March 1, 2018

Dear:

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act, our file # TCII/5/2018

On February 22, 2018 the Department of Tourism, Culture, Industry and Innovation received your request for access to the following record:

Canopy Growth Corporation supply agreement of cannabis for recreational purposes and agreement with Tourism, Culture, Industry and Innovation (4 Retail Stores, 40 million in rebate and funding for Research and Development) based on the production of cannabis in NL.

I am pleased to inform you that a decision has been made by the Deputy Minister for the Department of Tourism, Culture, Industry and Innovation to provide access to some of the requested information. Access to the remaining records, and/or information contained within the records, has been refused in accordance with the following exceptions to disclosure, as specified in the Access to Information and Protection of Privacy Act (the Act).

Disclosure harmful to the financial or economic interests of a public body

35. (1) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose

   g) information, the disclosure of which could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body

Disclosure harmful to business interests of a third party

39. (1) The head of a public body shall refuse to disclose to an applicant information

   (a) that would reveal

   (ii) commercial, financial, labour relations, scientific or technical information of a third party;

   (b) information which would reveal the existence of any matter that is or was before a public body, or to which a public body was a party, and which contains information of a kind that could reasonably be expected to prejudice the public interest, if the existence of the matter was not otherwise publicly known or if the matter was not otherwise publicly available.
(b) that is supplied, implicitly or explicitly, in confidence; and

(c) the disclosure of which could reasonably be expected to

(i) harm significantly the competitive position or interfere significantly with the negotiating position of the third party,

Disclosure harmful to personal privacy

40. (1) The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party's personal privacy.
sensitive information of a third party

As required by 8(2) of the Act, we have severed information that is unable to be disclosed and have provided you with as much information as possible. In accordance with your request for a copy of the records, the appropriate copies have been enclosed.

Please be advised that you may appeal this decision and ask the Information and Privacy Commissioner to review the decision to provide partial access to the requested information, as set out in section 42 of the Act (a copy of this section of the Act has been enclosed for your reference). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your appeal should identify your concerns with the request and why you are submitting the appeal.

The appeal may be addressed to the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John's, NL A1B 3V8
Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the Act.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Office of Public Engagement's website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.
If you have any further questions, please feel free to contact me phone at (709) 729-7246 or by e-mail at heatherbrown@gov.nl.ca

Sincerely,

[Signature]

Heather Brown
ATIPP Coordinator
Disclosure harmful to the financial or economic interests of a public body

35. (1) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose

(a) trade secrets of a public body or the government of the province;

(b) financial, commercial, scientific or technical information that belongs to a public body or to the government of the province and that has, or is reasonably likely to have, monetary value;

(c) plans that relate to the management of personnel of or the administration of a public body and that have not yet been implemented or made public;

(d) information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party;

(e) scientific or technical information obtained through research by an employee of a public body, the disclosure of which could reasonably be expected to deprive the employee of priority of publication;

(f) positions, plans, procedures, criteria or instructions developed for the purpose of contractual or other negotiations by or on behalf of the government of the province or a public body, or considerations which relate to those negotiations;

(g) information, the disclosure of which could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body; or

(h) information, the disclosure of which could reasonably be expected to be injurious to the ability of the government of the province to manage the economy of the province.

(2) The head of a public body shall not refuse to disclose under subsection (1) the results of product or environmental testing carried out by or for that public body, unless the testing was done

(a) for a fee as a service to a person or a group of persons other than the public body; or

(b) for the purpose of developing methods of testing.
Disclosure harmful to business interests of a third party

39. (1) The head of a public body shall refuse to disclose to an applicant information

(a) that would reveal

(i) trade secrets of a third party, or

(ii) commercial, financial, labour relations, scientific or technical information of a third party;

(b) that is supplied, implicitly or explicitly, in confidence; and

(c) the disclosure of which could reasonably be expected to

(i) harm significantly the competitive position or interfere significantly with the negotiating position of the third party,

(ii) result in similar information no longer being supplied to the public body when it is in the public interest that similar information continue to be supplied,

(iii) result in undue financial loss or gain to any person, or

(iv) reveal information supplied to, or the report of, an arbitrator, mediator, labour relations officer or other person or body appointed to resolve or inquire into a labour relations dispute.

(2) The head of a public body shall refuse to disclose to an applicant information that was obtained on a tax return, gathered for the purpose of determining tax liability or collecting a tax, or royalty information submitted on royalty returns, except where that information is non-identifying aggregate royalty information.

(3) Subsections (1) and (2) do not apply where

(a) the third party consents to the disclosure; or

(b) the information is in a record that is in the custody or control of the Provincial Archives of Newfoundland and Labrador or the archives of a public body and that has been in existence for 50 years or more.
Disclosure harmful to personal privacy

40. (1) The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party’s personal privacy.

(2) A disclosure of personal information is not an unreasonable invasion of a third party’s personal privacy where

(a) the applicant is the individual to whom the information relates;

(b) the third party to whom the information relates has, in writing, consented to or requested the disclosure;

(c) there are compelling circumstances affecting a person’s health or safety and notice of disclosure is given in the form appropriate in the circumstances to the third party to whom the information relates;

(d) an Act or regulation of the province or of Canada authorizes the disclosure;

(e) the disclosure is for a research or statistical purpose and is in accordance with section 70;

(f) the information is about a third party’s position, functions or remuneration as an officer, employee or member of a public body or as a member of a minister’s staff;

(g) the disclosure reveals financial and other details of a contract to supply goods or services to a public body;

(h) the disclosure reveals the opinions or views of a third party given in the course of performing services for a public body, except where they are given in respect of another individual;

(i) public access to the information is provided under the Financial Administration Act;

(j) the information is about expenses incurred by a third party while travelling at the expense of a public body;

(k) the disclosure reveals details of a licence, permit or a similar discretionary benefit granted to a third party by a public body, not including personal information supplied in support of the application for the benefit;

(l) the disclosure reveals details of a discretionary benefit of a financial nature granted to a third party by a public body, not including

(i) personal information that is supplied in support of the application for the benefit, or

(ii) personal information that relates to eligibility for income and employment support under the Income and Employment Support Act or to the determination of income or employment support levels; or

(m) the disclosure is not contrary to the public interest as described in subsection (3) and reveals only the following personal information about a third party:

(i) attendance at or participation in a public event or activity related to a public body, including a graduation ceremony, sporting event, cultural program or club, or field trip, or
(ii) receipt of an honour or award granted by or through a public body.

(3) The disclosure of personal information under paragraph (2)(m) is an unreasonable invasion of personal privacy where the third party whom the information is about has requested that the information not be disclosed.

(4) A disclosure of personal information is presumed to be an unreasonable invasion of a third party's personal privacy where

(a) the personal information relates to a medical, psychiatric or psychological history, diagnosis, condition, treatment or evaluation;

(b) the personal information is an identifiable part of a law enforcement record, except to the extent that the disclosure is necessary to dispose of the law enforcement matter or to continue an investigation;

(c) the personal information relates to employment or educational history;

(d) the personal information was collected on a tax return or gathered for the purpose of collecting a tax;

(e) the personal information consists of an individual's bank account information or credit card information;

(f) the personal information consists of personal recommendations or evaluations, character references or personnel evaluations;

(g) the personal information consists of the third party's name where

(i) it appears with other personal information about the third party, or

(ii) the disclosure of the name itself would reveal personal information about the third party; or

(h) the personal information indicates the third party's racial or ethnic origin or religious or political beliefs or associations.

(5) In determining under subsections (1) and (4) whether a disclosure of personal information constitutes an unreasonable invasion of a third party's personal privacy, the head of a public body shall consider all the relevant circumstances, including whether

(a) the disclosure is desirable for the purpose of subjecting the activities of the province or a public body to public scrutiny;

(b) the disclosure is likely to promote public health and safety or the protection of the environment;

(c) the personal information is relevant to a fair determination of the applicant's rights;

(d) the disclosure will assist in researching or validating the claims, disputes or grievances of aboriginal people;

(e) the third party will be exposed unfairly to financial or other harm;

(f) the personal information has been supplied in confidence;
(g) the personal information is likely to be inaccurate or unreliable;

(h) the disclosure may unfairly damage the reputation of a person referred to in the record requested by the applicant;

(i) the personal information was originally provided to the applicant; and

(j) the information is about a deceased person and, if so, whether the length of time the person has been deceased indicates the disclosure is not an unreasonable invasion of the deceased person's personal privacy.
Access or correction complaint

42. (1) A person who makes a request under this Act for access to a record or for correction of personal information may file a complaint with the commissioner respecting a decision, act or failure to act of the head of the public body that relates to the request.

(2) A complaint under subsection (1) shall be filed in writing not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16 (2).

(3) A third party informed under section 19 of a decision of the head of a public body to grant access to a record or part of a record in response to a request may file a complaint with the commissioner respecting that decision.

(4) A complaint under subsection (3) shall be filed in writing not later than 15 business days after the third party is informed of the decision of the head of the public body.

(5) The commissioner may allow a longer time period for the filing of a complaint under this section.

(6) A person or third party who has appealed directly to the Trial Division under subsection 52 (1) or 53 (1) shall not file a complaint with the commissioner.

(7) The commissioner shall refuse to investigate a complaint where an appeal has been commenced in the Trial Division.

(8) A complaint shall not be filed under this section with respect to

(a) a request that is disregarded under section 21;

(b) a decision respecting an extension of time under section 23;

(c) a variation of a procedure under section 24; or

(d) an estimate of costs or a decision not to waive a cost under section 26.

(9) The commissioner shall provide a copy of the complaint to the head of the public body concerned.
Direct appeal to Trial Division by an applicant

52. (1) Where an applicant has made a request to a public body for access to a record or correction of personal information and has not filed a complaint with the commissioner under section 42, the applicant may appeal the decision, act or failure to act of the head of the public body that relates to the request directly to the Trial Division.

(2) An appeal shall be commenced under subsection (1) not later than 15 business days

(a) after the applicant is notified of the decision of the head of the public body, or the date of the act or failure to act; or

(b) after the date the head of the public body is considered to have refused the request under subsection 16 (2).

(3) Where an applicant has filed a complaint with the commissioner under section 42 and the commissioner has refused to investigate the complaint, the applicant may commence an appeal in the Trial Division of the decision, act or failure to act of the head of the public body that relates to the request for access to a record or for correction of personal information.

(4) An appeal shall be commenced under subsection (3) not later than 15 business days after the applicant is notified of the commissioner’s refusal under subsection 45 (2).
EXECUTION COPY

AGREEMENT

THIS AGREEMENT (the "Agreement") made at the City of St. John’s, in the Province of Newfoundland and Labrador, dated this 7th day of December, 2017

AMONG: HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR,
as represented by the Minister of Tourism, Culture, Industry and Innovation;

(hereinafter “the Province”)

OF THE FIRST PART

AND: NEWFOUNDLAND LABRADOR LIQUOR CORPORATION, a Crown corporation;

(hereinafter “NLC”)

OF THE SECOND PART

AND: 80694 NEWFOUNDLAND & LABRADOR INC., a corporation duly incorporated under the laws of the Province of Newfoundland and Labrador;

(hereinafter “Canopy Sub”)

OF THE THIRD PART

AND: CANOPY GROWTH CORPORATION, a corporation duly incorporated under the laws of Canada;

(hereinafter “Canopy”, and together with Canopy Sub, “CGC”)

OF THE FOURTH PART

WHEREAS:

A. CGC desires to build a state-of-the-art production and processing facility for non-medical cannabis and cannabis-related products in NL and the Province wishes to support CGC to secure a supply of cannabis and cannabis-related products to the residents of NL;

B. NLC has the statutory authority to regulate the purchase and sale in NL of non-medical cannabis and cannabis-related products; and

C. CGC possesses knowledge and experience regarding the cultivation of cannabis, such manufacturing secrets and commercialization of cannabis.
NOW THEREFORE THIS AGREEMENT WITNESSES that in respect of the covenants, agreements and provisos herein contained, the receipt and sufficiency of which are hereby acknowledged, the Province, NLC and CGC agree together as follows:

1. Definitions

The following words and terms, where used in this Agreement, shall have the following meanings:

1.1 “Administrative Expenses” means the aggregate of all administrative expenses in respect of the Production Facility, and in particular will include: marketing, promotional and educational activities, including the development of information resources for consumers on cannabis and cannabis-related products; CGC’s research and development; financial reporting; etc.;

1.2 “affiliate” means that one body corporate shall be deemed to be affiliated with another body corporate if, but only if:
(a) one of them is the subsidiary of the other or both are subsidiaries of the same body corporate or each of them is controlled by the same person; and
(b) it is listed in Schedule D, attached hereto, which can be amended from time to time upon the mutual agreement of the Parties, not to be unreasonably withheld;

1.3 “Agreement” means this Agreement, all schedules hereto, and all instruments supplemental to or in amendment or confirmation of this Agreement, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and all attached schedules and unless otherwise indicated, references to sections and schedules are to sections and schedules of this Agreement;

1.4 “Business Day” means any day, other than Saturday, Sunday or any statutory holiday in the Province of Newfoundland and Labrador;

1.5 “CGC” has the meaning ascribed thereto in the preamble to this Agreement;

1.6 “CGC Cannabis” means (a) cannabis (namely Cannabis sativa and Cannabis indica) actually grown and packaged by CGC (or one of its affiliates) at a CGC (or one of its affiliates) production facility that is wholly owned by CGC; (b) any cannabis-related products, as outlined in Schedule B, attached hereto and which can be amended from time to time upon the mutual agreement of the Parties, not to be unreasonably withheld, that are manufactured and packaged by CGC (or one of its affiliates) in a CGC (or one of its affiliates) facility that is wholly owned by CGC (or by its affiliate) from the cannabis as described in subsection (a); or (c) cannabis grown by third parties, as outlined in Schedule E, attached hereto and which can be amended from time to time upon the mutual agreement of the Parties, not to be unreasonably withheld, and packaged by CGC (or one of its affiliates) at a CGC (or one of its
affiliates) production facility that is wholly owned by CGC (or the affiliate); and that were supplied by CGC for sale to a CGC Retail Store or by CGC to a non-CGC retail location or online through NLC's portal. For greater clarity, CGC Cannabis currently does not include edibles. However, should edibles be permitted under applicable Law, either a new agreement can be entered into or Schedule B can be revised to mutual satisfaction of the Parties, not to be unreasonably withheld. CGC Cannabis shall be for non-medical use only;

1.7 "CGC Retail Store" means a retail store that is 100% owned and operated by CGC in NL;

1.8 "control" means that a body corporate shall be deemed to be controlled by another person or by two or more bodies corporate if, but only if,
   (a) voting securities of the first-mentioned body corporate carrying more than 50 per cent of the votes for the election of directors are held, other than by way of security only, by or for the benefit of such other person or by or for the benefit of such other bodies corporate; and
   (b) the votes carried by such securities are sufficient, if exercised, to elect a majority of the board of directors of the first-mentioned body corporate;

1.9 "Cure Period" has the meaning ascribed thereto in section 14.3 of this Agreement;

1.10 "Effective Date" means the day and year first above written;

1.11 "Eligible Expenditures" has the meaning ascribed thereto in section 3.3 of this Agreement;

1.12 "Environmental Liability" has the meaning ascribed thereto in section 19.1 of this Agreement;

1.13 "Event of Default" has the meaning ascribed thereto in section 14.1 of this Agreement;

1.14 "Equivalent" is calculated as outlined in Schedule B of this Agreement;

1.15 "Force Majeure" means, in respect of a Party, any occurrence of lightning, fire, storm, flood, earthquake, accumulation of snow or ice, explosion, declared war, act of terrorism, failure of public utilities, pestilence, quarantine, civic unrest, terrorist activity, temporary emergency assertion or requirement of any Governmental Body, epidemic, destruction of facilities or trade embargoes which are beyond the reasonable control of the Party acting (and having acted) in a commercially reasonable manner and which prevents the Party from performing any of its obligations under this Agreement. Force Majeure shall not include any events where CGC is not managing risks appropriately on the Production Facility (including nutrient management, pest management, etc.);
1.16 "Governmental Body" means any federal, provincial, territorial, municipal, local
or other governmental or public department, court, commission, board, bureau,
agency or instrumentality, domestic or foreign; or any subdivision or authority of any
of the foregoing;

1.17 "Hazardous Materials" means any contaminants, pollutants, dangerous or
deleterious substances, wastes or other substances, materials, liquids, or gases
regulated under any applicable environmental Laws;

1.18 "Initial Supply" has the meaning ascribed thereto in section 6.1 of this
Agreement;

1.19 "Laws" means all laws, including all federal, provincial, territorial, municipal and
local statutes, codes, ordinances, guidelines, decrees, rules, regulations and municipal
by-laws and all judicial, arbitral, administrative, ministerial, departmental or
regulatory judgments, and all published orders, directives, decisions, rulings of any
Governmental Body (whether in force at the time of the execution of this Agreement
or subsequently adopted, enacted, amended, modified or replaced from time to time),
to the extent the foregoing apply to the Production Facility, the Agreement, any
transactions contemplated herein or the Parties hereto;

1.20 "Monthly Reconciliation Form" means a monthly reconciliation form attached as
Schedule C hereto, as may be amended by NLC from time to time;

1.21 "NL" means the Province of Newfoundland and Labrador;

1.22 "NLC" has the meaning ascribed thereto in the preamble to this Agreement;

1.23 [S.35 (1) (g)]

1.24

1.25

1.26 "NLC Commission" has the meaning ascribed thereto in section 7.4 of this
Agreement;

1.27 "NLC Threshold" has the meaning ascribed thereto in section 7.12 of this
Agreement;

1.28 "Parties" means the Province, NLC and CGC and "Party" means any one of them;

1.29 "Premium 10%" has the meaning ascribed thereto in section 7.6 of this
Agreement;

1.30 "Premium 3%" has the meaning ascribed thereto in section 7.6 of this Agreement;
1.31 “Premium 5%” has the meaning ascribed thereto in section 7.6 of this Agreement;

1.32 “Premiums” means the aggregate of Premium 10%, Premium 3% and Premium 5%;

1.33 “Production Facility” means CGC Cannabis production and packaging facility in North East Avalon, NL that is producing at least 12,000kg (or Equivalent) of CGC Cannabis per year. In particular, this facility will be involved in all stages of harvest (from cloning and breeding to harvest itself with completed grow rooms and related vegetation, nutrient delivery and production infrastructure), and full range of post-harvesting activities (namely the production and manufacturing of value added products, including cannabis oils (and associated extraction infrastructure), and other future products as the parties may agree, and in-house quality assurance and control), whereby these harvesting and post-harvesting capabilities shall be fully utilized, and should be analogous, though not identical, in terms of activity conducted at CGC’s Smiths Falls, Ontario facility;

1.34 “Province” has the meaning ascribed thereto in the preamble to this Agreement;

1.35 “Remediation” means the completion of all steps necessary to remove, to the extent required by environmental Laws, all Hazardous Materials present, released, lost, discharged or spilled in respect of the construction, use, operation, occupation, maintenance, closure and/or destruction of the Production Facility, related lands (“Lands”) and CGC Cannabis;

1.36 “Substantial Completion” means the work shall be deemed to be substantially completed:

(a) when the work or a substantial part thereof is ready for use or is being used for the purpose intended; and

(b) when the work to be done under the Agreement is capable of completion or correction at a cost of not more than:

i. three (3) percent of the first two hundred and fifty thousand dollars ($250,000) of the Agreement price, and

ii. two (2) percent of the next two hundred and fifty thousand dollars ($250,000) of the Agreement price, and

iii. one (1) percent of the balance of the Agreement price.

The Agreement price, for the purposes of this section, shall total the Eligible Expenditures as substantiated by documentation satisfactory to the Province; and

1.37 “Term” means has the meaning ascribed thereto in section 33.1 of this Agreement.
Representations and Warranties

Each Party hereby represents and warrants to and in favour of, and covenants with, the other Parties as follows, and acknowledges that the other Parties are relying upon the following representations, warranties and covenants in connection with its execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereunder:

2.1 The Province represents and warrants to NLC and CGC that:
   (a) it has full authority to enter into the Agreement and perform all obligations required of it hereunder; and
   (b) it will, during the Term, take all necessary steps to ensure that it will at all times be in a position to perform all obligations in the manner and at the times required of it hereunder.

2.2 CGC represents and warrants to the Province and NLC that:
   (a) it is a corporation validly formed and existing in good standing under the laws of its jurisdiction of formation;
   (b) it has full corporate power and authority to enter into the Agreement and perform all obligations required of it hereunder;
   (c) the authorization of, execution and delivery of, and the performance by CGC of its obligations under this Agreement and every other agreement or document to be entered into or delivered hereunder, will not constitute or result in the violation or breach of or default under, or cause the acceleration of, any obligations of CGC under:
      i. any term or provision of the articles, by-laws or other constating documents of CGC;
      ii. the terms of any material agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which CGC is a party or by which it is bound, except as would not reasonably be expected to have a material adverse effect on CGC's ability to perform its obligations under this Agreement;
      iii. any applicable Law or consent or approval issued by a Governmental Body, or
      iv. any term or provision of any order of any court applicable to CGC;
   (d) it will, during the Term take all necessary steps to ensure that it will at all times be in a position to perform all obligations in the manner and at the times required of it hereunder;
   (e) as of the date hereof and covenants and agrees that from and after the date hereof that none of the terms offered to any person with respect to the transactions contemplated hereby, is or will be more favorable to such person.
than those of the Province and NLC under this Agreement when considering like circumstances;

(f) there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of CGC) pending, or to the best of the knowledge of CGC after due inquiry, threatened against or affecting CGC at law or in equity, or before or by any court or other Governmental Body, domestic or foreign, that would materially adversely affect CGC's ability to perform its obligations under this Agreement;

(g) there are no bankruptcy proceedings pending or being contemplated by CGC or, to the best of its knowledge after due inquiry, threatened against or affecting CGC; and

(h) it will not violate, misappropriate or otherwise infringe the intellectual property rights or other property rights of any third party.

2.3 NLC represents and warrants to the Province and CGC that:
(a) it has full corporate power and authority to enter into the Agreement and perform all obligations required of it hereunder; and

(b) it will, during the Term take all necessary steps to ensure that it will at all times be in a position to perform all obligations in the manner and at the times required of it hereunder.

2.4 Since more than one person is signing this Agreement as CGC, the obligations of Canopy and Canopy Sub hereunder shall be joint and several.

3. Production Facility and Cultivation
3.1 The Production Facility will be fully built and commissioned on or by February 1, 2019.

3.2 The investment requirement by CGC for the Production Facility is estimated at $40 million and the Production Facility is estimated to be 150,000 square feet. Any increase in the cumulative amount of the Eligible Expenditures in excess of 12.5% of $40 million will need to obtain prior written approval of the Province prior to such excess costs being expended, which approval shall be at the sole discretion of the Province. CGC will endeavor in good faith and with best efforts to incur costs (including the Eligible Expenditures) in respect of the Production Facility directly in NL. CGC commits to solicit such work on a competitive basis and to advertise these opportunities in the bulletin of the Newfoundland and Labrador Construction Association. In the event a greenfield site is selected for the Production Facility, the Province and CGC agree to enter into further discussions relative to the estimated cost of the Production Facility and Eligible Expenditures and as may be mutually agreed by the parties.
a. direct construction costs (including design, permits, licenses, building materials, labour and trades, as well as environmental assessment and engineering costs),
b. direct land acquisition costs (excluding legal and registration),
c. specialized equipment required utilized either harvesting or post-harvesting capabilities of the Production Facility, and
d. licensing fees and costs associated with government licenses in connection with the Production Facility (collectively, the “Eligible Expenditures”), and

will specifically exclude any of the following:
   a. financing fees and costs,
   b. project management fees,
   c. Administrative Expenses; or
d. operational costs (including harvesting and post-harvesting labour, utilities such as hydro and water, grow nutrients, any overheads and any equipment leases).

3.4 Eligible Expenditures shall not include any expenses or costs that do not relate exclusively to the Production Facility. For greater clarity, any other facilities, such as shipping or storage, are outside of scope of the Production Facility.

3.5 As outlined in section 13.1(k), CGC is to provide the Province and NLC with a reasonable and detailed estimate of Eligible Expenditures satisfactory to the Province and timelines of when these expenditures are expected to be incurred. Notwithstanding this estimate of Eligible Expenditures, the Province and NLC are to review the expenditures actually incurred (including pursuant to their audit, verification and access rights outlined in section 17), and are to make final determination of which expenditures qualify as Eligible Expenditures.

3.6 For any expenses to qualify to be the Eligible Expenditures, they must be incurred by CGC and be payable to an entity that is arm’s length to CGC.

3.7 For further clarity, neither the Province nor NLC assumes any liability for reimbursement of any costs incurred by CGC in respect of the Production Facility.

3.8 The Production Facility will directly create at least 145 person years of employment (“PYE”) for individuals in NL by the end of calendar year 4 from the date of the execution of this Agreement, and continue with at least this level on an annual basis. For greater clarity, one (1) PYE equals 2080 person hours per annum. CGC will establish and maintain gender equity, inclusiveness and a diversity plan that will have as a goal to make best efforts to prioritize gender equity, inclusiveness and diversity
initiatives (the “Plan”), which Plan will be in respect of the Production Facility and which Plan is further referenced in section 13.1(i).

4. Retail Licenses

4.1 Canopy Sub can apply to NLC to be granted the following licenses to operate a CGC Retail Store(s), provided Canopy Sub meets, has met and (on an ongoing basis) continues to meet the requirements established by applicable Laws (including, for greater clarity, the production license under the federal Cannabis Act) and NLC:

a. one (1) non-transferable, retail license (for minimum 1,000kg (or Equivalent) of CGC Cannabis) to be located at the address of the Production Facility and to sell only CGC Cannabis that is grown at the Production Facility; no consumption on site will be permitted; and

b. three (3) non-transferable, retail licenses to be issued to Canopy Sub (in addition to the license outlined in section 4.1(a), which licenses shall each be for minimum 4,000kg (or Equivalent) of CGC Cannabis (for greater clarity, these three (3) licenses are for aggregate of minimum 12,000kg (or Equivalent) and shall include the 1,000kg (or Equivalent) outlined in section 4.1(a); no consumption on site will be permitted:

i. note only 2 of 3 of these Canopy Sub additional retail licenses may be used in respect of CGC Retail Stores located in the North East Avalon, NL; and

ii. NLC will use reasonable efforts to not grant a license to sell cannabis and cannabis-related products within 100 meters of any other premises previously licensed to sell cannabis and cannabis-related products.

4.2 Licenses will be subject to all applicable Laws.

4.3 If CGC requires any additional licenses, it will need to follow the standard application process and apply to NLC for additional licenses.

5. CGC Retail Stores

5.1 Percentage of CGC Cannabis at the above CGC Retail Stores is at the discretion of CGC; with no requirement to carry competitors’ products. CGC may sell other cannabis related products, accessories related to cannabis such as vaporizers, promotional items, as well as non-cannabis products such as coffee/tea/bottled water/soft drink, all subject to prior written approval of NLC.

5.2 CGC Retail Stores will be licensed to sell all federal legal cannabis which is approved for sale by NLC. NLC will have a list of products approved for sale, each with an independent SKU number.
6. **Initial Supply**

6.1 NLC anticipates purchasing and CGC commits to supplying NLC a minimum of 8,000kg (or Equivalent) of CGC Cannabis ("Initial Supply") within each of the first two years of entering into the Agreement (with an option for the Province to renew the supply for one additional year upon 90 days written notice). Neither the Province nor NLC has obligation to purchase CGC Cannabis from CGC. If requested either by the Province or NLC, there is an obligation on CGC to supply CGC Cannabis to non-CGC retail locations within one (1) week of such request. NLC will allocate CGC Cannabis by need across all NL locations. NLC will encourage non-CGC retail stores to sell CGC Cannabis produced and processed in the Production Facility.

For greater clarity, other cannabis producers will not have to carry CGC Cannabis in their locations. NLC will list CGC Cannabis produced and processed in the Production Facility on NLC's online portal.

7. **Supply, Pricing and Premiums**

7.1 NLC will, in its sole discretion, determine the list price of any CGC Cannabis following consultation with CGC.

7.2 NLC will, in its sole discretion, determine the composition and number of the core required product categories.

7.3 CGC Retail Stores may be branded with the Tweed logo, subject to applicable Laws.

7.4 Ordinarily, NLC’s authorized suppliers of cannabis will remit 30% of the list price of any cannabis and cannabis-related products supplied (regardless of the timing of a sale to a consumer) to NLC by the 20th of the following month ("NLC Commission"). For example, for cannabis delivered any time in January 2019, the NLC Commission would be due and payable on February 20, 2019.

7.5 All online sales in NL of cannabis and cannabis-related products will occur through a single online portal to be established and maintained by NLC.

7.6 During the Term, CGC nominal dollar value retained will be dependent upon the percentage of list price that is charged for CGC Cannabis either at (i) CGC Retail Store; (ii) non-CGC retail locations; or (iii) online through NLC’s portal:

1. CGC Cannabis delivered to CGC Retail Stores will be subject to the following:

   * 
   * 

(S.35 (1) (g))
II. CGC Cannabis delivered to non-CGC retail locations will be subject to the following:

- the premium earned by CGC will then equal to 3% (namely, the difference between the NLC Commission and NLC 27%: 30%-27%=3%) (“Premium 3%”)

III. CGC Cannabis delivered in respect of online sales will be subject to the following:

- the premium earned by CGC will then equal to 5% (namely, the difference between the NLC Commission and NLC 25%: 30%-25%=5%) (“Premium 5%”)
- online sales of CGC Cannabis in NL will be fulfilled by CGC in accordance with transportation plan (as referenced in section 13.1(i)).

| Table: for illustration purposes only to highlight how Premiums will be calculated |
|---------------------------------|---------------------------------|------------------|
| List price (i.e. price to consumer excluding taxes, such as HST and excise tax, etc.) | CGC Retail Stores | Non-CGC retail locations | Online |
| Premium to CGC | | | |
| Net to NLC | | | |

7.7 For greater clarity, if the aforementioned of the list price increases or decreases at sole determination of NLC, the calculation of Premium 10%, Premium 3%, and Premium 5% will be adjusted accordingly (specifically, by revising the of the list price in the formula used to calculate each of these premiums).

7.8 During the Term, CGC will remit NLC on any CGC Cannabis supplied to the CGC retail locations in any month to NLC by the 20th of the following month.

7.9 During the Term, CGC will remit NLC on any CGC Cannabis that CGC supplies to a non-CGC retail location in any month to NLC by the 20th of the following month. Notwithstanding the foregoing, if CGC is directed by NLC to remit a portion of the NLC to a non-CGC retail location(s), this will be deducted from the list price charged by CGC to the non-CGC retail location(s).

7.10 During the Term, CGC will remit NLC on any CGC Cannabis sold online by the 20th of the following month.
7.11 In remitting the NLC, the NLC and NLC, CGC will provide to NLC a monthly reconciliation in a form that is appended to the Agreement as Schedule C. The monthly reconciliation is subject to audit by NLC.

7.12 Notwithstanding any of the foregoing, the monthly commissions remitted to NLC (i.e. net to NLC) will be at least $1.00 per each individual unit of product of CGC Cannabis supplied by CGC (the “NLC Threshold”). If the NLC Threshold is not met in any given month, CGC will remit, and demonstrate in the Monthly Reconciliation Form that it has remitted, an additional sum to ensure the NLC Threshold is met. NLC has the right, at its sole discretion, to amend this NLC Threshold every two years following the date of execution of this Agreement. NLC reserves the right to de-list any CGC Cannabis.

7.13 With respect to the calculation of the recovery of Eligible Expenditures (especially as same relate to the Term), the respective differences between the NLC Commission and each of NLC, NLC and NLC commissions will be used for the calculation of respective premiums. Specifically, Premium 10%, Premium 3%, and Premium 5% will be used cumulatively to calculate the recovery of the Eligible Expenditures.

7.15 CGC will reach production threshold of at least 5,000 kg (or Equivalent) of CGC Cannabis at the Production Facility on or by February 1, 2020.

7.16 CGC will reach production threshold of at least 10,000 kg (or Equivalent) of CGC Cannabis at the Production Facility on or by February 1, 2021.

7.17 CGC will reach production threshold of at least 12,000 kg (or Equivalent) of CGC Cannabis at the Production Facility on or by February 1, 2022.

7.18 At the sole discretion and request of NLC (and in the proportions requested by NLC), CGC shall supply to the Province a variety of CGC Cannabis.
8. Transportation - Delivery/Storage
8.1 NLC is the distributor of cannabis in NL. NLC is authorizing CGC to engage in the transportation of CGC Cannabis, including delivery and storage thereof, all in accordance with the transportation plan (as referenced in section 13.1(i)).

8.2 CGC shall be responsible for arranging the delivery of CGC Cannabis to NLC, or as otherwise instructed by the Province or NLC. CGC shall assume all responsibility for the distribution and delivery of CGC Cannabis from the Production Facility or out-of-province CGC sources to CGC Retail Stores or non-CGC retail locations or online. Neither NLC nor the Province will take possession of any CGC Cannabis at any point in time. CGC Cannabis shall be shipped in a secure and responsible manner, all in accordance with the transportation plan (as referenced in section 13.1(i)).

8.3 NLC can direct CGC to accept a return of CGC Cannabis at its sole discretion. CGC shall be solely responsible for arranging returns of CGC Cannabis from any retail location to CGC at the expense of CGC. These returns may be due to various reasons, including CGC Cannabis failing to sell at these retail locations or due to unsatisfactory quality of products or product nearing its best before date. Credits for returns will normally be applied against the cost for the next delivery by CGC unless otherwise directed by NLC.

9. Supply Chain Development and Export Development
9.1 CGC, the Province and NLC will work collaboratively in support of supply chain development and export opportunities. In particular, CGC commits to source out on a commercially-reasonable basis NL based companies to deliver products and services (including construction of the Production Facility) to CGC and become part of CGC’s product and service supply chain.

10. Education
10.1 CGC and the Province will work together cooperatively with respect to cannabis and cannabis-related products education within NL during the Term. During the Term of this Agreement, CGC agrees to provide necessary training through its online education portal to non-CGC retailers of CGC Cannabis, as may be requested by NLC or these non-CGC retailers. Online education portal and any other education component costs shall be borne by CGC, unless agreed otherwise by the Parties.

11. Research and Development
11.1 Commencing with the Effective Date, CGC agrees to contribute to the Province (or as directed by the Province) $100,000 per year for five years, matched by the Province, to support a directed R&D program associated with cannabis and cannabis-related products innovation and sector growth, and as determined solely by the Province.

11.2 The objective of the R&D program is to support research, development and demonstration in NL that enhances cannabis production, supply chain management, production efficiencies, and new product development.
11.3 The R&D program should leverage local, national or international collaboration and have a direct economic impact to NL.

11.4 A call for proposals will be invited in two focus areas:
   a. collaborative R&D awards, which will target projects that involve academic collaboration with business, industry associations representing several companies, and/or communities collaborating with R&D entities. All foreground intellectual property and findings will be shared with the funders of the call to advance the industry as a whole; and
   b. industry-led technology innovation awards, which will support industry-based research with defined economic benefits to CGC and the Province.

11.5 The contribution of the awards is up to 75% of total eligible project costs. Total awards per year will not exceed $200,000.

12. **Corporate Social Responsibility**

12.1 CGC acknowledges that the Province regularly conducts its affairs based on a set of values and guidelines for action and behavior regarding people and the environment, which include the promotion of corporate social responsibility, workforce diversity, sound environmental practice and sustainable and ethical procurement.

12.2 CGC represents and warrants that CGC conducts its business in a manner that is consistent with the promotion, to the extent possible, of these values and guidelines.

12.3 CGC agrees that it is and will remain in compliance with, and requires its representatives to comply with all applicable Laws relating to ethical and responsible standards of behavior, including, without limitation, those dealing with human rights, environmental protection, sustainable development and anti-corruption, including any legislation or regulation implementing such matters. CGC has adopted and implemented or will adopt and implement appropriate and effective policies and controls to ensure compliance with these Laws, and in particular will prepare a corporate social responsibility plan, as referenced in section 13.1(h).

13. **Undertakings and Covenants of CGC**

13.1 CGC undertakes and covenants the following:
   (a) to achieve all milestones by stipulated deadlines, as set out in Schedule A attached hereto. The Province will thus be able to monitor CGC’s progress of completion of the Production Facility and progress towards operating in NL;
   (b) to provide the Province and NLC written notice of any Events of Default as soon as CGC has knowledge thereof;
   (c) no plant species other than *Cannabis sativa* and *Cannabis indica* shall be grown by CGC at the Production Facility without the prior written approval of the Province;
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(d) to receive a certificate of Good Manufacturing Practices, as issued by an authority satisfactory to the Province and NLC, by February 1, 2021;

(e) to make any other necessary registrations, including, but not limited to, with Workplace NL;

(f) as a continuing collateral security for the payment of all Premiums made under this Agreement and interest, expenses and all other monies payable pursuant to this Agreement, CGC shall deliver to the Province the following executed original documents, all in form and content satisfactory to the Province, contemporaneously or promptly following the execution of this Agreement:

i. general security agreement (duly executed); and

ii. debenture in respect of the Production Facility (duly executed).

(g) within one (1) month of execution date of this Agreement:

i. to provide quality assurance and control plan to be approved the satisfaction of the Province and NLC (which plan shall then form part of this Agreement); and

ii. to provide security plan to be approved to the satisfaction of the Province and NLC (which plan shall then form part of this Agreement);

(h) within two (2) months of the execution date of this Agreement to provide a corporate social responsibility plan (which plan shall then form part of this Agreement);

(i) to provide a transportation plan (including online sales) to be approved to the satisfaction of the Province and NLC by March 31, 2018 (which plan shall then form part of this Agreement);

(j) to provide gender equity, inclusiveness and a diversity plan to be approved to the satisfaction of the Province by February 1, 2019 (which plan shall then form part of this Agreement); and

(k) to provide the Province and NLC with a reasonable and detailed estimate of Eligible Expenditures satisfactory to the Province and timelines of when these expenditures are expected to be incurred, all of which are to be provided 120 calendar days following the execution date of this Agreement.

14. Events of Default

14.1 "Event of Default" means the occurrence of any of the following:

(a) any of the milestones 1, 5, 6, or any one of 7 outlined in Schedule A not being successfully reached and maintained (if appropriate), in which case the Province and NLC will have the following remedies (subject to the Cure Period outlined in section 14.3):

i) CGC will immediately return to the Province any or all premiums (including Premiums) paid to CGC up to and including then;

ii) as of the date of the Event of Default, CGC will be responsible for paying the NLC Commission;

iii) no further premiums (including Premiums) will be paid by the Province to CGC; and

iv) any or all licenses that were issued to CGC in respect of the Agreement will be suspended (in accordance with applicable
legislative changes that will be made to the *Liquor Corporation Act* and as directed either by the Minister or Lieutenant Governor in Council ("LGIC");

(b) any of the milestones outlined in Schedule A (but for milestones 1, 5, 6, or any one of 7) not being successfully reached, or determination made by either the Province or NLC that the Production Facility project will not be completed;

(c) failure of CGC to make any payments in respect of NLC and NLC Threshold when same are due;

(d) failure of CGC to perform any obligation under this Agreement;

(e) CGC states that it will not perform any of the obligations;

(f) any representation or warranty made by CGC was incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated;

(g) unless otherwise agreed, the Province in its sole discretion determines that CGC has experienced, or in light of events and circumstances may reasonably be expected to experience, a material adverse change in its business, financial position, results of operations, assets, liabilities or prospects;

(h) the Province in its sole discretion determines that it is unable to enforce, or in the event of default would be unable to enforce, any rights which it has under this Agreement to the extent and in accordance with such conditions as are provided under this Agreement; and

(i) CGC applies for, consents to or is the subject of an application or petition for the appointment of or the taking of possession by a receiver, custodian, trustee, liquidator or similar person of itself or of all or a substantial part of its property, admits in writing its inability, or becomes unable, to pay its debts generally as such debts become due, makes a general assignment for the benefit of its creditors, files or is the subject of the filing or entry of a petition or order for relief under the *Companies’ Creditors Arrangement Act* (Canada), or the *Bankruptcy and Insolvency Act* (Canada) or any similar law of any jurisdiction regarding reorganization, liquidation, dissolution, insolvency or relief of debtors (including a plan of arrangement under CGC’s governing corporate statute if it involves a compromise of the claims of creditors and including the United States Securities Investors Protection Act of 1970, as amended).

14.2 The Province, NLC or CGC (whoever establishes the Event of Default first) must give the other Parties a written notice of said Event of Default.

14.3 In respect of section 14.1(a) only, CGC will then have fifteen (15) Business Days (following the receipt or issuance (as appropriate) of the aforementioned notice) to cure said Event of Default ("Cure Period"). If the Event of Default is not cured (or a mutually satisfactory solution to the default is not determined by the Parties) within these fifteen (15) Business Days, then the Province can apply any of its remedies outlined in section 15.
15. Remedies
15.1 With exception of section 14.1(a) only (which stipulates its own remedies), if any Event of Default outlined in section 14 occurs, the Province and NLC will have the following remedies available to them:

(a) CGC will immediately return to the Province any or all premiums (including Premiums) paid to CGC up to and including then;
(b) as of the date of the Event of Default, CGC will be responsible for paying the NLC Commission;
(c) no further premiums (including Premiums) will be paid by the Province to CGC;
(d) any or all licenses that were issued to CGC in respect of the Agreement will be revoked, cancelled or suspended (in accordance with applicable legislative changes that will be made to the Liquor Corporation Act and as directed either by the Minister or LGIC; and subject to section 16.1);
(e) set off any obligation owing by the Province or NLC to CGC against any obligation of CGC to the Province or NLC, whether or not such obligations are unascertained, matured or contingent, or held directly or through a trustee or other intermediary; and
(f) exercise any rights and remedies available to a secured creditor under any applicable Law.

16. Termination
16.1 Notwithstanding section 14.3, if a license has been suspended for 60 calendar days, it will then be revoked by NLC and the revocation shall be deemed to be an Event of Default to which no Cure Period applies, and the Agreement may then be immediately terminated by the Province or NLC.

16.2 The Province or NLC may immediately terminate this Agreement on written notice to CGC upon or at any time after the occurrence of an Event of Default that has not been cured within the Cure Period or to which no Cure Period applies.

16.3 If conditions of section 36.3 have not been met within two (2) years from the date of execution of this Agreement, this Agreement will be terminated immediately.

17. Reporting, Audit, Verification and Access
17.1 CGC agrees to keep proper records and books of accounts and to make such entries therein as may be necessary to enable the amount of the Eligible Expenditures to be ascertained.

17.2 CGC shall within reasonable time following the request of the Province or NLC provide to the Province or NLC a copy of all agreements entered into by CGC reflecting the amount of the Eligible Expenditures and expected deliveries, as well as any respective invoices issued by third parties and confirmation of payment thereof.
17.3 CGC shall send the Province and NLC payment of outstanding balance and a Monthly Reconciliation Form by the 20th of the following month.

17.4 CGC shall within reasonable time following the request of the Province or NLC or in any event within 30 calendar days of the end of each financial quarter or within 3 months of the end of each financial year of CGC deliver to the Province a statement from CGC’s accountant based on the books and records of CGC stating that the amount of the Eligible Expenditures in the preceding financial quarter or year, as applicable, is correct and represents the total Eligible Expenditures pursuant to the terms and conditions of this Agreement.

17.5 In addition, the Province will require quarterly progress reports from CGC on milestones.

17.6 CGC agrees to permit the Province and NLC or their duly authorized representatives upon reasonable notice and their sole discretion to audit and inspect and take copies or extracts from relevant records or accounts and to give them such further information as they may reasonably require enabling the milestone and amount of the Eligible Expenditures to be verified. In particular, CGC agrees to provide the Province or NLC with reasonable access to the Production Facility in order to enable the Province or NLC to conduct audits, reviews and analysis, for up to 1 year after this Agreement terminates.

17.7 In the event that an audit or review conducted by or on behalf of the Province or NLC identifies a discrepancy in the calculation or determination of the contents of a Monthly Reconciliation Form, the Province or NLC shall give CGC written notice describing any such discrepancy. The discrepancy shall be remedied by CGC within thirty (30) calendar days or another mutually agreed upon timeframe.

18. Indemnity

18.1 The Province and NLC shall not be liable for, and CGC shall defend, indemnify and hold harmless the Province and NLC (and their respective directors, officers, employees, partners, shareholders and agents) from and against all losses, claims, damages, costs and expenses (including legal fees) incurred or suffered by, or asserted against, the Province or NLC, pursuant to any claim, demand, action, suit, litigation, charge, complaint, prosecution or other proceeding (a “Claim”) that may be made or asserted against or affect the Province and NLC; provided, however, that the subject matter of any such Claim relates to or arises out of or in connection with any misrepresentation or breach of any warranty, agreement, covenant or obligation of CGC contained in this Agreement or in any agreement, schedule, certificate or other document required to be entered into or delivered by CGC in connection with this Agreement.

18.2 Notwithstanding anything else in this Agreement, CGC agrees that in the performance of this Agreement neither CGC nor CGC’s representatives shall be or be deemed to be an officer, servant, agent or partner of either the Province or NLC.
Within this Agreement, any terms used to describe the Parties or the nature of their activities is purely for convenience, and not of legal significance. Neither Party shall have any power to bind the other Parties or incur obligations on the other Parties' behalf without the other Parties' prior written consent. Neither Party shall represent itself in any way that implies that it is an agent, branch, partner or joint venture of the other Parties.

19. Environmental Liability and Indemnity
19.1 CGC acknowledges that both the consequences of and Remediation required by applicable Laws (including, for greater clarity, federal or provincial applicable environmental Laws) are and will remain CGC’s responsibility until such time as Remediation is achieved (collectively, “Environmental Liability”).

19.2 CGC shall defend, indemnify and hold harmless the Province and NLC (and their respective directors, officers, employees, partners, shareholders and agents) from and against all losses, claims, damages, costs and expenses (including legal fees) incurred or suffered by, or asserted against, the Province or NLC, pursuant to any Claim that may be made or asserted against or affect the Province and NLC; provided, however, that the subject matter of any such Claim relates to or arises out of or in connection with CGC’s Environmental Liability.

20. No Liability
20.1 Neither the Province nor NLC shall be liable to CGC or any other person asserting any claim on behalf of or in right of CGC for or in respect of any matter, directly or indirectly, arising out of, based upon or related to this Agreement.

20.2 Neither the Province nor NLC shall be liable to CGC for any action taken which is reasonably believed to be necessary to comply with applicable Law.

21. Liability for Affiliates and Representatives
21.1 CGC shall cause each of its affiliates and each of their respective partners, directors, officers, employees, consultants, agents or other representatives (collectively, "CGC Representatives") to comply with the terms of this Agreement. CGC shall be responsible and liable for any act or omission of a CGC Representative which directly or indirectly involves or pertains to terms of this Agreement. Without limiting the generality of the foregoing, any act or omission by a CGC Representative that would constitute a breach of this Agreement if such performance or failure to perform were done directly by CGC shall be deemed to constitute a breach of this Agreement by CGC and CGC shall be directly liable for such breach in accordance with the terms of this Agreement as if such breach was committed directly by CGC.

22. Currency
22.1 All amounts in this Agreement are stated and will be paid in Canadian currency.
23. Notice

Any notice or other communication (each, a "notice") required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telex or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

In the case of Canopy to:

Canopy Growth Corporation
One Hershey Drive
Smiths Falls, Ontario
K7A 0A8
Attention: Phil Shaer, General Counsel
Facsimile: 613.283.4167

In the case of Canopy Sub to:

80694 Newfoundland & Labrador Inc.
c/o Cox & Palmer
Scotia Centre, Suite 1100
235 Water Street
St. John’s
NL Canada
A1C 1B6
Attention: Griffith D. Roberts
Facsimile: 709.738.7999

In the case of the Province to:

Government of Newfoundland and Labrador
Department of Tourism, Culture, Industry and Innovation
P.O. Box 8700, 2nd Floor
Confederation Building (West Block)
St. John’s, NL
A1B 4J6
Attention: Minister
Facsimile: 709.729.0654

In the case of NLC to:

Newfoundland Labrador Liquor Corporation
90 Kenmount Road
St. John’s, NL
A1B 3V1
Attention: President
Facsimile: 709.754.0321
A notice is deemed to be delivered and received (i) if sent by personal delivery, on the
date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local
time in place of receipt) and otherwise on the next Business Day, (ii) if sent by same-day
service courier, on the date of delivery if sent on a Business Day and delivery was made
prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day,
(iii) if sent by overnight courier, on the next Business Day, or (iv) if sent by facsimile, on
the Business Day following the date of confirmation of transmission by the originating
facsimile. A party may change its address for service from time to time by providing a
notice in accordance with the foregoing. Any subsequent notice must be sent to the party
at its changed address. Any element of a party’s address that is not specifically changed in
a notice will be assumed not to be changed. Sending a copy of a notice to a party’s legal
counsel as contemplated above is for information purposes only and does not constitute
delivery of the notice to that party. The failure to send a copy of a notice to legal counsel
does not invalidate delivery of that notice to a party.

24. Disclosure and Communication
24.1 Notwithstanding any other provision, the Parties acknowledge that a Party may
wish to make public the existence of and substance of this Agreement and to discuss
the Production Facility and supply and retail arrangements, in which case that Party
will provide the other Parties with the date and time of any such press or media or
education/training release of information as well as a copy of such information
proposed to be released for review and comment by the other Parties prior to the
scheduled public release. The Parties acknowledge that the Parties may also be
required to disclose this Agreement in accordance with the applicable Laws. CGC
shall seek written approval of the Province before making any of the aforementioned
disclosures.

25. Severability
25.1 If any provision of this Agreement is held invalid, illegal, or unenforceable, the
validity, legality or enforceability of the remaining provisions of this Agreement are
not affected or impaired in any way.

26. Time
26.1 Time is of the essence in this Agreement.

27. Waiver
27.1 A waiver of any breach of a term or condition of this Agreement shall not bind the
Party giving it unless it is in writing. A waiver which is binding shall not affect the
right of the Party giving it with respect to any other or future breach.

28. Binding
28.1 This Agreement shall enure to the benefit of and be binding on the Parties and
their respective successors and permitted assigns.
29. **Entire Agreement**

29.1 This Agreement embodies the entire agreement between the Parties in respect of the Production Facility referenced in this Agreement. No verbal or written agreement with respect to this subject exists between the Parties except as set out in this Agreement. This Agreement supersedes all prior agreements, understandings, negotiations and discussions whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

30. **Amendments**

30.1 The Parties agree that any modification of or amendment to this Agreement must be agreed in writing by each one of the Parties.

31. **Appropriation**

31.1 The Parties agree that no payment, if any, will be made by the Province under this Agreement in any fiscal year unless an appropriation to which such payment is to be charged is made in that fiscal year, pursuant to the *Financial Administration Act*. The Province agrees that best efforts will be made to ensure that an appropriation is made for an appropriate amount to be charged in each fiscal year during the Term of this Agreement.

32. **Effective Date**

32.1 This Agreement shall be effective as of the Effective Date.

33. **Term**

33.1 This Agreement shall be effective from the Effective Date and shall continue until the time that it will take for aggregate of Premiums collected to equal the Eligible Expenditures (the "Term").

34. **Force Majeure:**

34.1 Neither Party shall be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent such default or delay is caused, directly or indirectly, by an act of Force Majeure, provided that the non-performing Party is without fault in causing such default or delay (each such event of Force Majeure meeting such qualifications being a "Force Majeure Event").

34.2 For any Force Majeure Event, the non-performing Party shall be excused from further performance or observance of the obligation(s) so affected for as long as such Force Majeure Event prevails and such Party continues to use its good faith, commercially reasonable efforts to recommence performance or observance whenever and to whatever extent possible without delay. Any Party so delayed in its performance shall immediately notify the Party to whom performance is due in
writing and describe a reasonable level of detail the circumstances causing such delay (a "Force Majeure Event Notice").

34.3 Promptly after receipt of a Force Majeure Event Notice, authorized representatives of all Parties shall meet (in person or by telephone) to discuss the Force Majeure Event and consider possible workarounds to the Force Majeure Event.

35. Survival
35.1 Upon the termination or expiry of this Agreement for any reason, this section, together with sections 1 (Definitions), 15 (Remedies), 17 (Reporting and Audit Rights), 18 (Indemnity), 19 (Environmental Liability and Indemnity), 20 (No Liability), 21 (Liability for Representatives), 41 (Right of set-off), 42 (Insurance), and 44 (Contra Proferentem), shall survive the expiration or other termination of this Agreement. In addition, section 3.8 shall survive until the greater of: (a) 20 years following the execution date of this Agreement and (b) the Term of this Agreement is reached.

36. Compliance with Law
36.1 This Agreement shall be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador and the laws of Canada applicable therein. Any legal proceedings arising out of, or in connection with, this Agreement, or the conduct of the parties with respect to the formation or performance of the Agreement, shall be submitted to the exclusive jurisdiction of the Supreme Court of Newfoundland and Labrador.

36.2 CGC shall ensure that in the performance of this Agreement CGC and its representatives comply with all requirements of any applicable Laws, as same may be amended (including receipt of all necessary licenses under applicable Laws). In the event that the applicable Laws will not address storage, waste, testing, manufacturing controls and food related requirements, then the Parties agree to negotiate and promptly enter in an amendment to this Agreement.

36.3 This Agreement and the relationship of the Province, NLC and CGC is subject in all respects to required non-medical cannabis and cannabis-related products legalization (both federally and provincially) and approvals being received by CGC, NLC and/or the Province.

37. Assignment and Sub-Contracting
37.1 In performance of its obligations hereunder, CGC shall not be entitled to assign, delegate or sub-contract any obligation under this Agreement.

38. Execution
38.1 This Agreement may be executed in counterparts, each of which shall be deemed an original, but which together shall constitute one and the same Agreement. Further, original signatures of the Parties hereto on copies of the Agreement transmitted by
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dfd, email or other electronic means shall be deemed originals for all purposes, and such copies shall be binding on the Parties hereto.

39. Schedules
The Schedules to this Agreement form part of the Agreement and this Agreement shall be interpreted as if the provisions set out in the Schedules to this Agreement were set out in the Agreement. The following are attached hereto as Schedules:

a) Schedule “A” – Milestones and Deadlines;
b) Schedule “B” – List of Cannabis-Related Products;
c) Schedule “C” – Monthly Reconciliation Form;
d) Schedule “D” – List of Affiliates; and
e) Schedule “E” – List of Third Parties.

40. Delivery
40.1 The Parties shall co-operate with each other and execute and deliver to the other such instruments and documents and take such other action as may be reasonably requested from time to time in order to carry out and confirm the rights and the intended purpose of this Agreement.

41. Right of Set-off
41.1 Any amount payable to the Province or NLC by CGC may, at the option of either the Province or NLC, be reduced by and set-off against any amounts payable by the Province or NLC to CGC under this Agreement or any other agreement between the Province or NLC and CGC (the “Payable Amount”). The Payable Amount will be discharged promptly and in all respects to the extent it is so set-off. If CGC’s obligation to the Province or NLC is unascertained, the Province or NLC may, in good faith, estimate that obligation and set off any amount owing by the Province or NLC to CGC on any account in respect of the estimate, which amount will be revised when the obligation is ascertained. This right to set-off is at the discretion of the Province or NLC. This section shall be without prejudice and is in addition to any right of set-off, combination of accounts, lien or other rights or remedies to which the Province or NLC is at any time otherwise entitled whether by operation of law, contract or otherwise.

42. Insurance
42.1 CGC agrees to obtain and maintain appropriate insurance (for greater clarity, as would be reasonable in the construction as well as cannabis industries) in respect of the Production Facility, inventory and equipment. This insurance, at a minimum, will include the following: the Province being named as loss payee; the Province being immediately notified of any changes in either coverage or insurer; the coverage being sufficient to rebuild the Production Facility; and the Province being able to direct how insurance proceeds are applied.
42.2 CGC shall take all reasonable steps to mitigate its losses upon and after becoming aware of any event that would reasonably be expected to give rise to any losses. CGC agrees to promptly make a claim against any applicable insurance policies.

43. Future Opportunities
43.1 The Province and CGC agree, in respect of future opportunities related to other product forms as may be permissible under federal and provincial legislation, that the Province shall have a right of first negotiation and that parties will negotiate mutually acceptable terms with respect to the production of such product forms in the province.

44. Contra Proferentem
44.1 The Parties acknowledge that this Agreement has been reviewed and approved by each of them and that the principle of "contra proferentem" shall not apply.

45. Headings
45.1 The division of this Agreement into articles, sections or subsections and the insertion of headings used throughout this Agreement are solely for convenience of reference and are not to be used as an aid in the interpretation of this Agreement. The word "section" followed by a number or letter refers to the specified section of this Agreement.

46. Gender; Number; and Including
46.1 In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. The word "include", "includes" or "including" shall be interpreted on an inclusive basis and shall be deemed to be followed by the words "without limitation".

47. Language
47.1 The Parties confirm having requested that this Agreement and all notices or other communications relating hereto be drawn-up in the English language only.

[Signature page follows]
The Parties have executed this Agreement as of the date noted above.

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister of Tourism, Culture, Industry and Innovation

Per: ____________________________
Name: __________________________
Title: __________________________

NEWFOUNDLAND LABRADOR LIQUOR CORPORATION

Per: ____________________________
Name: __________________________
Title: __________________________

80694 NEWFOUNDLAND & LABRADOR INC.

Per: ____________________________
Name: Philip Shearin
Title: Director

CANOPY GROWTH CORPORATION

Per: ____________________________
Name: Bruce Linton
Title: CEO
The Province will monitor progress of completion of said Production Facility and progress towards operating in NL through the following milestones:

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Completed transaction of purchase of land in North East Avalon, NL where the Production Facility is to be built</td>
<td>90 calendar days from the date of execution of this Agreement</td>
</tr>
<tr>
<td>2 Application for federal and provincial production/distribution/sales licenses (including, for greater clarity, the production license under the federal Cannabis Act and licenses from NLC)</td>
<td>Prior to July 1, 2018</td>
</tr>
<tr>
<td>3 Receipt and continued maintenance of provincial distribution/sales licenses</td>
<td>Prior to or on July 1, 2018</td>
</tr>
</tbody>
</table>
| 4 Environmental assessment:  
  a. Application for final environmental assessment from the Province; and  
  b. Receipt of final environmental assessment from the Province | March 31, 2018  
  July 1, 2018                                                          |
| 5 Completion of design of the Production Facility                         | Prior to or on June 1, 2018                                             |
| 6 Commencement of construction of the Production Facility, including full mobilization of the construction site | Prior to or on June 1, 2018                                             |
| 7 Progress monitoring of construction of the Production Facility:  
  a. 50% completion (based on progress of construction of the Production Facility);  
  b. Substantial Completion; and  
  c. Final completion and commissioning of the Production Facility. | a. October 1, 2018  
  b. January 1, 2019  
  c. The Production Facility will be fully completed and commissioned on or by February 1, 2019. |
| 8 Health Canada inspection                                                 | February 1, 2019                                                        |
| 9 Receipt and maintenance of license from Health Canada at least in respect of production, sale/provision, possession, shipping, transportation, delivery and | On or by February 1, 2020                                              |
destruction of dried marihuana, cannabis oil, marihuana plants and marihuana seeds. In particular, this federal license shall be in accordance with the federal *Cannabis Act* and for production of non-medical cannabis in a category appropriate for the expected size of the Production Facility and required minimum production once the Production Facility is completed and is operational.

<table>
<thead>
<tr>
<th></th>
<th>Production of at least 5,000 kg (or Equivalent) of CGC Cannabis at the Production Facility</th>
<th>On or by February 1, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Production of at least 10,000 kg (or Equivalent) of CGC Cannabis at the Production Facility</td>
<td>On or by February 1, 2021</td>
</tr>
<tr>
<td>12</td>
<td>Production of at least 12,000 kg (or Equivalent) of CGC Cannabis at the Production Facility</td>
<td>On or by February 1, 2022</td>
</tr>
</tbody>
</table>
Schedule B – List of Cannabis-Related Products

<table>
<thead>
<tr>
<th>Cannabis Related Product</th>
<th>Calculation of Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>oil</td>
<td>8ml (oil) = 1g (cannabis)</td>
</tr>
<tr>
<td>softgel capsules</td>
<td>30mg (softgel capsules; THC or CBD) = 1g (cannabis)</td>
</tr>
<tr>
<td>Size</td>
<td>8 Grams</td>
</tr>
<tr>
<td>-------------</td>
<td>---------</td>
</tr>
<tr>
<td>8 Grams</td>
<td>250</td>
</tr>
<tr>
<td>16 Grams</td>
<td>550</td>
</tr>
<tr>
<td>20 Grams</td>
<td>750</td>
</tr>
<tr>
<td>25 Grams</td>
<td>1,050</td>
</tr>
<tr>
<td>50 Grams</td>
<td>1,550</td>
</tr>
<tr>
<td>100 Grams</td>
<td>2,050</td>
</tr>
<tr>
<td>250 Grams</td>
<td>2,750</td>
</tr>
</tbody>
</table>

**Opening Inventory**

**Addition Production**

**Less: Destroyed (QC)**

**Less: Bottling Invoices**

**Total Units Subject to Commission**

<table>
<thead>
<tr>
<th>Size</th>
<th>8 Grams</th>
<th>16 Grams</th>
<th>20 Grams</th>
<th>25 Grams</th>
<th>50 Grams</th>
<th>100 Grams</th>
<th>250 Grams</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 Grams</td>
<td>250</td>
<td>520</td>
<td>540</td>
<td>560</td>
<td>580</td>
<td>600</td>
<td>620</td>
</tr>
<tr>
<td>16 Grams</td>
<td>550</td>
<td>1,100</td>
<td>1,140</td>
<td>1,180</td>
<td>1,220</td>
<td>1,260</td>
<td>1,300</td>
</tr>
<tr>
<td>20 Grams</td>
<td>750</td>
<td>1,500</td>
<td>1,560</td>
<td>1,620</td>
<td>1,680</td>
<td>1,740</td>
<td>1,800</td>
</tr>
<tr>
<td>25 Grams</td>
<td>1,050</td>
<td>2,100</td>
<td>2,140</td>
<td>2,180</td>
<td>2,220</td>
<td>2,260</td>
<td>2,300</td>
</tr>
<tr>
<td>50 Grams</td>
<td>1,550</td>
<td>3,100</td>
<td>3,140</td>
<td>3,180</td>
<td>3,220</td>
<td>3,260</td>
<td>3,300</td>
</tr>
<tr>
<td>100 Grams</td>
<td>2,050</td>
<td>4,100</td>
<td>4,140</td>
<td>4,180</td>
<td>4,220</td>
<td>4,260</td>
<td>4,300</td>
</tr>
<tr>
<td>250 Grams</td>
<td>2,750</td>
<td>5,500</td>
<td>5,540</td>
<td>5,580</td>
<td>5,620</td>
<td>5,680</td>
<td>5,720</td>
</tr>
</tbody>
</table>

**COMMISSION CALCULATION**

<table>
<thead>
<tr>
<th>Total Units Subject to Commission</th>
<th>8 Grams</th>
<th>16 Grams</th>
<th>20 Grams</th>
<th>25 Grams</th>
<th>50 Grams</th>
<th>100 Grams</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$13.50</td>
<td>$27.00</td>
<td>$54.00</td>
<td>$81.00</td>
<td>$108.00</td>
<td>$135.00</td>
<td>$630.00</td>
</tr>
</tbody>
</table>

**Commission Rate**

<table>
<thead>
<tr>
<th>Total Due to HLC</th>
<th>8 Grams</th>
<th>16 Grams</th>
<th>20 Grams</th>
<th>25 Grams</th>
<th>50 Grams</th>
<th>100 Grams</th>
<th>250 Grams</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25,975.00</td>
<td>$51,950.00</td>
<td>$77,925.00</td>
<td>$103,897.00</td>
<td>$129,870.00</td>
<td>$155,843.00</td>
<td>$181,816.00</td>
<td>$207,789.00</td>
</tr>
</tbody>
</table>

**Notes:** Assumed Sales Prices

<table>
<thead>
<tr>
<th>Size</th>
<th>8 Grams</th>
<th>16 Grams</th>
<th>20 Grams</th>
<th>25 Grams</th>
<th>50 Grams</th>
<th>100 Grams</th>
<th>250 Grams</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 Grams (Low)</td>
<td>15</td>
<td>30</td>
<td>45</td>
<td>60</td>
<td>75</td>
<td>90</td>
<td>105</td>
</tr>
<tr>
<td>10 Grams (Low)</td>
<td>10</td>
<td>20</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td>60</td>
<td>70</td>
</tr>
<tr>
<td>25 Grams (Low)</td>
<td>25</td>
<td>50</td>
<td>75</td>
<td>100</td>
<td>125</td>
<td>150</td>
<td>175</td>
</tr>
<tr>
<td>50 Grams (Low)</td>
<td>50</td>
<td>100</td>
<td>150</td>
<td>200</td>
<td>250</td>
<td>300</td>
<td>350</td>
</tr>
<tr>
<td>250 Grams (Low)</td>
<td>250</td>
<td>500</td>
<td>750</td>
<td>1000</td>
<td>1250</td>
<td>1500</td>
<td>1750</td>
</tr>
<tr>
<td>500 Grams (Low)</td>
<td>500</td>
<td>1000</td>
<td>1500</td>
<td>2000</td>
<td>2500</td>
<td>3000</td>
<td>3500</td>
</tr>
<tr>
<td>1000 Grams (Low)</td>
<td>1000</td>
<td>2000</td>
<td>3000</td>
<td>4000</td>
<td>5000</td>
<td>6000</td>
<td>7000</td>
</tr>
</tbody>
</table>

**Notes:**
<table>
<thead>
<tr>
<th>Company</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedrocan Canada Inc.</td>
<td>Ontario</td>
</tr>
<tr>
<td>Spectrum Cannabis Canada Ltd.</td>
<td>Ontario</td>
</tr>
<tr>
<td>Tweed Inc.</td>
<td>Ontario</td>
</tr>
<tr>
<td>Tweed Grasslands Cannabis Inc.</td>
<td>Saskatchewan</td>
</tr>
<tr>
<td>Tweed Farms Inc.</td>
<td>Canada (federal)</td>
</tr>
</tbody>
</table>
### Schedule E – List of Third Parties

<table>
<thead>
<tr>
<th>Company</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ontario</td>
</tr>
<tr>
<td></td>
<td>Prince Edward Island</td>
</tr>
<tr>
<td></td>
<td>British Columbia</td>
</tr>
<tr>
<td></td>
<td>Ontario</td>
</tr>
</tbody>
</table>

S.39(1)(a)(ii), 39(b), 39(c)(i)