TerrAscend Corp.
Management Discussion & Analysis
September 30, 2017

Introduction

This Management's Discussion and Analysis ("MD&A") relates to the performance, financial condition and future prospects of TerrAscend Corp. ("TerrAscend", or the "Company") and should be read in conjunction with the Unaudited Interim Consolidated Financial Statements for the three and nine months ended September 30, 2017 and 2016, and Notes thereto. Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to consult the Company's Audited Consolidated Financial Statements and corresponding Notes to the financial statements for the years ended December 31, 2016 and 2015, for additional details. The Unaudited Interim Consolidated Financial Statements and MD&A are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are presented in Canadian dollars unless otherwise specified. This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of November 27, 2017 and for the three and nine months ended September 30, 2017. Readers are encouraged to read the Company's public information filings which can be accessed and viewed through a link to the Company's Canadian Securities Commissions filings via the System for Electronic Data Analysis and Retrieval (SEDAR) at www.sedar.com.

This MD&A was approved by the Board of Directors of TerrAscend on November 27, 2017, and reflects all material events up to that date.

Business Overview

TerrAscend was incorporated under the Business Corporations Act (Ontario) as "TerrAscend Corp." on March 7, 2017, and has two wholly-owned subsidiaries: Solace Health Inc. ("Solace") and Terra Health Network Inc. ("THN" or "Terra Health"), and one 50%-owned subsidiary: Solace RX Inc. ("SolaceRx"). The Company's registered and head office is located at PO Box 43125, Mississauga, Ontario, L5C 1W2.

On March 8, 2017, subsequent to the date of incorporation, the Company issued 26,987,240 common shares of TerrAscend Corp. in exchange for all of the issued and outstanding shares (the "Transaction") of Solace. For accounting purposes, the Transaction was treated as a reverse acquisition with Solace being the accounting acquirer. Therefore, the Company's historical financial statements reflect those of Solace. Prior to the Transaction, TerrAscend was a shell company with no business operations.

The Company is a licensed producer of medical cannabis and its current principal business activities are in development and include cultivation and sale of medical cannabis through Solace, and a physician and patient education and support program offered through its other wholly-owned subsidiary, Terra Health Network. Solace applied to Health Canada to become a Licensed Producer under the Access to Cannabis for Medical Purposes Regulations (Canada) (the "ACMPR") on March 14, 2014.

The ACMPR licensing process includes six stages: Preliminary Screening, Enhanced Screening, Security Clearance, Review, Pre-Licence Inspection and Licensing. Any applicant seeking to become a licensed producer under the ACMPR is subject to stringent Health Canada licensing requirements.

The market for cannabis (including medical marijuana) in Canada is regulated by the *Controlled Drugs and Substances Act* (Canada), the ACMPR, the Narcotic Control Regulations and other applicable laws. Health Canada is the primary regulator of the industry as a whole. The ACMPR aims to treat cannabis like any other narcotic used for medical purposes by creating conditions for a new commercial industry that is responsible for its production and distribution.

On April 10, 2017, the Company filed a non-offering prospectus with the British Columbia, Ontario, and Alberta Securities Commissions for the purposes of becoming a reporting issuer pursuant to applicable securities legislation in those provinces. The Company became a reporting issuer in those provinces effective April 11, 2017. TerrAscend's common shares are listed under the symbol "TER" on the Canadian Securities Exchange ("CSE") and began trading publicly on May 3, 2017.

On July 10, 2017 Health Canada granted Solace a conditional cultivation licence. Since that time, Solace has completed two successful cultivation cycles. Solace has also applied to Health Canada for a sales licence to sell and distribute medical cannabis from its Mississauga production facility.

Forward-Looking Statements

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe", "anticipate", "estimate", "plan", "expect", "intend", "may", "project", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management.

The forward-looking statements contained herein are based on certain key expectations and assumptions, relating to:

- the ability of the Company to generate cash flow from operations and obtain necessary financing on acceptable terms, and the use of net proceeds from Private Placements;
- the suitability of the production facility;
- expectations with respect to the expansion of the production facility;
- TerrAscend Group's expectations regarding its consolidated revenue, expenses and operations;
- TerrAscend Group's intention to develop its business and its operations;
- expectations with respect to future production costs and capacity
- general economic, financial market, regulatory and political conditions in which the Company operates;
- consumer interest in the Company's products;
- the timely receipt of any required regulatory approvals, including approvals from Health Canada;
- competition;
- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost-efficient manner; and
- the ability of the Company to conduct operations in a safe, efficient and effective manner.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

Certain of the forward-looking statements and forward-looking information and other information contained in this MD&A concerning TerrAscend's industry and the markets in which it operates, including general expectations and market position, market opportunities and market share, is based on estimates prepared by TerrAscend Group using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which TerrAscend Group believes to be reasonable. While TerrAscend Group is not aware of any misstatement regarding any industry or government data presented herein, the Medical Marijuana industry involves risks and uncertainties that are subject to change based on various factors and TerrAscend Group has not independently verified such third-party information.

Results of Operations

Solace applied to Health Canada to become a Licensed Producer under the Access to Cannabis for Medical Purposes Regulations (Canada) (the "ACMPR") on March 14, 2014. On July 10, 2017 Health Canada granted Solace a conditional cultivation licence. Issuance of the final licence is pending Health Canada site inspection and approval.

On January 31, 2017, concurrent with a debt financing of $9,400,000 (See "*Liquidity*"), TerrAscend purchased the 67,300 square-foot production facility that it was previously leasing from a corporation controlled by a director of the Company, for $6,899,900 in total consideration, plus $190,587 of closing costs. $1,063,573 was allocated to land, with the remainder being allocated to assets under construction. Currently Phase I construction on approximately 18,000 square feet of the facility has been completed and is in use for cultivation and processing of medicinal cannabis.

Phase II construction will be for expansion of distribution activities, development of Terra Health Network, and to build a drug preparation premises for non-cannabis drug formulations.

Outlook

TerrAscend is a vertically-integrated, licensed medical cannabis company. The Company has a strong growth plan in place to ramp up production, processing and distribution of medicinal cannabis.

TerrAscend's centrally-located, company-owned 67,300 square foot Mississauga facility makes the Company uniquely positioned geographically to offer same-day, third-party distribution services to patients of other licensed producers that are located outside of the Greater Toronto Area and out-of-Province. Such third-party distribution services are subject to approval by Health Canada, and to the licensed producer obtaining a licence to sell its product from Solace's Mississauga facility.

In addition to medical cannabis cultivation, processing and distribution, the Company is also focused on developing diversified revenue streams from non-cannabis sources. Through a 50%-owned subsidiary, Solace Rx Inc. ("SolaceRx"), TerrAscend has entered into a joint venture agreement (See Subsequent Events (a)) to commence construction and licensing of a Drug Preparation Premises ("DPP") for non-cannabis drug formulations, subject to compliance with all regulatory and licensing requirements. The DPP will be comprised of the reconstitution, dilution, preparation and/or combination of non-cannabis drug preparations for health care practitioners and institutions. The DPP will be operated by TerrAscend's joint venture partner, an experienced DPP owner and operator.

Selected Annual Information

	Year ended December 31, 2016 $	Year ended December 31, 2015 $	Year ended December 31, 2014[1] $
Total revenue	-	-	-
Net income (loss)	(867,181)	(761,600)	(337,036)
Basic and diluted loss per share	(0.09)	(0.13)	(0.11)
Total Assets	3,867,191	539,142	382,322
Long-term liabilities	-	-	-
Working capital (deficit)	1,680,252	(710,305)	(337,033)
Dividends	-	-	-

[1] *Period from Solace Health Inc. incorporation (February 18, 2014) to December 31, 2014*

Three Months Ended September 30, 2017 vs. 2016

During the third quarter, the Company has commenced cultivation activities.

The Company incurred a net loss of $1,481,450 or $0.04 per share for the three months ended September 30, 2017, compared with a net loss of $167,958 or $0.02 per share for the three months ended September 30, 2016. The Company ramped up operations in 2017 in anticipation of becoming a licensed producer, which resulted in an increase in employee compensation, consulting and professional fees compared to the prior year.

In the prior year the Company incurred rent expense on the lease of its production facility of $140,993. On January 31, 2017, TerrAscend purchased the building.

Pre-production expenses of $56,802 relate to direct material and manufacturing overhead required for cultivation. The entire amount will be reclassified as inventory upon issuance of Terrascend sales license.

Consulting fees for the period were $49,613 which is an increase from $3,063 in the prior year. The increase is mainly due to payments made to consultants for public relations.

Professional fees for the period were $255,506 which is an increase from $6,443 in the prior year. The increase is due to the Company preparing its books and records for raising debt and equity financing and listing its securities on the CSE, and for preparation and review of various contracts and operational agreements.

Utilities expenses for the period were $29,229 which is an increase from $1,880 in the prior year. The additional utility usage in 2017 is from the construction and improvements incurred as part of the licensing process, and commencement of production in September. The Company expects this cost to increase as the production facility is operational and cannabis cultivation continues.

Other general and administrative expenses, such as office, travel, salaries and wages, advertising, and other office overhead charges relate to a ramp up in activities as the Company progressed through the Health Canada licensing process and began cannabis cultivation in its production facility.

Finance expenses of $164,129 incurred during the quarter relate mainly to interest and accretion of the $9,400,000 convertible debenture (See "Liquidity").

During the period, the Company capitalized fees that were paid to architects and other consultants for design and construction services at its production facility, which were performed in the first three quarters of 2017. A total of $645,460 was reclassified from building to irrigation and lighting system during the quarter ended September 30, 2017. As at September 30, 2017, the building and irrigation, lighting system and other equipment were in use, therefore depreciation was recognized during the quarter ended September 30, 2017. Total amortization and depreciation for the quarter was $84,113

Share-based payments of $50,216 relate to 448,749 options that were granted as compensation to officers, employees and consultants of the Company during the period.

Nine Months Ended September 30, 2017 vs. 2016

During the period the Company incurred a net loss of $5,747,980 or $0.19 per share, compared with a net loss of $471,119 or $0.05 per share for the nine months ended September 30, 2016. The Company ramped up operations in 2017 in anticipation of becoming a licensed producer, which resulted in an increase in employee compensation, consulting and professional fees compared to the prior year.

In the prior year the Company incurred rent expense on the lease of its production facility of $411,547. On January 31, 2017, TerrAscend purchased the building. A gain on early lease termination of $281,676 was recognized during the period.

Warrants issued in the amount of $338,838 and fees paid for financial advisory services of $60,000 comprise a significant amount of total consulting fees of $520,558 paid during the period. The remainder in the current period mainly relates to consulting for quality assurance, and to a lesser extent, IT and human resources.

Professional fees for the period were $439,594 which is an increase from $9,985 in the prior year. The increase is due to the Company preparing its books and records for raising debt and equity financing and listing its securities on the CSE, and for preparation and review of various contracts and operational agreements.

Utilities expenses for the period were $58,596 which is an increase from $17,399 in the prior year. The additional utility usage in 2017 is from additional costs incurred for construction and improvements as part of the licensing process, and commencement of production in September. The Company expects this cost to increase as the production facility is operational and cannabis cultivation continues.

Other general and administrative expenses, such as office expenses, travel, salaries and wages, advertising, and other office overhead charges relate to a ramp up in activities as the Company progressed through the Health Canada licensing process, and the commencement of cannabis cultivation in its production facility. The Company has hired several new personnel in 2017 to support its growing business activities across all subsidiaries.

Finance expenses of $890,655 incurred during the period relate mainly to interest and accretion of the $9,400,000 convertible debenture (See "Liquidity").

Share-based payments of $2,755,216 relates to 3,118,749 options which were granted as compensation to directors, officers, employees and consultants of the Company during the period.

Selected Quarterly Financial Information

The Company did not prepare financial statements for those quarters prior to fiscal 2017.

Liquidity and Capital Resources

As at September 30, 2017, TerrAscend had cash of $1,066,535, and a working capital surplus of $1,812,673.

The Company's objective with respect to its capital management is to ensure it has sufficient cash resources to maintain its ongoing operations and finance its research and development activities, corporate and administration expenses, working capital and overall capital expenditures. Since inception, the Company has primarily financed its liquidity needs through issuance of shares.

Operating Activities

The principal use of operating cash flow is to fund the Company's operating expenditures at its Mississauga production facility as the Company continues to progress through the ACMPR licensing process. During the period ended September 30, 2017, the Company's cash flows from operations were ($3,116,124) (2016 – ($163,054)). Year over year, this variance is largely attributable to share-based payments of $3,094,054, interest and accretion on the convertible debenture of $884,446, and the changes in non-cash working capital in 2017 of ($1,430,758).

Financing activities

i) Convertible debenture

In January 2017, the Company issued a senior, secured convertible debenture for gross proceeds of $9,400,000. The convertible debenture bears interest at 12% per annum during the first twelve months and 18% per annum during the period after the initial twelve months. The interest rate was reduced to 6% per annum on the date of a liquidity event which, pursuant to the Agreement, was the date that the shares of the Company were listed on the CSE. The convertible debenture matures eighteen months from the date of closing.

The convertible debenture agreement allowed for two conversion prices depending on whether Solace Health received its licence to cultivate from Health Canada before July 31, 2017 (convert at $0.75 per share) or after July 31, 2017 (convert at $0.59 per share). The Company was granted its licence to cultivate from Health Canada on July 10, 2017 and, as such, the debenture is convertible at $0.75 per share.

The Company initially recognized $8,029,902 as the fair value of the convertible debenture, and $955,098 was initially recognized in contributed surplus with respect to the value of the conversion feature.

On August 4, 2017, $500,000 in principal of the convertible debenture was converted into 666,667 common shares of TerrAscend. Accrued interest from the quarter ended June 30, 2017 to August 4, 2017 was added to the balance of the outstanding debenture.

On September 1, 2017, the remaining outstanding balance of the debenture of $9,369,447 was converted into 12,492,596 common shares of TerrAscend.

During the three months ended September 30, 2017, the Company recognized $159,117 of interest and accretion expense related to the convertible debenture. During the nine months ended September 30, 2017, $884,447 was recognized.

ii) Common Shares

In January 2017, the Company issued 1,314,888 Class B shares for gross proceeds of $585,125. The Company repurchased and cancelled all issued and outstanding Class A shares for nominal proceeds, and renamed its Class B shares as "common shares" of the Company. In March 2017, the Company exchanged its common shares for all of the issued and outstanding common shares of Solace Health Inc. on a one-for-one basis.

On April 20, 2017, TerrAscend closed a non-brokered private placement offering of 2,250,000 common shares at $0.60 per share for gross proceeds of $1,350,000 (the "Offering"). In connection with the Offering, the Company paid a finder's fee of $108,000 and incurred additional costs of issuance, such as legal and filing fees, of $242,801. The common shares are subject to a statutory four-month and one day hold period. Related subscription receipts of $923,063 which had been held in trust at March 31, 2017 were released to the Company in May 2017.

On July 31, 2017, the Company closed the first tranche of a non-brokered private placement offering of 3,037,976 units at $1.05 per unit (the "Units") for gross proceeds of $3,189,875 (the "Offering"). Each Unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share for $1.75 per share for a period of two years from the date of closing of the financing.

On August 16, 2017, the Company closed the second tranche of the Offering and announced the issuance of an additional 929,570 Units for gross proceeds of $976,049. Total gross proceeds raised was $4,165,923.

In connection with the offers, the Company paid total finders' fees of $38,413 and incurred additional costs of issuance, such as legal and filing fees, of $57,683. The common shares are subject to a statutory four-month and one day hold period. Proceeds from this financing will be used to build out additional space in its existing facility, commence construction of its drug preparation premises, further develop its subsidiary Terra Health Network, and for other working capital needs.

On August 4, 2017, $500,000 in principal of the convertible debenture was converted into 666,667 common shares of TerrAscend.

On September 1, 2017, the remaining outstanding balance of the debenture of $9,369,447 was converted into 12,492,596 common shares of TerrAscend.

Investing activities

Cash used in investing activities during the nine months ended September 30, 2017 totaled $13,789,737 and relate to the purchase of property and equipment.

Off-Balance Sheet Arrangements

TerrAscend does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of TerrAscend, including, and without limitation, such considerations as liquidity and capital resources.

Financial Instruments

The Company has classified its cash as fair value through profit and loss ("FVTPL"), receivables as loans and receivables, and accounts payable and accrued liabilities, due to related parties and convertible debentures as other financial liabilities.

The carrying values of cash, receivables, due to related parties, and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
Level 3 – inputs for assets and liabilities not based upon observable market data

Financial risk factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit risk
Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash. The Company's cash is held at a major Canadian bank. The Company regularly monitors the credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss.

(b) Liquidity risk
The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at September 30, 2017, the Company had cash and receivables balance of $2,340,663 (December 31, 2016 - $3,447,355) to settle current liabilities of $721,178 (December 31, 2016 - $1,786,168). As such, liquidity risk for the Company should be considered low. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(c) Interest rate risk
The Company is not subject to any significant interest rate risk from its liabilities. All other financial liabilities are non-interest-bearing instruments.

Transactions with related parties

(a) In January 2017, the Company purchased the property it was leasing from a corporation controlled by a director of the Company for $6,899,900 in total consideration, plus $190,587 of closing costs.

(b) Key management includes directors and officers of the Company. Total compensation, comprised of salaries and stock-based compensation, awarded to key management for the three months ended September 30, 2017 was as follows:

	Three Months		Nine Months	
For the periods ended September 30,	**2017**	2016	2017	2016
Salaries	**$ 120,000**	$ -	**$ 275,266**	$ -
Share-based payments	**933**	-	**$ 1,729,533**	-
Total	**$ 120,933**	$ -	**$ 2,004,799**	$ -

(c) During the three months ended June 30, 2017, the Company paid for licensing, development and maintenance fees related to TerrAscend's wholly-owned subsidiary, THN, in the amount of $23,165 (June 30, 2016 - $nil) to a corporation, of which a director and officer of the Company is a director and managing partner and, together with a family member, owns 33%. The total paid to this company for the six months ended June 30, 2017 was $69,495. No further payment was made during the three months ended September 30, 2017.

Commitments

TerrAscend does not have any commitments.

Subsequent Events

(a) *Equity private placement*

On November 15, 2017, the Company entered into subscription agreements with funds advised by JW Asset Management LLC ("JW Funds"), Canopy Growth Corporation ("Canopy Growth") and Canopy Rivers Corporation ("Canopy Rivers") pursuant to which the investors will acquire from the Company, on a non-brokered private placement basis, 47,727,273 units at $1.10 per unit (the "Units") for gross proceeds of approximately $52,500,000. Each unit sold in the private placement will consist of one common share of the Company and one common share purchase warrant of the Company, with each warrant entitling the holder to purchase an additional common share for a period of 36 months at an exercise price of $1.10.

(b) *Sales tax refund*

On October 12, 2017, the Company received a GST/HST refund of $869,507 from the Canada Revenue Agency. The amount relates to GST/HST returns filed for fiscal 2016 and for the six months ended June 30, 2017.

(c) *Asset Purchase*

On October 13, 2017, the Company acquired assets from Canna Relief Consulting Canada Inc. ("CannaRelief") related to the operation of CannaRelief's education and patient navigation services. TerrAscend will pay $190,000 in cash and has issued 62,500 shares with an aggregate value of $60,000, which are subject to a four month hold period. As of the date of this report, a total of $105,000 in cash has been paid to CannaRelief.

(d) *Options exercised*

On October 12, 2017, 74,074 options with an exercise of $0.81 were exercised to purchase 74,074 common shares for gross proceeds of $60,000.

(e) *Options granted*

On October 23, 2017, the Company granted 65,000 options to employees of the Company. The options have a weighted average exercise price of $0.89.

On October 31, 2017, the Company granted 315,000 options to employees of the Company. The options have a weighted average exercise price of $0.90.

(f) Appointment of interim Chief Financial Officer

November 14, 2017, Mr. Roland Nimmo has replaced Ms. Rebecca Hudson in the capacity as interim CFO

Accounting Changes

New standards, amendments and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations have been issued but have not been adopted in preparing these financial statements, as set out below:

- IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018 and earlier adoption is permitted.
- IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of goods or services and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier adoption is permitted.
- In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognize a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. The 5 standard is effective for annual periods beginning on or after January 1, 2019, with earlier application if IFRS 15 is also applied.

The Company has yet to assess the impact of these standards, however they are not expected to have a significant impact on the Company's financial statements at this time as the Company does not generate any revenue at this time. Other accounting standards or amendments to existing accounting standards that have been issued, but have future effective dates, are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Outstanding Share Data

As at September 30, 2017, TerrAscend had 46,364,049 common shares outstanding.

As at the date of this MD&A, fully diluted share capital outstanding was as follows:

	# Outstanding	Weighted average exercise price
Common shares	46,364,049	N/A
Warrants	4,157,686	$1.08
Options	3,118,749	$0.87
Fully diluted shares outstanding	53,640,484	

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The Company is subject to certain risks and uncertainties from both financial and operational factors. The risks and uncertainties described below are those that the Company's management believes are material, but these risks and uncertainties may not be the only ones that the Company may face. Additional risks and uncertainties, including those that the Company's management currently are not aware of or deem immaterial, may also result in decreased operating revenues, increased operating expenses or other events that could result in a decline in the value of any securities of the Company.

Forward-looking statements are based on certain assumptions and analyses made by TerrAscend in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to TerrAscend Group's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

- Meeting licensing requirements under the ACMPR
- Compliance with regulatory requirements relating to our business
- Changes in laws, regulations and guidelines relating to our business
- Limited operating history
- History of net losses
- Negative operating cash flow
- Reliance on a single production facility
- Expansion of production facility subject to Health Canada regulatory approvals
- Inability to develop production capacity or, once developed, manage growth
- Reliance on Management
- Restrictions on sales activities
- Competition in our industry
- Inherent risks associated with the agricultural business
- Unfavorable publicity or consumer perception
- Product liability claims and product recalls
- Vulnerability to rising energy costs
- Operating risk and insurance coverage
- Conflicts of interest among our officers and directors
- Compliance with environmental regulations relating to our business
- Managing damage to our reputation
- Involvement in litigation
- Volatility in the market price for the securities of the Corporation

- Future sales of shares or other securities by existing shareholders causing the market price for the securities to fall
- The issuance of shares or other securities in the future causing dilution

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. Information contained in forward-looking statements in this Prospectus is provided as of the date of this Prospectus, and we disclaim any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. Accordingly, potential investors should not place undue reliance on forward-looking statements or the information contained in those statements.

November 27, 2017

"Basem Hanna"
President and CEO