

## **CANOPY GROWTH ENTERS INTO AGREEMENT TO ACQUIRE METTRUM**

December 1, 2016

***Significant additional production capacity and brand diversification to Canopy Growth, Canada's leading cannabis company***

- **Canopy Growth will add two national brands to its portfolio, increasing its production platform to 665,000 sq. ft., and furthering its position as a domestic and global leader.**
- **Acquisition provides Canopy Growth with a full-spectrum product offering including expansion of medically-focused & lifestyle brands and the addition of a natural hemp brand.**
- **Acquisition rounds out best in class management with significant industry experience.**
- **Acquisition allows for sharing of best practices and production standards, with the potential to reduce costs and realize revenue synergies.**
- **Mettrum shareholders to receive 0.7132 common shares (the "Exchange Ratio") of Canopy Growth for each common share of Mettrum.**

Smiths Falls, ON & Toronto, ON – Canopy Growth Corporation (TSX:CGC) ("Canopy Growth" or the "Company") and Mettrum Health Corp. ("Mettrum") (TSXV:MT) are pleased to announce that they have entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which Canopy Growth will acquire all of the issued and outstanding shares of Mettrum (the "Arrangement"), creating a world-leading diversified cannabis company with six licensed facilities, and a licensed production footprint of approximately 665,000 sq. ft., with significant acreage for expansion.

The total transaction is valued at approximately C\$430 million and will be satisfied by the issuance of common shares in Canopy Growth. Under the terms of the Arrangement Agreement, Mettrum shareholders will be entitled to receive 0.7132 common shares of Canopy Growth for each common share of Mettrum, representing consideration of C\$8.42 per Mettrum common share based on the closing price of Canopy Growth common shares on the Toronto Stock Exchange ("TSX") on November 30, 2016. Upon completion of the Arrangement, existing Canopy Growth and Mettrum shareholders are expected to own approximately 77.7% and 22.3%, respectively, of the pro forma company.

## ***Strategic Rationale***

- **Dominant Market Position:** Post-acquisition, Canopy Growth will continue to fortify its position as the largest medical marijuana company in Canada and as a global leader with total licensed production square footage of approximately 665,000 sq. ft., with significant acreage for additional expansion.
- **Expanded and Diversified Portfolio of Nationally-Recognized Cannabis and Hemp Brands:** The combined company will bring together Mettrum’s simple, recognizable and proven Mettrum Spectrum brand, with the pure medically-focused brand of Bedrocan Canada and the approachable, lifestyle-focused brand of Tweed. On the hemp side of the business, the integration of Mettrum Originals with Canopy Growth’s recently acquired hemp.ca platform will solidify Canopy Growth’s position in the hemp market.
- **Cost and Revenue Synergies:** The Company expects to realize improved supply chain management and back office efficiencies, cross-selling to customers given broader product offerings and combined research capabilities.
- **Industry-Leading Management Team:** The combined company will have best in class management with significant and diverse industry experience.
- **Well-Capitalized for Further Global Growth:** Post acquisition, Canopy Growth’s cash balance of approximately \$68 million positions the Company with one of the strongest balance sheets in the industry and leaves the Company well-funded for expansion and product development initiatives.
- **Enhanced Financial Scale and Presence:** A widely-recognized and scalable platform to attract additional patients and to position the Company favourably within all distribution channels.

“From day one, Canopy Growth has viewed production capacity, brand diversity, and highly-skilled management as the foundational aspects of our business,” said Bruce Linton, Chairman and CEO of Canopy Growth. “Mettrum has established a line of cannabis products that work well in a medical context and will transition naturally into a natural and healthy lifestyle market. Their substantial production facilities will add to our growing production platform as we expand to meet the needs of patients, and their experienced personnel will help Canopy Growth drive our vision forward to the next level.” Added Linton: “Both Canopy Growth and Mettrum have proven themselves with Canadian patients; and together we intend to make our industry-leading product and service offering even stronger, while developing our common hemp objectives.”

“Canopy Growth and Mettrum have enjoyed a collaborative industry relationship working on a number of patient and industry advocacy efforts,” said Michael Haines, CEO of Mettrum. “Combining our companies’ complimentary market strengths, and management expertise, should result in a more dynamic company well-positioned for emerging recreational and international opportunities.”

### ***Arrangement Summary***

The Arrangement Agreement provides that Mettrum shareholders will be entitled to receive 0.7132 common shares of Canopy Growth for each common share of Mettrum held, representing consideration of C\$8.42 per Mettrum common share based on the closing price of Canopy Growth common shares on November 30, 2016. Upon closing of the acquisition, Mettrum will become a wholly-owned subsidiary of Canopy Growth.

Each of the executive officers and directors of Mettrum, who together hold approximately 15% of the outstanding common shares of Mettrum, have entered into voting support agreements in favour of the Arrangement.

The Arrangement Agreement provides that Mettrum is subject to non-solicitation provisions and provides that the Special Committee of Mettrum may, under certain circumstances, terminate the Arrangement in favour of an unsolicited superior proposal, subject to a termination fee of C\$10 million (the “Termination Fee”) to Canopy Growth and subject to a right to match the superior proposal. The Arrangement Agreement includes other customary termination provisions where a Termination Fee is payable to Canopy Growth or Mettrum under certain circumstances.

The acquisition will be carried out by way of plan of arrangement under the *Business Corporations Act* (Ontario) and will require the approval of at least 66 2/3% of the votes cast by Mettrum shareholders at a special meeting expected to take place in January 2017.

Under applicable TSX rules, the transaction requires the approval of Canopy Growth shareholders by a majority vote, as the number of Canopy Growth common shares to be issued exceeds 25% of the total number of outstanding Canopy Growth common shares, with such approval expected to take place at a special meeting in January 2017. Senior officers and directors of Canopy Growth have also entered into voting support agreements pursuant to which they will vote their common shares in favour of the Arrangement.

Closing remains subject to approval of the shareholders of both Canopy Growth and Mettrum, court approval, the approval of the TSX, applicable regulatory approvals and the satisfaction of certain other closing conditions customary in transactions of this nature.

Additional details of the Arrangement will be provided to Mettrum and Canopy Growth shareholders in respective information circulars to be mailed in December 2016. It is expected that shareholder meetings and closing of the Arrangement will occur in January 2017.

### ***Board Recommendations***

The Board of Directors of both Canopy Growth and Mettrum have unanimously approved the transaction and recommend that shareholders vote in favour of the transaction. The Board of Directors of Mettrum has acted on the unanimous recommendation of the Special Committee comprised solely of independent directors. Dundee Securities Ltd. provided a fairness opinion to the Board of Directors of Canopy Growth, stating that in its opinion, and based upon and subject to the assumptions, limitations, and qualifications set forth therein, the Exchange Ratio pursuant to the Arrangement is fair, from a financial point of view, to the Canopy Growth shareholders. Cormark Securities Inc. has provided a fairness opinion to the Special Committee of the Board of Directors of Mettrum, stating that in its opinion, and based upon and subject to the assumptions, limitations, and qualifications set forth therein, the Exchange Ratio pursuant to the Arrangement is fair, from a financial point of view, to the Mettrum shareholders. In addition, Echelon Wealth Partners Inc. provided a fairness opinion to the Special Committee of the Board of Directors of Mettrum, stating that the Arrangement is fair, from a financial point of view, to the Mettrum shareholders, subject to certain assumptions, limitations, and qualifications.

### ***Integrated Quality Assurance Approach***

The Company is confident that Mettrum's response to the events that led to the recall will result in operational practices that will advance the quality and standards of the production of cannabis at Mettrum's facilities.

Mettrum will continue to lead site activities with Health Canada as it fulfills its obligations for products affected by the previously announced Type III recall.

Canopy Growth has established a strong multi-site track record of regulatory compliance across diversified production sites, making it uniquely capable of implementing best practices and moving forward to the highest production standards under the *Access to Cannabis for Medical Purposes Regulations* (the "ACMPR") issued pursuant to the *Controlled Drugs and Substances Act* (Canada).

### ***Financial and Legal Advisors***

Dundee Securities Ltd. is acting as financial advisor to Canopy Growth with LaBarge Weinstein LLP acting as legal advisor to the Company.

Cormark Securities Inc. is acting as financial advisor to Mettrum, Goodmans LLP is acting as legal counsel to Mettrum and Aird & Berlis LLP is acting as legal counsel to the Special Committee of Mettrum.

### **Conference Call Information**

Canopy Growth and Mettrum will host a joint conference call to discuss the transaction on December 1, 2016 at 8:30 a.m. (Eastern Daylight Time). A copy of the presentation can be found on Canopy's Growth's website at [www.canopygrowth.com](http://www.canopygrowth.com)

#### **Calling Information:**

Toll Free Dial-In Number: 1-888-231-8191

International Dial-In Number (647) 427-7450

Conference ID: 30771775

#### **Replay Information:**

A replay of the call will be accessible by telephone until 11:59 PM ET on January 1, 2017.

Toll Free Dial-in Number: 1-855-859-2056

Replay Password: 30771775

**A live audio webcast will be available [here](#).**

### **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, Tweed, Tweed Farms, and Bedrocan Canada, Canopy Growth operates three 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](http://www.canopygrowth.com).

### **About Mettrum Health Corp.**

Mettrum Health Corp. is a Tier 1 Industry Issuer listed on TSX Venture Exchange. Mettrum Ltd., a wholly-owned subsidiary of Mettrum Health Corp., is a Toronto-based company and a licensed producer of medical cannabis under the ACMPR. Mettrum received its first license from Health Canada on November 1, 2013 and began production of medical cannabis at its first production facility in Bowmanville, Ontario. Mettrum received its second license from Health Canada on December 11, 2014 for its other wholly-owned subsidiary, Agripharm Corp., at the Mettrum Creemore facility in Clearview, Ontario. Mettrum received its third license from Health Canada on December 17, 2015 for Mettrum Ltd. at its new 60,000 square foot production and distribution facility in Bowmanville, Ontario. With the company's three licenses, Mettrum Health Corp. is a leading producer and vendor of medical cannabis under the ACMPR system. In addition, through its wholly-owned subsidiary Mettrum Hempworks, Mettrum also is a

licensed producer and distribution of industrial cannabis (hemp) products, including Mettrum's functional food line, Mettrum Originals™, under the *Industrial Hemp Regulations* (Canada) issued pursuant to the *Controlled Drugs and Substances Act* (Canada).

### **Notice Regarding Forward Looking Statements**

This news release contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Canopy Growth Corporation, Tweed Inc., Tweed Farms Inc. or Bedrocan Canada Inc. to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, but are not limited to, statements relating to our expectations with respect to: the timing and outcome of the proposed acquisition of all the issuance and outstanding common shares of Mettrum; the anticipated benefits of the transaction to the parties and their respective security holders; impact of the transaction and enhanced infrastructure on production capabilities; and the anticipated timing of the meeting of Canopy Growth shareholders to consider the transaction and for the closing of the transaction. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. In respect of the forward-looking statements and information concerning the anticipated benefits and completion of the proposed transaction and the anticipated timing for completion of the transaction, Canopy Growth and Mettrum have provided such statements and information in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the time required to prepare and mail security holder meeting materials; the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court and shareholders approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the closing of the transaction; and other expectations and assumptions concerning the transaction. There can be no assurance that the proposed transaction will occur, or that it will occur on the terms and conditions contemplated in this news release. The proposed transaction could be modified, restructured or terminated. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual

results could differ materially from those currently anticipated due to a number of factors and risks. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties are included in reports on file with applicable securities regulatory authorities.

The forward-looking statements contained in this news release are made as of the date of this release and, accordingly, are subject to change after such date. Canopy Growth does not assume any obligation to update or revise any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf, except as required by applicable law.

**Neither the Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in policies of the Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this release.**

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