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TerrAscend Announces Early Warrant Exercise for Proceeds of \$31.5 Million

TORONTO, Aug. 27, 2019 /PRNewswire/ - TerrAscend Corp. (CSE: TER; OTCQX: TRSSF) ("**TerrAscend**" or the "**Company**") the first and only cannabis company licensed for sales in Canada, the US, and the EU, today announced the early exercise of purchase warrants to acquire proportionate voting shares representing 28,636,361 common shares of the Company (the "**Warrants**") for aggregate proceeds of approximately CDN\$31.5 million.



All of the outstanding Warrants were held by funds advised by JW Asset Management, LLC which are affiliates of Mr. Jason Wild, Chairman of the Company. Each Warrant entitled the holder to acquire one proportionate voting share (on an as converted basis) on or before December 8, 2020 at an exercise price of CDN\$1.10.

The Company has agreed to issue to the Warrant holders additional purchase warrants ("**Incentive Warrants**" or the "**Incentive Program**") to acquire a total of 8,590.908 proportionate voting shares (8,590,908 common shares on an as-converted basis), representing 0.3 Incentive Warrants for each Warrant exercised early. Each Incentive Warrant entitles the holder to purchase one common share, on an as-converted basis, at an exercise price of CDN\$7.21 on or before August 23, 2022. The Incentive Warrants, and any shares issuable upon the exercise thereof, are subject to a four month hold period from the date on which the Incentive Warrants were issued.

The Incentive Program and early exercise as implemented provides a cost-effective source of financing for TerrAscend.

The proceeds from the Warrant exercise are expected to be used to fund the Company's recently announced growth initiatives and for general working capital purposes.

"The early exercise provides TerrAscend with capital in a timely and efficient manner", said Michael Nashat, TerrAscend's CEO. "We value our relationship with JW Asset Management, LLC and appreciate their continued support of our strategy to develop and acquire premium brands, while continuing to build a global footprint."

The Incentive Program was unanimously approved by the disinterested members of the Company's Board of Directors, with Mr. Wild abstaining given his interest in the transaction. The Incentive Program was also approved by the Canadian Securities Exchange.

As an insider of the Company and/or his affiliates participated in the Incentive Program, the program may constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions* ("MI 61-101"). TerrAscend relied on the exemptions from the formal valuation requirements of MI 61-101 contained in section 5.5(a) and (b) of MI 61-101 on the basis that the fair market value of the transaction was not more than Twenty-Five Percent (25%) of the market capitalization of TerrAscend and no securities of TerrAscend are listed on a specified market set out in such section, and TerrAscend relied on the exemption from the minority shareholder approval requirements of MI 61-101 contained in Section 5.7(1)(a) of MI 61-101 on the basis of the fair market value of the transaction not being more than Twenty-Five Percent (25%) of the market capitalization of TerrAscend.

About TerrAscend

TerrAscend provides quality products, brands, and services to the global cannabinoid market. As the first North American Operator ("NAO"), with scale operations in both Canada and the US, the Company participates in the medical and legal adult use market across Canada and in several US states where cannabis has been legalized for therapeutic or adult use. Additionally, TerrAscend is the first and only cannabis company with sales in the US, Canada, and Europe as it has received EU-GMP certification for its manufacturing facility in Mississauga, Ontario. TerrAscend recently announced the planned acquisition of Ilera Healthcare, one of five vertically-integrated cannabis cultivator, processor, and dispensary operators in Pennsylvania and was also recently chosen by the state of New Jersey to be one of six permit applicants for a vertically integrated medical cannabis operation.

TerrAscend operates a number of synergistic businesses, including The Apothecarium, an award-winning cannabis dispensary with several retail locations in California and Nevada; Arise Bioscience Inc., a manufacturer and distributor of hemp-derived products; Ascendant Laboratories Inc., a biotechnology and licensing company committed to the continuous improvement of cannabinoid expressing plants; Solace RX Inc., a proposed Drug Preparation Premises ("DPP") focused on the development of novel formulations and delivery forms; and Valhalla Confections, a manufacturer of premium cannabis-infused edibles. For more information, visit <https://www.terrascend.com>

Caution Regarding Cannabis Operations in the United States

Investors should note that there are significant legal restrictions and regulations that govern the cannabis industry in the United States. Cannabis remains a Schedule I drug under the US Controlled Substances Act, making it illegal under federal law in the United States to, among other things, cultivate, distribute or possess cannabis in the United States. Financial transactions involving proceeds generated by, or intended to promote, cannabis-related business activities in the United States may form the basis for prosecution under applicable US federal money laundering legislation.


While the approach to enforcement of such laws by the federal government in the United States has trended toward non-enforcement against individuals and businesses that comply with medical or adult-use cannabis programs in states where such programs are legal, strict compliance with state laws with respect to cannabis will neither absolve TerrAscend of liability under US federal law, nor will it provide a defense to any federal proceeding which may be brought against TerrAscend. Following any investment made by TerrAscend in operations in the United States, enforcement of federal laws in the United States will be a significant risk to the business of TerrAscend and any proceedings brought against

TerrAscend thereunder may adversely affect TerrAscend's operations and financial performance.

Forward Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking statements in this press release may be identified by the use of words such as, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook" and other similar expressions, and include statements with respect to the completion of the transactions discussed herein,. Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors relevant in the circumstances, including assumptions in respect of current and future market conditions, the current and future regulatory environment; and the availability of licenses, approvals and permits.

Although TerrAscend believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because TerrAscend can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ materially from those projected in the forward-looking statements. Such risks and uncertainties include, but are not limited to, risks relating to the potential future exercise of the Incentive Warrants, for which no assurances are given, risks related to federal, state, provincial, territorial, local and foreign government laws, rules and regulations, including federal and state laws in the United States relating to cannabis operations in the United States, TerrAscend's ability to successfully integrate any acquired businesses in the future, fluctuations in foreign currency exchange rates and other risks described in the Company's public filings on SEDAR.

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