

Canopy Growth Corporation Comments on the Year that was 2016

January 3rd, 2017

Smiths Falls, ON – As a leader in Canada’s medical cannabis industry, Canopy Growth Corporation (Canopy Growth) (TSX:CGC) wishes to offer the following commentary on the events of late 2016.

Transitioning Canadians into the legal cannabis system with the appropriate checks and balances has been very successful to date. The number of authorized medical cannabis users tripled in 2016 as healthcare professionals and individuals became increasingly aware of the emerging regulated system, and as the system itself evolved to better meet Canadians’ needs.

Since May 2014 when Tweed shipped its first gram, its facilities have evolved and become more efficient. Each stage of production and processing has dozens of Standard Operating Procedures that make its products better and safer. Through hard work and a culture of improving every aspect of our operations as we grow, Canopy Growth has earned almost a quarter of the market share and developed a strong track record of compliance across multiple facilities.

Canada is ahead of the global curve with regards to cannabis regulation. The system in place today has successfully introduced over one hundred thousand Canadians to a legal source of cannabis for medical purposes. The success of the *Access to Cannabis for Medical Purposes Regulations* is evident in its growth, which has continued at a rate of approximately ten percent per month for more than two straight years. Quality of product is improving across the sector, while average prices have come down. Patients now have cannabis oils and capsules to choose from, in addition to a variety of dried cannabis options.

Late last year, our sector was met with two announced product recalls and some related negative media coverage. These instances were of course unfortunate. As neither recall was related to Canopy Growth or its subsidiaries, Canopy is in no position to comment on the details related to the product recalls. One of the companies, however, is set to join the Canopy family and we remain proud of the reputation Mettrum has built for its quality products, customer support, and physician outreach.

It is important to note that recalls are not the sign of a system in disarray, rather they are signs that the system is working to protect Canadian patients. This is true of all regulated industries, from food production to medical production, but it is especially important in a sector such as the cannabis industry, which remains in its infancy and subject to incredible scrutiny.

All licensed producers are highly regulated, tracking every plant from seed to sale, testing product for release, and maintaining samples in case further testing is

required. Additionally, and unique to our sector given the direct relationship we have with our patients, every licensed producer has procedures in place to contact every one of our clients if a recall or other customer notification needs to occur. Upon discovering anything warranting a recall, such as the presence of unapproved treatment products, a licensed producer will ensure that impacted customers are identified and advised of the recall and of any potential risks associated with product consumption. Furthermore, substantial testing and reviews of procedures will occur, to ensure that corrective actions are put in place and implemented.

In the case of Mettrum's disclosed recall, it was concluded by Health Canada and external experts that the recall constituted a Type 3 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 are potentially impacted are notified, corrective actions are put in place, and existing product and procedures re-tested and examined.

Looking to the future, there are no signs of things slowing down for our sector or our Company. In spite of the fact that illegal sources exist, Canadians requiring cannabis for medical purposes increasingly place their trust in a system that delivers high quality products and has safeguards in place to recognize and react in the rare cases when that standard is not met. We are not perfect, nor is the system in which we operate. There will be bumps along the road, but for a new sector we all have a lot to take pride in.

As we enter a new year that will undoubtedly see the topic of cannabis debated everywhere from the water cooler to the floor of the House of Commons, it is important that we recognize the successes of the current system, identify and address its shortcomings, and create a uniquely Canadian cannabis sector that can continue to improve the lives Canadians and ensure a safe, reliable, and regulated supply of cannabis products.

Here's to Future Growth.

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About Canopy Growth Corporation

Canopy Growth is a world-leading diversified cannabis company, offering diverse brands and curated cannabis strain varieties in dried and oil extract forms. Through its wholly-owned subsidiaries, Canopy Growth operates numerous state-of-the-art production facilities with over half a million square feet of indoor and greenhouse production capacity. Canopy Growth has established partnerships with leading sector names in Canada and abroad. For more information visit www.canopygrowth.com.

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