

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: TER

Number of Outstanding Listed Securities: 184,415,749 (August 31, 2021)

Date: September 8, 2021

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:

During the month of August, the Issuer continued to execute on its business strategy and operations while managing the impact of COVID-19 throughout the organization.

On August 20, 2021, the Issuer announced it has completed the acquisition of an additional 12.5% of the issued and outstanding equity of TerrAscend NJ, LLC ("TerrAscend New Jersey") from BWH NJ, LLC and Blue Marble Ventures, LLC (collectively, the "Sellers"), for an initial cash payment of \$25 million with an additional \$25 million payment comprised of a combination of cash and TerrAscend common shares to be paid on or before December 31, 2021. As a result, the Issuer now owns 87.5% of the issued and outstanding equity of TerrAscend New Jersey.

In August 2021, the Issuer made the decision to undertake a strategic review process to explore, review, and evaluate potential alternatives for its Florida Arise business, focused on maximizing shareholder value.

On August 31, 2021, the Issuer entered into a definitive arrangement agreement pursuant to which the Issuer will acquire all of the issued and outstanding subordinate voting shares (the "Gage Shares") of Gage Growth Corp by way of a court-approved plan of arrangement under the Canada Business Corporations Act. Under the terms of the Arrangement Agreement, shareholders of Gage will receive 0.3001 of a common share of TerrAscend for each Gage Share (or equivalent) held, representing a total consideration of approximately USD \$545 million based on the closing price of TerrAscend on August 31, 2021. The Exchange Ratio implies a consideration of USD \$2.11 (or CAD \$2.66) per Gage Share, representing a 18% premium based on the closing prices of both companies' shares on the Canadian Securities Exchange on August 31, 2021.

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

Issuer Response: Management continues to focus on building a sustainable and profitable business across the various markets in which it operates.

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: None.

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: The Issuer Signed an agreement to supply COOKIES licensed product and bring COOKIES Corners to all three Apothecarium dispensaries in New Jersey.

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: None.

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: None.

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: None.

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

Issuer Response: None.

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

Issuer Response: None.

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.) an 87.5% 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. The appellate court remanded the case to the New Jersey Department of Health for further review and consideration.

- 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.
- On October 15, 2018, the Issuer's wholly owned subsidiary TerrAscend Canada entered into a multi-year cultivation agreement (the "PharmHouse Agreement") with PharmHouse Inc. ("PharmHouse"), a joint venture between Canopy Rivers Inc. and 2615975 Ontario Inc., the operators of a leading North American greenhouse produce company ("261"). Under the terms of the PharmHouse Agreement, it was expected that PharmHouse would grow and supply cannabis to TerrAscend Canada from its existing 1.3 million square foot greenhouse located in Leamington, Ontario. Once fully licensed, the production of flower, trim and clones from up to 20% of the dedicated flowering space planted at the greenhouse was expected to be made available to TerrAscend Canada. To date, PharmHouse has not yet delivered product in accordance with the terms of the PharmHouse Agreement. On September 11, 2020, the Issuer and TerrAscend Canada were informed that a statement of claim was issued on August 31, 2020 in the Ontario Superior Court of Justice by 261 against Canopy Rivers Inc., Canopy Growth Corporation, the Issuer and TerrAscend Canada (the "261 Claim"). In the 261 Claim, 261 seeks damages from the defendants in the amount of \$500 million and alleges certain causes of action, including bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations and breach of fiduciary duty. The 261 Claim, as against the Issuer and TerrAscend Canada, is completely baseless and without merit, and the Issuer will vigorously defend itself, if necessary, in the appropriate forum. On September 16, 2020, PharmHouse obtained an order from the Ontario Superior Court of Justice granting PharmHouse creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). Pursuant to the CCAA order, the 261 Claim has been stayed. During a CCAA hearing in November, 261 objected to the stay of the 261 Claim. The judge presiding over the CCAA process agreed to allow 261 to discontinue the 261 Claim against the defendants 'without prejudice' to its right to recommence the 261 Claim against all parties except PharmHouse Inc., provided that such recommenced claim can only be brought after January 1, 2021. This does not affect any of the defendants' ability to move for a stay of the recommenced 261 Claim. On February 10, 2021, 261

served the Issuer and TerrAscend Canada with the recommenced 261 Claim. On March 11, 2021, the Ontario Superior Court of Justice approved a settlement agreement (the "Settlement Agreement") between the Issuer, TerrAscend Canada and PharmHouse. The Settlement Agreement provides that the Issuer make a one-time purchase of a specific quantity of cannabis that was grown under the PharmHouse Agreement for a set price per gram, and for a one-time cash payment to PharmHouse for full and final satisfaction of any claims or obligations between the Issuer, TerrAscend Canada and PharmHouse. Both payments are immaterial to the Issuer and the Issuer plans to monetize the purchased cannabis. The Settlement Agreement does not affect the recommenced 261 Claim issued on February 10, 2021, which the Issuer believes is completely baseless and without merit.

- On October 7, 2020, a complaint was filed by Big Bite Real Estate, LLC and Shannon Hexter against the Issuer's subsidiary Ilera Healthcare LLC and other defendants in the Court of Common Pleas of Philadelphia County, Pennsylvania. The plaintiff alleged various claims including that the defendants breached their fiduciary duties. The Issuer's subsidiary refutes the plaintiff's claims and is defending itself. No further updates regarding the claim were received by the Issuer for this reporting period.
- On October 30, 2020, the Issuer's subsidiaries, Ilera Healthcare LLC and IHC Real Estate LP filed a complaint against Big Bite Real Estate, LLC in the Court of Common Pleas of Fulton County, Pennsylvania seeking a preliminary injunction and lis pendens to have the defendant convey legal title to real estate pursuant to the terms of an agreement. No further updates regarding the claim were received by the Issuer for this reporting period.
- On February 11, 2021, a complaint was filed by Florio Perrucci Steinhardt Cappelli Tipton & Taylor LLC ("Florio") against the Issuer's subsidiary, TerrAscend NJ LLC ("Ter NJ") and IGF Green RE, N.J., L.P. ("IGF") with the Superior Court of New Jersey Law Division of Warren County, New Jersey requesting that Florio be allowed to deposit into court \$500,000 of disputed escrowed funds deposited by IGF with Florio in its capacity as escrow agent to Ter NJ and IGF. Ter NJ and IGF each filed answers and cross-claims on April 30, 2021, against the other setting forth their claims to and demanding disbursement of such escrowed funds. Proceedings are ongoing and Ter NJ continues to pursue its claim to the escrowed funds.
- On May 21, 2021, a statement of claim was filed by Mercari Agency Limited against the Issuer's Canadian subsidiary, TerrAscend Canada Inc., alleging that TerrAscend Canada Inc. breached its contractual obligations with respect to a licensed producer representation agreement between the parties dated October 17, 2018 which was subsequently terminated by TerrAscend Canada Inc. on October 23, 2019. The Issuer's subsidiary refutes the plaintiff's claims and is defending itself.

- On June 1, 2021, a former employee of TerrAscend Canada Inc., Jeffrey Warrington, filed a statement of claim in the Ontario Superior Court of Justice against TerrAscend Corp. for wrongful dismissal. The Issuer's subsidiary refutes the plaintiff's claims and is defending itself.
- On June 21, 2021, a former employee of TerrAscend Canada Inc., Entherdeep Gill, filed a statement of claim in the Ontario Superior Court of Justice against TerrAscend Corp. for wrongful dismissal. The Issuer's subsidiary refutes the plaintiff's claims and is defending itself.
- In March 2021, an employee fell while working in one of the Issuer's New Jersey facilities and has claimed bodily injuries. The employee filed a Claim Petition on July 6, 2021, with the New Jersey Division of Worker's Compensation. The value of the claim is not yet determined. The Issuer is preparing a response to the Claim Petition.
- On July 8, 2021, a former employee, Shay-Ryan Jones, filed a complaint in California state court against the Issuer's subsidiary, RHMT, LLC, and co-defendant Stat Team, Inc., a California staffing agency. Plaintiff has alleged defendants committed various violations of California labor code and argued his claims should be certified as a class action on behalf of similarly situated non-exempt employees.

Legal 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 outstanding legal 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: On August 31, 2021, the Issuer made its first payment on its loan related to the KCR acquisition of \$2,477,466, comprised of \$2,250,000 in principal and \$227,466 in interest.

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

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾
Common Shares	2,000	Shares for Debt settlement	N/A

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

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

Issuer Response: None.

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

Issuer Response: On August 18, 2021, Jason Marks, Chief Legal Officer and Head of Corporate Development, decided to leave the Company to return to the life sciences sector where he started his in-house legal career in 2008.

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: In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Issuer's operations to date. The production and sale of cannabis have been recognized as essential services across Canada and the United States and the Issuer has not experienced production delays or prolonged retail closures as a result. To date, management has not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on our business, financial position, and operating results in the future. In addition, it is possible that estimates in the Issuer's financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill. Management is closely monitoring the impact of the pandemic on all aspects of its business.

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 September 8, 2021

Keith Stauffer

Name of Director or Senior
Officer

Keith Stauffer "Signed"

Signature

Chief Financial Officer

Official Capacity

Issuer Details Name of Issuer TerrAscend Corp	For Month End 2021/08/31	Date of Report YY/MM/D 21/09/8
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