



TerrAscend Announces Brokered Private Placement of Convertible Debenture

TORONTO, ONTARIO – August 24, 2017 – TerrAscend Corp. (CSE: TER) (“TerrAscend” or the “Company”), is pleased to announce that it has agreed to place (the “Convertible Debenture Placement”) a CAD\$7,000,000 aggregate principal amount, 6.0% senior secured convertible debenture of the Company (the “Debenture”) with the Investor (as defined below). The Debenture will be placed on a brokered private placement basis at a price of CAD\$1,000 per CAD \$1,000 of principal.

TerrAscend has engaged PI Financial Corp. and GMP Securities L.P. (collectively, the “Lead Agents”) to act as co-Lead Agents for the Convertible Debenture Placement, for and on behalf of a syndicate of dealers consisting of the Lead Agents, each making up 40% of the syndicate, and XIB Asset Management Inc., making up 20% of the syndicate. PI Financial Corp. will act as the sole bookrunner for the Convertible Debenture Placement.

“The additional capital provides us the financial security to build a state of the art drug preparation facility under the banner of Solace Rx Inc. (“SolaceRx”), as well as ensuring Terra Health Network becomes the preeminent patient navigation service in the industry,” noted TerrAscend’s Founder & CEO, Basem Hanna. “We are confident that with the additional funds, we have sufficient capital to execute on all aspects of our business plan, including drug formulation, patient navigation, cannabis cultivation and distribution. TerrAscend has the team, facility, and capital to become a leader in the cannabis space.”

The Debenture is set to mature 48 months following the Closing (as defined below) (the “Maturity Date”) and will bear interest at a rate of 6.0% per annum, from the date of issue, payable in cash semi-annually in arrears on September 30 and March 31 of each year commencing on March 31, 2018. Any unpaid interest will accrue and be added to the principal amount of the Debenture. The Debenture, including the common shares of the Company (the “Common Shares”) issuable upon conversion, will be subject to a four-month hold period from the date of Closing and subject to all necessary regulatory approvals, including the approval of the Canadian Securities Exchange.

The Debenture will be convertible at the Investor’s option into fully-paid Common Shares at any time prior to the earlier of the Maturity Date and the business day immediately preceding the date fixed for redemption at a conversion price equal to CAD\$1.20 per Conversion Share (the “Conversion Price”). Upon conversion, the Investor will receive accrued and unpaid interest on the principal amount that is the subject of the conversion for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion. The Conversion Price shall be subject to standard anti-dilutive provisions. The Investor must consent to TerrAscend raising any additional equity in excess of \$5 million, unless the issue price of the Common Shares or the exercise or conversion price of securities convertible into Common Shares is not more than a 10% discount to the Conversion Price, in which case no consent of the Investor shall be required. If, after the date that is four months and a day after the date of Closing but prior to the Maturity Date, (i) the volume-weighted average price (“VWAP”) of the Company’s Common Shares on the TSXV, CSE or other principal recognized stock exchange equals or exceeds 142% of the Conversion Price for 10 consecutive trading days (the “VWAP Days” and each a “VWAP Day”), and (ii) the volume traded during each VWAP Day is not less than 50,000 Common Shares, the Company may force conversion of all but not



less than all of the principal amount of the Debenture at the Conversion Price in accordance with the terms of the Debenture.

The closing of the Convertible Debenture Placement is expected to occur on or about September 8, 2017 (the “Closing”) and is subject to the satisfaction of customary closing conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Canadian Securities Exchange, and the completion of the conversion of the Existing Debenture (as defined below).

The Company intends to use the net proceeds of the offering to fund construction of SolaceRx, capital expenditure initiatives at TerrAscend’s Mississauga location, further development of Terra Health Network, and for general working capital purposes.

In addition to the foregoing, MMCAP International Inc. SPC (the “Investor”) has provided the Company with an irrevocable notice of conversion of the remaining aggregate principal amount of the senior secured convertible debenture that was originally issued on January 31, 2017 (the “Existing Debenture”). Pursuant to the conversion notice, it is expected that the aggregate principal amount remaining under the Existing Debenture will convert into Common Shares on or about September 1, 2017. Upon conversion of the Existing Debenture, the Investor will exercise direction and control over 12,879,338 Common Shares representing 27.9% of the issued and outstanding Common Shares on a fully diluted basis. It is expected that, immediately after the Closing of the new Convertible Debenture Placement, the Investor will exercise direction and control over 18,712,671 Common Shares representing 36% of the issued and outstanding Common Shares on a fully diluted basis.

The Convertible Debenture Placement is a related party transaction under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), since immediately prior to the Closing the Investor will exercise direction and control over approximately 27.9% of the Common Shares. The board of directors of the Company adopted a resolution authorizing the Convertible Debenture Placement on August 18, 2017. There have been no prior valuations of the Company within the last 24 months that are required to be disclosed in accordance with section 6.8 of MI 61-101. The fair market value of the Convertible Debenture Placement will not exceed 25% of the Company’s market capitalization calculated in accordance with the exemptions set out in MI 61-101. The Company will file a material change report in connection with the Convertible Debenture Placement less than 21 days in advance of the expected Closing, which the Company deems reasonable and necessary in the circumstances as the Company wishes to complete the Convertible Debenture Placement in an expeditious manner and to use the funds for the reasons set forth above.

The Canadian Securities Exchange has not reviewed this news release and does not accept responsibility for its adequacy or accuracy.



About TerrAscend

TerrAscend is a vertically-integrated Canadian cannabis company that strives to create and deliver quality products and services that meet the evolving needs of the cannabis market. The Company provides support to patients through its wholly-owned subsidiaries, Solace Health Inc. ("Solace Health"), a licensed producer of medical cannabis under the *Access to Cannabis for Medical Purposes Regulations*, Terra Health Network Inc. ("Terra Health"), a clinical support program and education platform led by health care professionals, and Solace Rx Inc. ("SolaceRx"), a drug preparation premises for non-cannabis formulations. Please visit www.TerrAscend.com for more information about the Company.

This news release contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements include, but are not limited to, the anticipated timing for closing of the Convertible Debenture Placement. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.

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