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PRESS RELEASE

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MCK announces potential groundbreaking economic opportunity

For Immediate Release

(Kahnawake – 13, Seskehó:wa/September 2018) The Mohawk Council of Kahnawà:ke (MCK) wishes to announce that it is currently studying and exploring an opportunity to build and operate a state-of-the-art production and processing facility with Canopy Growth Corporation, a company that has emerged as the global leader in the field of cannabis cultivation, research and product development. For clarity, there is no agreement in place.

“If we are able to move forward with this project it will create incredible opportunities for local jobs, with **inclusion for prospective local producers** in the industry,” said Grand Chief Joseph Tokwiro Norton. “For years we have been searching for a sustainable industry that will generate income for the community, especially as a collective. This is a chance to partner with the *world* leader in the industry – a company that has already concluded distribution and sales agreements with every province and territory across the country that has announced such agreements.”

“We cannot stress enough that this could be one of the largest opportunities to ever be considered for Kahnawà:ke,” he continued. “With the impending legalization of recreational cannabis next month (17, Kenténha/October 2018), there are many companies, cities, communities that are looking at ways to become involved in the legitimate production and sale of safe and legal cannabis.”

The MCK has issued a *Kahnawà:ke Economic Development Fact Sheet* to help explain the opportunity and the rationale for creating a relationship with Canopy Growth www.kahnawake.com/legalcannabis.

The MCK also wishes to inform the community that it has signed a **non-binding** term sheet setting terms for exploration of a *potential* agreement. The term sheet is set to expire on 31, Tsothóhrha/December 2018, but may be extended if required.

“The fact that Canopy Growth has selected Kahnawà:ke as a potential major Indigenous community partner speaks volumes,” Grand Chief Norton concluded. “Needless to say, there is an enormous amount of work that needs to take place between now and the end of 2018. The MCK has committed to having a direct dialogue with the community. While there is always fear of the unknown, we must have the confidence in ourselves to strongly consider this unprecedented opportunity.”



Kahnawà:ke Economic Opportunity Fact Sheet

September 13, 2018

Basis for the opportunity

Our community relies almost entirely on external government funding and does not have an alternative or stable revenue stream to generate funds in order to provide quality communal services. In order to be able to fund the continued development of the community, the Mohawk Council of Kahnawà:ke (MCK) must identify various socio-economic initiatives to generate revenue. This project has been identified as a viable project to generate continuing wealth for the community and would be done in such a way as to ensure the health and safety of the community. This project is subject to community consultation.

Greenhouse project

The MCK is currently studying a partnership to establish a Health Canada licensed state-of-the-art greenhouse of at least 50,000 square feet, with an additional 20,000 square feet of post-harvesting space. The production facility would include a security perimeter and 24-hour surveillance.

The MCK is in discussions with Canopy Growth, a Canadian company that has emerged as the global leader in cannabis cultivation, research, and product development. Canopy Growth would purchase up to 100% of the cannabis produced at the Kahnawà:ke facility.



Canopy Growth is a leader in the field of medical cannabis with established brands and sales channels and provides a tremendous opportunity to generate revenue for the community and add a significant number of jobs.

What is the proposed location for the site?

Although no decision has been taken, various locations for a production facility are currently being explored. Sites with the necessary infrastructure and strategic location, away from residential and educational institutions, are streamlining the selection process. The site would occupy approximately 10-acres of land.

What kind of community infrastructure is required to operate a greenhouse?

A large-scale greenhouse requires a significant amount of power and utilities (such as water, high-speed internet and three-phase power), which is one of the reasons why a large-production facility could only be permitted for a community-owned facility. In other words, the Territory lacks sufficient utilities and infrastructure to host multiple large-scale production facilities. Canopy Growth has the expertise to develop workaround solutions to reduce the reliance on the community infrastructure. The MCK is also discussing with Canopy Growth to make a long-term investment in the community by investing in upgrades to the local water treatment facility.



Kahnawà:ke Economic Opportunity Fact Sheet

September 13, 2018

Where would Kahnawà:ke's funding come from for the project?

The capital construction and infrastructure for the project could potentially be funded by a combination of investments from:

- Canopy Growth
- Kahnawà:ke business development fund
- Bank financing
- Individual community members (Cannabis Bonds/Debt financing)

In other words, the MCK is currently considering the possibility for community members to help fund the community portion of the project. This would allow community members, who may not have the opportunity to obtain licenses under the *Cannabis Control Law* to invest in the local industry.

Why did the MCK select Canopy Growth?

The MCK was approached by many licensed, pre-licensed and unlicensed cannabis producers for investment on and off the Territory who wanted to partner with the community of Kahnawà:ke. All factors considered, the expertise, capital and guarantees provided by Canopy Growth provided the greatest benefit with the least amount of risk for the community.

Given the investment and the technical expertise required to operate a profitable licensed operation in this highly competitive industry, it became clear that the optimal solution for Kahnawà:ke would be to partner with an established global leader with established brands and sales channels. This approach significantly lowers the risk of the investment as well as significantly raising the sustainability of profits and prospects for long-term employment for the community.

Why has Canopy Growth decided to partner with the MCK?

Canopy Growth has selected the community of Kahnawà:ke because it wants to associate its brand with a vibrant Indigenous community. By partnering with the MCK, Canopy Growth would diversify its production activities while contributing to the economic development of the Mohawks of Kahnawà:ke as a collective. A collaboration of this nature in which a company the size of Canopy Growth partners with an Indigenous community can help bridge the gap between industry and Turtle Island's Original Peoples.



Kahnewà:ke Economic Opportunity Fact Sheet

September 13, 2018

Would this initiative create jobs for community members?

The greenhouse is expected to create approximately 75 direct full-time jobs for Kahnewà:kehró:non and generate millions of dollars in revenue for community programming and services. Indirect employment would be created as a result of the preparation of the land and the construction of the facility, in addition to other spin-off benefits.

Tewatohnni'saktha would have the opportunity to collaborate with Canopy Growth to offer training programs to assist Kahnewà:kehró:non who wish to work in the greenhouse. Canopy Growth has a tremendous interest in ensuring that all of the 75 jobs are held by community members and are committed to providing the required training to accomplish this goal.

What would the revenue generated from this project be used for?

First and foremost, funds would be allocated to supplement addiction treatment services and to raise educational awareness.

The MCK portion of the revenues would be used to support underfunded programs, projects and services, including those not supported by government funding.

How would licensing work?

The facility would be required to hold a local Kahnewà:ke license and follow Kahnewà:ke's internal licensing process.

The MCK and Canopy Growth would establish a partnership to operate the greenhouse. This partnership would also apply for the necessary Health Canada licenses, which would allow it to export the product off of the Territory. Without such a license, the product would not be permitted to be exported off of the Territory and would be unprofitable once recreational legalization occurs.

Why invest in the cannabis industry?

Although cannabis is currently legal with a prescription from a physician, the Government of Canada will legalize cannabis for all persons above the age of majority on October 17, 2018. The cannabis industry is expected to generate country-wide revenues of more than \$20 billion per year.

A growing number of Indigenous communities in Canada are capitalizing on the upcoming legalization of recreational cannabis by partnering with licensed producers or retailers.



Kahnewà:ke Economic Opportunity Fact Sheet

September 13, 2018

Why opt for a Health Canada licensed facility?

It is imperative for Kahnewà:ke to ensure that any cannabis originating from the Territory meets the highest health and safety requirements. And until such time as Kahnewà:ke can establish its own capacity and standards comparable to Health Canada regarding the issuance of cannabis-related licenses, a Health Canada license would be required to ensure the following:

- Profitability: Kahnewà:ke can increase its revenues by exporting our product off the Territory to large national and international markets;
- Reputation: illicit, discounted or tainted product would negatively affect the reputation of Kahnewà:ke, which would affect profitability;
- Liability: if unhealthy or tainted product originates from Kahnewà:ke, the MCK or community organizations may be sued;
- Public Safety: the Peacekeepers, who have the responsibility of enforcing criminal laws applicable to the Territory, will not tolerate any illicit or illegal drugs in the community, which includes unlicensed cannabis products;
- Quality Control: Inspectors would test and ensure that the product meets the highest standards of quality to ensure that the product is free of herbicides, pesticides, fungus, or other drugs and complies with the rules for THC content.

Does this mean that cannabis would be easily accessible to youth? Absolutely not. Selling product to youth would result in severe criminal sanctions. The Peacekeepers and law enforcement personnel would be able to track all product produced by the facility

Moreover, the security perimeter around the facility and 24-hour surveillance would make it impossible for any unauthorized personnel to access the facility.