FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: TerrAscend Corp. (the “Issuer”).

Trading Symbol: TER

Number of Outstanding Listed Securities: 134,636,306 (January 31, 2020)

Date: February 4, 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**

1. 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.
2. The term “Issuer” includes the Issuer and any of its subsidiaries.
3. 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:**

On January 11, 2021, the Issuer completed the second phase of construction at its cultivation and manufacturing facility located in Boonton, New Jersey (the “Boonton facility”). This phase of construction added approximately 80,000 square feet of indoor cultivation to the existing on-side greenhouse and post-harvest manufacturing facilities, bringing the Boonton facility’s total current footprint to approximately 140,000 square feet.

On January 27,2021, TerrAscend Canada expanded a voluntary recall on a lot of Haven St. Wild Berry THC Infused Soft Chew to include all Haven St. soft chew gummies that were sold in the provinces of BC, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, PEI and Newfoundland. TerrAscend Canada proactively took this action after receiving consumer complaints alleging the presence of mould on certain gummies. Health Canada was notified and TerrAscend Canada continues to work collaboratively with the agency to follow their recommended actions for this voluntary recall.

On January 28, 2021, the Issuer announced the closing of its previously announced non-brokered private placement. In total, 18,115,656 common shares in the capital of the Issuer (the “Common Shares”) were issued at the price of C$12.35 per Common Share (“the “Offering”), raising gross proceeds of C$224 million with 80% coming from four large U.S. institutional investors.

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

1. 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.

1. 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.

1. 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.

1. 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.

1. 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.

1. 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.

1. 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.

1. 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.

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

**Issuer Response:** None.

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

**Issuer Response:** None.

1. 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. 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 March 19, 2020, Ms. Krisa Kotori, a former employee of Ilera Healthcare LLC (“Ilera Healthcare”), an indirect subsidiary of the Issuer, filed a complaint against Ilera Healthcare alleging, inter alia, wrongful termination of employment and a violation of Pennsylvania whistle-blower law. The complaint was initially filed in the Montgomery County Pennsylvania Court of Common Pleas, but was subsequently removed to the United States District Court for the Eastern District of Pennsylvania. The wrongful termination claim has been dismissed and Ilera Healthcare is pursuing dismissal of the whistle-blower claim.
* On October 15, 2018, the Issuer's wholly owned subsidiary TerrAscend Canada Inc. (“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 $500,000,000 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. 261’s 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 was 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. Notwithstanding the 261 Claim and the CCAA order, TerrAscend Canada continues to be engaged in good faith negotiations with PharmHouse regarding the terms of the PharmHouse Agreement.
* 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.

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.

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

**Issuer Response****:** The Issuer’s Florida based Arise Bioscience received notice that its request for forgiveness on its Paycheck Protection Program (PPP) loan in the amount of US$766k was fully approved by the Small Business Administration and is now paid in full (including applicable interest).

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

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| **Security** | **Number Issued** | **Details of Issuance** | **Use of Proceeds(1)** |
| Common Shares  | 34,895,305 | Conversion of 34,551 PVS and 345 Preferred Shares  | N/A |
| Common Shares | 538,024 | Warrants exercise | $1.7M – to be used to fund Issuer’s growth initiatives including its U.S. expansion strategy, capital expenditures, working capital and general corporate purposes |
| Common Shares | 276,315 | Options exercise | $1.4M - to be used to fund Issuer’s growth initiatives including its U.S. expansion strategy, capital expenditures, working capital and general corporate purposes |
| Common Shares | 1,284,221 | Forced Conversion of Convertible Debentures | N/A |
| Common Shares | 18,115,656 | Non-brokered private placement | $224M - to be used to fund Issuer’s growth initiatives including its U.S. expansion strategy, capital expenditures, working capital and general corporate purposes |
| Preferred Shares | 1,391 | Warrants exercise | $4.7M - to be used to fund Issuer’s growth initiatives including its U.S. expansion strategy, capital expenditures, working capital and general corporate purposes |

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

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

**Issuer Response:** None.

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

**Issuer Response:** None.

1. 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 February 4, 2021

 Keith Stauffer\_\_\_\_\_\_\_\_\_\_\_\_\_
Name of Director or Senior Officer

 Keith Stauffer “Signed”
Signature

Chief Financial Officer
Official Capacity

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| ***Issuer Details***Name of IssuerTerrAscend Corp | For Month End2021/01/31 | Date of ReportYY/MM/D21/02/04 |
| Issuer AddressPO Box 43125 |
| City/Province/Postal CodeMississauga, Ontario L5B 4A7 | Issuer Fax No.(844) 576 5223 | Issuer Telephone No.(855) 837 7295 |
| Contact NameKeith Stauffer | Contact PositionCFO | Contact Telephone No.(855) 837 7295 |
| Contact Email Addresskstauffer@terrascend.com | Web Site Addresswww.terrascend.com |