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TerraAscend Canada Announces C\$80.5 Million Financing Arrangement With Canopy Growth Corporation

TORONTO, March 11, 2020 /CNW/ - TerraAscend Corp. ("TerraAscend") (CSE:TER, OTCQX:TRSSF), today announced that TerraAscend Canada Inc. ("TerraAscend Canada"), its wholly owned subsidiary, has entered into a loan financing arrangement with Canopy Growth Corporation ("Canopy Growth") (TSX:WEED, NYSE:CGC) in the amount of C\$80.5 million (the "Loan") pursuant to a secured debenture (the "Debenture"). In connection with the funding of the Loan, TerraAscend has issued 17,808,975 common share purchase warrants to Canopy Growth (the "Warrants").



Canopy Growth initially invested in TerraAscend in November 2017 alongside funds managed by TerraAscend Chairman Jason Wild. TerraAscend has achieved considerable milestones since Canopy Growth initially invested, including becoming the first cannabis company licensed for sales in Canada, the United States, and Europe. Additionally, TerraAscend has expanded its capabilities and portfolio to include domestic and international cultivation, processing and distribution facilities; a growing retail footprint; and best-in-class brands, such as The Apothecarium and Ilera.

"TerraAscend has proven its ability to thrive in the global cannabis industry and this loan is a strong signal that Canopy Growth is confident in their ability to execute over the long term," said David Klein, CEO, Canopy Growth. "We are encouraged by TerraAscend's strong performance and we view the team's experience as an important contributor to its continued success."

"We are pleased to receive this loan from Canopy Growth as we enter the next stage of TerraAscend's growth and expansion," said Jason Ackerman, Executive Chairman and Interim CEO. "The Canopy Growth team recognizes our operational and management expertise, and this financing allows us to continue to fund and execute on our Canadian, U.S. hemp and international businesses while remaining focused on operations with high barriers to entry. We look forward to continuing to work with Canopy Growth as new opportunities emerge and the regulatory landscape evolves."

Use of Proceeds

The net proceeds are expected to be used by TerraAscend Canada for general corporate

purposes and the funding of its Canadian operations, its Arise Bioscience U.S. hemp division, international expansion and the repayment of indebtedness. The funds cannot be used, directly or indirectly, in connection with or for any cannabis or cannabis-related operations in the United States, unless and until such operations comply with all applicable laws of the United States.

Transaction Overview

The Debenture will bear interest at a rate of 6.10% per annum and will mature on March 10, 2030 or such earlier date in accordance with the terms of the Debenture and all interest payments made pursuant to the Debenture are payable in cash by TerrAscend Canada. The Debenture is secured by the assets of TerrAscend Canada, is not convertible and is not guaranteed by TerrAscend. The Warrants are comprised of 15,656,242 common share purchase warrants (the "First Tranche Warrants") with each First Tranche Warrant entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of \$5.14 per share, subject to adjustment in certain events and 2,152,733 common share purchase warrants (the "Second Tranche Warrants") with each Second Tranche Warrant entitling Canopy Growth to acquire one common share of TerrAscend at an exercise price of \$3.74 per share, subject to adjustments in certain events. The Warrants will be exercisable by Canopy Growth following changes in U.S. federal laws permitting the cultivation, distribution and possession of marijuana or to remove the regulation of such activities from the federal laws of the United States. The First Tranche Warrants expire on March 10, 2030 or such earlier date in accordance with the First Tranche Warrants and the Second Tranche Warrants expire on March 10, 2031 or such earlier date in accordance with the Second Tranche Warrants.

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, TerrAscend 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 was the first cannabis company with sales in the US, Canada, and Europe. TerrAscend operates a number of synergistic businesses, including The Apothecarium, an award-winning cannabis dispensary with several retail locations in California; Arise Bioscience Inc., a manufacturer and distributor of hemp-derived products; Ilera Healthcare, Pennsylvania's premier medical marijuana cultivator, processor and dispenser; and Valhalla Confections, a manufacturer of premium cannabis-infused edibles. TerrAscend holds a cultivation permit in the State of New Jersey and is pending approval for a vertically integrated medical cannabis operation with the ability to operate up to 3 Alternative Treatment Centers. Additionally, TerrAscend holds a Medical Cannabis Processor License in the State of Utah. 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 U.S. 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.

Notice Regarding Forward Looking Statements

This news release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking statements and information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements or information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Canopy Growth, TerrAscend or their respective subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements or information contained in this news release. Examples of such statements include statements with respect to the use of proceeds, management's belief of TerrAscend's ability over the long term and the expectation that the Loan will enable TerrAscend to fund and execute on its Canadian, U.S. hemp and international businesses. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including regulatory and licensing risks, the ability of Canopy Growth to exercise the Warrants and the occurrence of changes in U.S. federal laws regarding the cultivation, distribution or possession of marijuana, changes in the use of proceeds, changes in general economic, business and political conditions, including changes in the financial and stock markets, the global regulatory landscape and enforcement related to cannabis, including political risks and risks relating to regulatory change, risks relating to anti-money laundering laws, compliance with extensive government regulation and the interpretation of various laws, regulations and policies, risk associated with divesting certain of investments, public opinion and perception of the cannabis industry, and such risks contained in the public filings of each of the Company and TerrAscend filed with Canadian securities regulators and available on the issuer profiles of the Company and TerrAscend on SEDAR at www.sedar.com, including the Company's annual information form dated June 25, 2019 and TerrAscend's annual information form dated May 31, 2019. Although the Company and TerrAscend believe that the assumptions and factors used in preparing the forward-looking

information or forward-looking statements in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. The forward-looking information and forward-looking statements included in this news release are made as of the date of this news release and neither the Company nor TerrAscend undertakes any obligation to publicly update such forward-looking information or forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities laws.

SOURCE TerrAscend