaining future development of the business. The Company defines capital as the Company's equity and any debt it may issue. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the Company's activities. The Company, upon approval from its Board of Directors, will undertake to balance its overall capital structure through new share issues, the issue of debt or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company's principal capital needs are for funds to expand its growing rooms, ancillary rooms, strategic acquisitions, and general working capital requirements to fund operations and to support growth including new opportunities to produce and sell cannabis oil and dry cannabis buds. Since its formation, the Company has financed its cash requirements primarily through the issuance of capital stock with the following exceptions.

On November 7, 2014, a mortgage was obtained on the Tweed Farms property. The mortgage was obtained from Farm Credit Canada for an original amount of $1,875 (March 31, 2018 - $1,089) at an annual interest rate of 5.3% and had a term of 5 years and an amortization period of 7 years. On August 5, 2016, the Company obtained a second mortgage on the Tweed Farms property with the same Canadian financial institution for an original amount of $3,500 (March 31, 2018 – $2,777) with an annual interest rate of 4.9%, term of 5 years and an amortization period of 7 years. Through the acquisition of Mettrum on January 31, 2017, the Company has an additional mortgage of $2,648, also with the same Canadian financial institution, on the Mettrum property, with an annual interest rate of 4.8%, term of 5 years and an amortization period of 7 years. Through the acquisition of Bedrocan on August 28, 2015, the Company has a long-term debt facility totaling $1,564 with an interest rate of 10%, due on July 1, 2024, payable in blended monthly payments (See **"Transactions with Related Parties"**).

The Company also has revolving lines of credit for up to $5,500 with the same Canadian financial institution holding the three mortgages, with variable interest rates based on the CIBC prime rate plus 1.2% with a 5-year term and interest only payments on drawn amounts, but is payable on demand or may be prepaid at any time at the option of the Company. The lines of credit are subject to disbursement conditions related to capital expenditures at Tweed Farms and Mettrum. The lines of credit were undrawn as at March 31, 2018.

The Company's authorized share capital is an unlimited number of common shares of which 199,557,208 common shares were issued and outstanding as at March 31, 2018, after including 236,227 escrowed shares to be released after meeting certain conditions (March 31, 2017 – 162,187,262 common shares).

The Company has 17,245,835 options outstanding at March 31, 2018 under the Company employee stock option plan ("ESOP") at prices between $0.56 and $33,66 per share (March 31, 2017 – 10,044,112 option shares).

At March 31, 2018 the Company also had 18,912,012 warrants for common shares outstanding. This includes 18,876,901 warrants held by an affiliate of Constellation with an exercise price of $12.9783 which expire on May 1, 2020 and 35,111 warrants with exercise prices between $3.80 and $4.56 which expire on April 30, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements other than those as stated below in the section titled "Transactions with Related Parties".

TRANSACTIONS WITH RELATED PARTIES

The Company had previously been leasing office premises from Tweed Hershey Drive Inc., which was related through common ownership (the Company's CEO and chairman is a significant shareholder of the lessor). On January 13, 2017, the Company acquired the land and buildings at 1 Hershey Drive in Smiths Falls, Ontario. Details of the amounts expensed and owing related to these premises are detailed in Note 25 Related Parties in the Annual Financial Statements.

The Company leases premises for the two Bedrocan facilities in Toronto and a facility in Edmonton from a company controlled by Murray Goldman, a director of Canopy Growth Corporation. The Bedrocan facility leases expire on October 15, 2018 and August 31, 2024 and the Edmonton facility lease expires on July 31, 2037. Details of the amounts expensed and owing related to these premises are described in Note 25 Related Parties in the Annual Financial Statements.

The Company leases premises for the Mettrum Hemp's production facility located in Barrie, Ontario from Greg Herriott, the former founder and shareholder of Mettrum Hemp and former officer of Mettrum, now the president of Mettrum Hemp and a shareholder of the Company. The lease has a term of five (5) years with an expiration date of March 31, 2020 together with one (1) extension term of five (5) years. Details of the amounts expensed and owing related to these premises are described in Note 25 Related Parties in the Annual Financial Statements.

The Chief Executive Officer has been engaged to provide services to the Company at $55 per quarter and is eligible for up to a $300 annual bonus. Details of the amounts expensed and owing are described in Note 25 Related Parties in the Annual Financial Statements.

The Company currently has a loan payable to Murray Goldman, a director of the Company. Included in interest expense for the year ended March 31, 2018 was an amount of $169 (for the year ended March 31, 2017 - $179). At March 31, 2018, the loan balance was $1,564 (March 31, 2017 - $1,724).

Pursuant to the share purchase agreement with Hemp.CA, the company entered into a lease for the Vert and Hemp.CA properties with Dany Lefebvre, a shareholder of Hemp.CA who for a period of time following the acquisition was an employee of Canopy. The lease was to expire on November 1, 2036 and the Company had two automatic renewal terms of 10 years each. As of March 31, 2018, the related lease was cancelled and the expense incurred under the lease including base rent, operating costs, and cancellation costs were $84 since acquisition.

During the year ended March 31, 2018, $708 was expensed in director's fees (for the year ended March 31, 2017 - $203). The Company had $nil owing in accounts payable and accrued liabilities to directors at March 31, 2018 and 2017.

At March 31, 2018 the Company had loans receivable from six officers and two directors (see below) relating to the share purchase loan described in the Annual Financial Statements. At March 31, 2018, the total loans receivable was $503 with the balance due from employees of or consultants to the Company. The loans receivables relating to officers and directors of $288 were discharged in full on May 8, 2018 (March 31, 2017 - $nil).

Name	Title	Loan amount
Bruce Linton	Chief Executive Officer	$ 83
Tim Saunders	Chief Financial Officer	42
Dave Pryce	VP, International Market Expansion and Government Relations	4
John Bell	Independent Director	33
Mark Zekulin	President	63
Murray Goldman	Director	21
Phil Shaer	Chief Legal Officer	25
Ru Wadasinghe	Chief Information Officer	17
		$ 288

These transactions are in the normal course of operations and are measured at the exchange amounts being the amounts agreed to by the parties.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains a set of disclosure controls and procedures designed to provide reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized and reported on a timely basis. An evaluation of the design of Disclosure Controls was done under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, because of the material weakness in our internal control over financial reporting described below, our Disclosure Controls were not effective as at March 31, 2018.

Internal Controls Over Financial Reporting

National Instrument 52-109 requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal controls over financial reporting ("ICFR") for the Company and that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

The Company's management, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company´s internal control over financial reporting as of March 31, 2018, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013 (the "COSO 2013 Framework"). Based on this evaluation management concluded that a material weakness existed as of March 31, 2018, as described below.

As of March 31, 2018, the Company did not maintain effective internal controls over Corporate-wide EUC spreadsheets, the accounting complexities encountered in the financial reporting relies on equally complex spreadsheets. Spreadsheets are inherently prone to error due to their manual nature. The Company´s controls related to spreadsheets did not address all risks associated with updating assumptions, manual entry into spreadsheets, completeness of data entry, nor evidence of review of completed spreadsheets.

Because of the material weakness described above, management concluded that the Company's internal controls over financial reporting were not effective as at March 31, 2018. Accordingly, a reasonable possibility exists that material misstatements in the Company's financial statements will not be prevented or detected on a timely basis.

Remediation of material weaknesses previously identified as not remediated and related material changes in internal control over financial reporting

Reliance on End User Computing ("EUC") – Throughout fiscal 2018 Management continued to strengthen and improve controls related to the remaining material weaknesses related to End User Computing in the following ways:

- Continued engagement of third party resources to assist the Company in its risk assessment process and in completing the design and implementation of certain internal controls over financial reporting pursuant to the COSO 2013 Framework;
- Inventoried EUC spreadsheets in use and associated control and implementation of several IT supported systems to reduce reliance on EUC tools. Further IT support initiatives are underway to reduce the use of EUC tools;
- A cross-functional business transformation process, enabled by a new end to end Enterprise Resource Planning ("ERP") system was launched in June 2017 to standardize and automate business processes and controls across the organization domestically and internationally. The project is a major initiative that is utilizing third party consultants and will expand the depth and breadth of the finance and information technology organizations. The project, named Project Summit, will enable continuous improvement and scalability.

The material weakness related to reliance on EUC has not been fully remediated as at March 31, 2018. Remediation is expected to be completed in fiscal 2019 with the implementation of the ERP system.

IT General Controls - Management previously concluded that, as of March 31, 2017, the Company's IT general controls, specifically user access and change management processes, were determined to be a material weakness in the Company's internal control over financial reporting. Management implemented process improvements in both the areas of user access and change management. A revalidation of information technology user access and refresher training was undertaken. Additionally, tools to allow for tighter management of user access were implemented on key systems. Management considers the previously identified material weakness related to IT General Controls to be remediated as at March 31, 2018.

Other than those described above, there have been no changes in the Company's internal control over financial reporting during the three months ended March 31, 2018 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

No assurance can be provided at this time that the actions and remediation efforts will effectively remediate the material weakness described above or prevent the incidence of other material weaknesses in the Company's internal control over financial reporting in the future. Management, including the Chief Executive Officer and Chief Financial Officer, does not expect that disclosure controls and procedures or internal control over financial reporting will prevent all errors, even as the remediation measures are implemented and further improved to address the material weaknesses. A control system is subject to inherent limitations and even those systems determined to be effective can provide only reasonable, but not absolute, assurance that control objectives will be met with respect to financial statement preparation and presentation.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of the recently acquired operations of Tweed Grasslands Cannabis Inc. (acquired May 1, 2017), Spot Thrapeutics Inc (acquired on August 28, 2017), Grow House JA Limited (acquired 49% on September 6, 2017), Spectrum Cannabis Denmark ApS (acquired control on September 20, 2017), Les Serres Vert Cannabis (acquired 66.7% interest on December 18, 2017) and BC Tweed Joint Venture Inc (acquired 66.7% interest on October 10, 2017). The operations of Tweed Grasslands Cannabis Inc., Spot Therapeutics Inc.,Grow House JA Limited, Spectrum Cannabis Denmark ApS , Les Serres Vert Cannabis and BC Tweed Joint Venture Inc combined, represent approximately 12% of the Company's assets (approximately 1% of current assets and 21% of non-current assets); they also represent approximately 26% of current liabilities and 6% of long-term liabilities, 0% of the Company's revenues and 7% of operating expenses for the year ended March 31, 2018 and 0% of the Company's revenues and 24% of operating expenses for the three months ended March 31, 2018.

ADDITIONAL GAAP MEASURES

The Company uses “Income from operations” as an additional GAAP financial measure within the financial statements and MD&A,but is not a defined term under IFRS to assess performance. Management believes that this measure provides useful supplemental information to investors and is computed on a consistent basis for each reporting period.

Income from operations is calculated as total revenues less total operating expenses derived from the Consolidated Statements of Operations. It is used by management to analyze operating performance, but it is not intended to represent an alternative to net earnings or other measures of financial performance in accordance with IFRS.

NON-GAAP MEASURE

“Adjusted EBITDA” is a metric used by management which is Income (loss) from operations, as reported, before interest, tax, and adjusted for removing other non-cash items, including the stock-based compensation expense, depreciation, and the non-cash effects of accounting for biological assets and inventories, and further adjusted to remove acquisition related costs. Management believes “Adjusted EBITDA” is a useful financial metric to assess its operating performance on a cash basis before the impact of non-cash items and acquisition related activities.

RISKS AND UNCERTAINTIES

Many factors could cause the Company’s actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following factors, which are discussed in greater detail under the heading “Risk Factors” in the Company’s AIF dated June 27 2018 and in the Company’s Short-Form Prospectuses dated December 16, 2016, August 18, 2016, and April 8, 2016 and January 31, 2018 filed with securities regulators and available on www.sedar.com, which risk factors are incorporated by reference into this document, and should be reviewed in detail by all readers:

- The Company has a history of losses, may incur significant losses in the future and may not achieve or maintain profitability;
- The Company’s ability to grow, store and sell medical cannabis in Canada are dependent upon licenses from Health Canada which are subject to ongoing compliance and reporting requirements;

- The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada;
- The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen by the Company;
- Any amendment to or replacement of the ACMPR may cause adverse effects to the Company's operations. The risks to the business of the Company represented by this decision and subsequent regulatory changes could reduce the addressable market for the Company's products and could materially and adversely affect the business, financial condition and results of operations of the Company;
- On April 13, 2017, the Government of Canada released the proposed Cannabis Act to regulate the production, distribution and sale of cannabis for unqualified adult use. On November 27, 2017, the House of Commons passed the proposed Cannabis Act, and on December 20, 2017, the Prime Minister communicated that the Canadian Federal Government intends to legalize cannabis in the summer of 2018. The proposed Cannabis Act is currently before the Senate. It is unknown whether the Cannabis Act will be passed. Several recommendations from the Task Force reflected in the Cannabis Act including, but not limited to, permitting home cultivation, potentially easing barriers to entry into the Canadian recreational cannabis market and restrictions on advertising and branding, could materially and adversely affect the business, financial condition and results of operations of the Company;
- The proposed Cannabis Act is not yet in force, and the regulations to the Cannabis Act have not yet been published. There can be no assurance that the legalization of recreational cannabis by the Canadian Federal Government will occur on the terms in the proposed Cannabis Act or at all, and the legislative framework pertaining to the Canadian recreational cannabis market is uncertain;
- The governments of British Columbia, Alberta, Manitoba, Ontario, Québec and New Brunswick have also made varying announcements on the proposed regulatory regimes for the distribution and sale of cannabis for recreational purposes. There is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the growth opportunities that the Corporation currently anticipates;
- The Company's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment;
- Third parties with which the Company does business may perceive that they are exposed to reputational risk because of the Company's cannabis business activities;
- The operation of the Company can be impacted by adverse changes or developments affecting the facilities of the Company's wholly-owned subsidiaries;
- The Company's ability to recruit and retain management, skilled labour and suppliers is crucial to the Company's success;
- The Company's growth strategy contemplates outfitting its facilities with additional production resources. A variety of factors could cause these activities to not be achieved on time, on budget, or at all. As a result, there is a risk that the Company may not have product or sufficient product available to meet the anticipated demand or to meet future demand when it arises;
- The Company and its wholly-owned subsidiaries have limited operating histories;
- Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company may require additional financing and 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 favourable to the Company;
- There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company;

- The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any product, or consistent with earlier publicity;
- The Company and its wholly-owned subsidiaries face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury;
- The products of the Company's wholly-owned subsidiaries could be subject to the recall or return of their products for a variety of reasons. If a product recall or return should happen, the Company could be required to incur unexpected expenses and divert management attention and could see harm caused to its image and product sales decline. In addition, as result of the product recall or return, the Company and its wholly-owned subsidiaries could face increase operational scrutiny by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses;
- The introduction of home and designated growing may have a negative impact on the Company's sales and infringe on the Company's market;
- Greater access to medical cannabis, through home and designated growing and illegal dispensaries, may decrease the number of patients registering with the Company and may cause registered patients to leave the Company and grow for themselves;
- Home and designated growing may increase access to cannabis in the illegal market, potentially impacting the public's perception of the Company, and the cannabis industry as a whole;
- Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company;
- The Company is largely reliant on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize because of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company;
- The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls;
- The Company may engage in acquisitions or other strategic transactions or make investments that could result in significant changes or management disruption;
- The Company could fail to integrate acquired companies into the business of the Company;
- Completed acquisitions, strategic transaction or investments could fail to increase shareholder value;
- Certain of the Directors and Officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies;
- The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business;
- The market price for the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control;
- There can be no assurance that an active and liquid market for the common shares will be maintained and an investor may find it difficult to resell any securities of the Company;
- Prior to the start of trading on March 20, 2017, the Company was the first cannabis company to be added to the health care section of the S&P/TSX Composite Index. In order to be added to the Composite Index, the Company had to meet certain market capitalization, liquidity, and domicile

requirements. Big institutional investors and index funds use the Composite Index to guide buying decisions, which could influence the trading price of the Company's shares;

- October 16, 2017, the TSX provided clarity regarding the 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 Requirements. These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the U.S., (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) 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 Requirements, the TSX has the discretion to initiate a delisting review. If the TSX were to initiate a delisting review in respect of the Company, there could be an adverse effect on the trading price of the Company's shares;

- The Company does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings;

- The Company's 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;

- The Company has, and will have, certain business arrangements with third parties, the breakdown/loss of which could impact its operations;

- On October 30, 2017, The Company announced that it entered into a strategic relationship with an affiliate of Constellation. The Company and the affiliate of Constellation entered into an Investor Rights Agreement pursuant to which the Company granted registration rights to the affiliate of Constellation and certain pre-emptive rights whereby, subject to certain exceptions, the affiliate of Constellation may maintain its pro rata ownership in the Company or cause the Company to take steps to assist it in selling some or all of the Common Shares it holds. In addition, in connection with the Constellation transaction, the Company is subject to a number of restrictions on activities that the Company cannot undertake without consent of the Constellation affiliate. These restrictions limit the Company's ability to conduct certain business, and it is possible that such restrictions could significantly adversely affect the business, financial condition and results of operations of the Company;

- An affiliate of Constellation owns a substantial number of the outstanding common shares of the Company (on a fully diluted basis) and, through its pre-emptive rights, has the ability to maintain its ownership level. As such, this shareholder is in a position to exercise significant influence over matters requiring shareholder approval, including the election of directors and the determination of significant corporate actions. As well, this shareholder could delay or prevent a change in control of the Company that could otherwise be beneficial to the Company's shareholders;

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

- The Company's expansion into jurisdictions outside of Canada is subject to risks. In addition, in jurisdictions outside of Canada, there can be no assurance that any market for the Company's products will develop. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on the Company's business, financial condition and results of operations;
- The Company's operations in emerging markets are subject to political and other risks associated with operating in a foreign jurisdiction;
- The Company continues to monitor developments and policies in the emerging markets in which it operates and assess the impact thereof to its operations; however, such developments cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability;
- Corruption and fraud in certain emerging markets relating to ownership of real property may adversely affect the Company's business;
- Inflation in emerging markets, along with governmental measures to combat inflation, may have a significant negative effect on local economies and also on the Company's financial condition and results of operations;
- The Company's operations may be impaired as a result of restrictions on the acquisition or use of properties by foreign investors or local companies under foreign control;
- The legal and regulatory requirements in the foreign countries in which the Company operates with respect to the cultivation and sale of marijuana, banking system and controls, as well as local business culture and practices are different from those in Canada. The officers and directors of the Company must rely, to a great extent, on the Company's local legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist the Company with its governmental relations. The Company must rely, to some extent, on those members of management and the Company's 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. The Company also relies 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 marijuana as well as in respect of banking, financing, labour, 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 the control of the Company. The impact of any such changes may adversely affect the business of the Company;
- The Company may expand into other geographic areas, which could increase the Corporation's operational, regulatory and other risks; and
- The Company may be responsible for corruption and anti-bribery law violations.

Exhibit 99.4

CERTIFICATION

I, Bruce Linton, certify that:

1. I have reviewed this annual report on Form 40-F 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 issuer as of, and for, the periods presented in this report;

4. The issuer'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)) for the issuer 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 issuer, 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) Evaluated the effectiveness of the issuer'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

(c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer'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 issuer'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 issuer's internal control over financial reporting.

Date: June 28, 2018

By: /s/ Bruce Linton
Bruce Linton
Chairman and Chief Executive Officer
(Principal Executive Officer)

4820-0982-2571\4

Exhibit 99.5

CERTIFICATION

I, Tim Saunders, certify that:

1. I have reviewed this annual report on Form 40-F 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 issuer as of, and for, the periods presented in this report;

4. The issuer'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)) for the issuer 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 issuer, 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) Evaluated the effectiveness of the issuer'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

(c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5 The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer'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 issuer'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 issuer's internal control over financial reporting.

Date: June 28, 2018

By: /s/ Tim Saunders
Tim Saunders
Executive Vice President and Chief
Financial Officer
(Principal Financial and Accounting Officer)

4820-0982-2571\4

Exhibit 99.6

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 40-F for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bruce Linton, Chairman and 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 r esults of operations of the Company.

June 28, 2018

/s/ Bruce Linton
Bruce Linton
Chairman and 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.

4820-0982-2571\4

Exhibit 99.7

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 40-F for the period ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tim Saunders, Executive Vice President and 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 28, 2018

/s/ Tim Saunders
Tim Saunders
Executive Vice President and Chief
Financial Officer
(Principal Financial and Accounting 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.

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INDEPENDENT AUDITOR'S CONSENT

We consent to the use of our report dated June 27, 2018, relating to the consolidated financial statements of Canopy Growth Corporation (the "Company") appearing in this Annual Report on Form 40-F of the Company for the year ended March 31, 2018.

/s/ Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada
June 28, 2018