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TerraAscend Announces Closing of First Tranche of Proposed US\$25 Million Non-Brokered Private Placement of Unsecured Convertible Debentures and Warrants

/NOT FOR DISSEMINATION IN THE UNITED STATES OR THROUGH U.S. NEWSWIRE SERVICES/

--- Initial tranche includes US\$10 million subscription from Canopy Rivers.

TORONTO, Oct. 2, 2019 /PRNewswire/ - TerraAscend Corp. (CSE: TER; OTCQX: TRSSF) ("TerraAscend" or "the Company"), the first and only global cannabis company licensed for sales in Canada, the US, and the EU, today announced the Company intends to complete non-brokered private placement offerings (the "Offerings") to raise approximately US\$25 million through the issuance of units of each of TerraAscend (the "Enterprise Offering") and TerraAscend Canada Inc. (the "Canadian Offering"). Each unit in the Enterprise Offering is comprised of one unsecured convertible debenture of TerraAscend and 25.2 common share purchase warrants of TerraAscend. Each unit in the Canadian Offering is comprised of one unsecured convertible debenture of TerraAscend Canada Inc. and 25.2 common share purchase warrants of TerraAscend. The first tranche of the Canadian Offering, a US\$10 million lead order from Canopy Rivers Inc. ("Canopy Rivers") (TSX: RIV, OTC: CNPOF), has been completed.



The Company intends to use the proceeds from the Enterprise Offering to fund TerraAscend's various growth initiatives, capital expenditures, working capital and general corporate purposes, provided that none of the proceeds of the Canadian Offering may be used in connection with any cannabis or cannabis-related operations in the US.

"We are privileged to have the continued confidence and support of Canopy Rivers, one of the preeminent investment firms specializing in cannabis," said Michael Nashat, CEO of TerraAscend. "This growth capital enables TerraAscend to accelerate our organic and acquisition-driven investments in our key markets around the globe, as we execute our strategic vision of being a truly global cannabinoid company, committed to scientific innovation and operational integrity."

The convertible debentures issued pursuant to the Enterprise Offering and the Canadian

Offering have a maturity date of five years from the date of issue and bear interest from the date of issue at 6% per annum, compounded and payable annually, with an option, at the discretion of the Company, to pay in cash or the equivalent value on the date of payment in common shares of TerrAscend (or in the case of the Canadian Offering, in exchangeable shares of TerrAscend). The debentures are convertible into common shares of TerrAscend (or in the case of the Canadian Offering, into exchangeable shares of TerrAscend), at the option of the holders, at a conversion price of \$5.95, being approximately a 27% premium to the closing price of the common shares of TerrAscend as of October 1, 2019. TerrAscend may force the holders of the convertible debentures to convert into common shares of TerrAscend (or in the case of the Canadian Offering, into exchangeable shares of TerrAscend) if, following the date that is four months and one day following the date of issue and prior to the maturity date, the five-trading day volume weighted-average price of the common shares of TerrAscend equals or exceeds \$10.82.

The common share purchase warrants issued by TerrAscend in connection with the Offerings, which represent approximately 15% warrant coverage on the aggregate subscription price, provide holders with the right to purchase common shares of TerrAscend at an exercise price of \$6.49, being approximately a 31% premium to the closing price of the common shares of TerrAscend as of October 1, 2019. The common share purchase warrants issued by TerrAscend in connection with the Canadian Offering are only exercisable following the satisfaction of certain conditions, including the federal legalization of cannabis in the US.

The Company expects to close on additional tranches by mid-October 2019, subject to the satisfaction of customary closing conditions.

The securities to be issued pursuant to the Offerings have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or under any state securities laws, and may not be offered or sold, directly or indirectly, or delivered within the United States absent registration or an applicable exemption from the registration requirements. This news release does not constitute an offer to sell or a solicitation to buy such securities in the United States.

The Canadian Securities Exchange ("CSE") has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.

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. 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 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; Ilera Healthcare, Pennsylvania's premier medical marijuana cultivator, processor and dispenser; 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. Additionally, TerrAscend has been chosen by the state of New Jersey to be one of six permit applicants for a vertically integrated medical cannabis operation. For more information, visit 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. The enforcement of federal laws in the United States is 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 information contained 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 anticipated benefits of the transaction; future tranches of the Offerings, including the expected timing for closing subsequent tranches; and the use of proceeds from the Offerings. Forward-looking information is 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 the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company 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 information is 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 information. Such risks and uncertainties include, but

are not limited to, risks related to closing subsequent tranches of the Offerings; the expected timing for completion of subsequent tranches of the Offerings, including the satisfaction of customary closing conditions; current and future market conditions, including the market price of the common shares of the Company; 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; and the risk factors set out in the Company's annual information form dated May 31, 2019, filed with the Canadian securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

The statements in this press release are made as of the date of this release. The Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

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