

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: TerrAscend Corp. (the "Issuer").

Trading Symbol: TER

Number of Outstanding Listed Securities: 66,563,323

Date: January 7, 2020

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Issuer Response: The Issuer continues to grow its team to support its continued growth. During the month of December, the following key events occurred:

- On December 2nd, the Issuer issued a news release announcing an agreement with JW Asset Management LLC ("JW") to extend the maturity

date of its US\$75 million credit facility (the “JW Credit Facility”) due December 18, 2019 for up to three months and executed a term sheet with JW to convert any amounts outstanding under the credit facility into a two-year term loan with an expected maturity of March 2022.

- On December 30th, the Issuer issued a news release announcing that it closed the first tranche of the previously announced private placement of units of TerrAscend (the “Private Placement”) for additional gross proceeds of approximately \$31.77 million. Each unit in the Private Placement is comprised of one common share in the capital of TerrAscend and one common share purchase warrant of TerrAscend. Of the 12,968,325 units issued in the first tranche, 4,883,744 were issued to related parties of the Company.

The Issuer intends to use the proceeds from the Private Placement to accelerate the completion of the New Jersey (“NJ”) cultivation and processing facilities, to satisfy the previously announced January 2020 contingent purchase price payment related to the acquisition of Ilera Healthcare (“Ilera”), and for working capital and general corporate purposes.

2. Provide a general overview and discussion of the activities of management.

Issuer Response: The Issuer’s management team engaged in strategic planning activities and oversaw the Issuer’s roll-out of new ‘Cannabis 2.0’ products in Canada.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Issuer Response: The Issuer began shipping cannabis-infused teas and vape cartridges for purchase in certain provinces. These products are expected to be available for purchase by consumers in early January.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Issuer Response: None

5. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Issuer Response: None

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Issuer Response: The Issuer's affiliate, Solace Rx Inc., which owns and operated a proposed drug preparation premises (the "DPP"), terminated its management services agreement with Theomar Ltd., and Solace Rx Inc. assumed management of the DPP.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Issuer Response: N/A

8. Describe the acquisition of new customers or loss of customers.

Issuer Response: The Issuer and its operating companies continued to acquire new customers/patients to support the Issuer's business model, and the Issuer also lost customers/patients in the ordinary course of business.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Issuer Response: N/A

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Issuer Response: The Issuer continued to hire key staff to fulfil positions in various areas across the organization.

As part of the Issuer's ongoing efforts to align its operating model in Canada with market conditions, the Company eliminated 16 positions within its Canadian operations, including Roger Eacock (EVP, General Manager), Greg Smith (SVP, Sales and Marketing, Adult-Use), Keith Gillespie (VP, Marketing, Adult-Use) and Sabrina Ramkellawan (VP, Clinical Affairs).

Scott Frohman (President, Arise Bioscience) also left the business and Brandon Bal (formerly VP, Operations) was appointed President of Arise Bioscience.

11. Report on any labour disputes and resolutions of those disputes if applicable.

Issuer Response: N/A

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

Issuer Response: On January 31, 2019, Compassionate Care Foundation, Inc. made an application to the New Jersey Superior Court - Appellate Division to appeal the decision of New Jersey's Department of Health to select six applicants to complete the license application process to operate new alternative treatment centers for medical cannabis in New Jersey. TerrAscend NJ, LLC, (formerly NETA NJ, LLC.) a 75% owned subsidiary of the Issuer, was one of the six successful applicants and has been named as a party to the proceedings. The appeal is focused on the Department of Health's decision-making process and no impropriety on behalf of the Issuer or its subsidiary has been claimed. While it is too early to predict the outcome of this claim, the Issuer believes it is without merit. No further updates regarding the claim were received by the Issuer for this reporting period.

On October 20, 2018, Investments International Inc. ("Investments") signed an offer to lease with the Issuer's wholly owned subsidiaries, 2627685 Ontario Inc. and 2151924 Alberta Inc. On February 8, 2019, Investments filed a statement of claim in the Court of Queen's Bench of Alberta against the Issuer and its wholly owned subsidiaries, for breach of the offer to lease. The amount claimed is \$2,764,065.85 plus interest from and after the termination date of the offer to lease. The Issuer and its wholly owned subsidiaries have submitted a statement of defence and are in the process of defending themselves.

Legal claims and regulatory proceedings arise from time to time in the ordinary course of business for the Issuer. To the knowledge of the Issuer, there are no currently outstanding claims or regulatory proceedings involving the Issuer or any of its subsidiaries that are expected to be material to the Issuer.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Issuer Response: Please refer to the JW Credit Facility in paragraph 1 above.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares (listed)	12,970,100	Private Placement on Dec 30 and exercise of options	\$31.77 million to be used for completion of NJ facility, payment of contingent consideration re: Ilera acquisition and general corporate matters.
Proportionate Voting Shares (not listed)	-	-	N/A
Options for Common Shares	-	-	N/A
Warrants for Common Shares	12,968,325	1 st tranche of the Private Placement	N/A
Warrants for Proportionate Voting Shares	-	-	N/A

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

Issuer Response: Please refer to the JW Credit Facility in paragraph 1 above.

16. Provide details of any changes in directors, officers or committee members.

Issuer Response: None

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Issuer Response: None

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated [January 7, 2020](#)

[Adam Kozak](#)
Name of Director or Senior
Officer

[“Adam Kozak”](#) (signed) _____
Signature

[Chief Financial Officer](#) _____
Official Capacity

Issuer Details Name of Issuer TerrAscend Corp	For Month End 2019/12/31	Date of Report YY/MM/D 2020/01/07
Issuer Address PO Box 43125		
City/Province/Postal Code Mississauga, Ontario L5B 4A7	Issuer Fax No. (844) 576 5223	Issuer Telephone No. (855) 837 7295
Contact Name Adam Kozak	Contact Position CFO	Contact Telephone No. (855) 837 7295
Contact Email Address akozak@terrascend.com	Web Site Address www.terrascend.com	