

EARLY WARNING REPORT
Form 62-103F1

Required Disclosure under the Early Warning Requirements

Item 1 Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Securities: Common Shares and Warrants

Issuer: TerrAscend Corp. (the “**Company**”)
3610 Mavis Road
Mississauga, Ontario
L5C 1W2

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

The transactions that triggered this report include (i) a transaction that was carried out privately pursuant to the terms of the Share Purchase Agreement (as defined below), and (ii) a transaction that will occur pursuant to the terms of a subscription agreement by way of the Private Placement (as defined below).

Item 2 Identity of the Acquiror

2.1 State the name and address of the acquiror.

JW Partners, LP (“**JW LP**”)
489 Fifth Ave, 29th Floor
New York, NY 10017

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On November 15, 2017, the JW Funds (defined below), Canopy Growth Corporation (“**Canopy Growth**”) and Canopy Rivers Corporation (“**Rivers**” and, collectively with the JW Funds and Canopy Growth, the “**Investors**”), entered into a share purchase agreement (the “**Share Purchase Agreement**”) with MMCAP International Inc. (“**MMCAP**”) pursuant to which the Investors will acquire an aggregate of 8,700,000 common shares in the capital of the Company (“**Common Shares**”) from MMCAP at a price per Common Share of CAD\$1.00.

Also on November 15, 2017, the Investors entered into subscription agreements with the Company pursuant to which the Investors will acquire from the Company, on a non-brokered private placement basis, an aggregate of 47,727,273 units (the “**Units**”) of the Company at a price per Unit of CAD\$1.10 for aggregate gross proceeds of CAD\$52,500,000 (the “**Private Placement**”). Each Unit sold in the Private Placement will consist of one Common Share and one common share purchase warrant of the Company (each, a “**Warrant**”), with each Warrant entitling the holder to purchase an additional Common Share for a period of 36 months from the closing date of the Private Placement at an exercise price of CAD\$1.10.

2.3 State the names of any joint actors.

Pharmaceutical Opportunities Fund, LP (“**POF LP**”)
489 Fifth Ave, 29th Floor
New York, NY 10017

JW Opportunities Master Fund, Ltd. (collectively, with JW LP and POF LP, the “**JW Funds**”)
PO Box 448
George Town
Grand Cayman, KY1-1106
Cayman Islands

Canopy Growth Corporation
1 Hershey Drive
Smiths Falls, Ontario K7A 0A8

Canopy Rivers Corporation
1 Hershey Drive
Smiths Falls, Ontario K7A 0A8

Item 3 Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror’s securityholding percentage in the class of securities.

The JW Funds will acquire 5,220,000 Common Shares pursuant to the terms of the Share Purchase Agreement, and will acquire 28,636,361 Common Shares and 28,636,361 Warrants in connection with the Private Placement.

Upon completion of the Private Placement, and assuming that no other Common Shares of the Company are issued, the JW Funds will beneficially own, control and direct, 34,721,529 Common Shares, representing 37% of the issued and outstanding Common Shares (on an undiluted basis) at that time.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

The JW Funds will acquire ownership of and control over 5,220,000 Common Shares pursuant to the Share Purchase Agreement. The JW Funds will acquire 28,636,361 Common Shares and 28,636,361 Warrants in connection with the Private Placement.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror’s securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to the execution of the acquisition pursuant to the Share Purchase Agreement, the JW Funds owned and controlled 865,168 Common Shares, representing 2% of the issued and outstanding Common Shares at that time.

After execution of the acquisition pursuant to the Share Purchase Agreement and upon completion of the Private Placement, and assuming that no other Common Shares of the Company are issued, the JW Funds will own and control 34,721,529 Common Shares, representing 37% of the issued and outstanding Common Shares (on an undiluted basis) at that time.

In addition, upon completion of the Private Placement, the JW Funds will also own and control 28,636,361 Warrants exercisable until the date which is 36 months from the closing date of the Private Placement at an exercise price of CAD\$1.10. If the JW Funds were to exercise all of the 28,636,361 Warrants, there would

be 149,937,528 Common Shares outstanding on a partially diluted basis, of which the JW Funds would own and control an aggregate of 63,357,890 Common Shares, representing approximately 42% of the outstanding Common Shares on a partially diluted basis.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

After execution of the acquisition pursuant to the Share Purchase Agreement and upon completion of the Private Placement, and assuming that no other Common Shares of the Company are issued, the JW Funds will own and control 34,721,529 Common Shares, representing 37% of the issued and outstanding Common Shares (on an undiluted basis) at that time, Canopy Growth will own and control 11,285,456 Common Shares representing approximately 12% of the issued and outstanding common shares on a non-diluted basis at that time, Canopy Rivers will own and control 11,285,456 Common Shares representing approximately 12% of the issued and outstanding common shares on a non-diluted basis at that time, and the Investors will own and control 57,292,441 common shares and 47,727,273 warrants, representing approximately 61% of the issued and outstanding common shares on a non-diluted basis at that time.

In addition, upon completion of the Private Placement, the JW Funds will also own and control 28,636,361 Warrants and Canopy Growth will own and control 19,090,912 Warrants, which includes 9,545,456 Warrants which will be owned by Rivers, such Warrants being exercisable until the date which is 36 months from the closing date of the Private Placement at an exercise price of CAD\$1.10. Collectively, the Investors own and control 47,727,273 Warrants and if they were to exercise all of the 47,727,273 Warrants, there would be 149,937,528 Common Shares outstanding on a partially diluted basis of which the Investors would own and control an aggregate of 108,712,231 Common Shares, representing approximately 73% of the outstanding Common Shares on a partially diluted basis.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

See responses to Items 3.4 and 3.5 above.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

The aggregate consideration to be paid by the JW Funds to acquire the 5,220,000 Common Shares pursuant to the Share Purchase Agreement will be CAD\$5,220,000 or CAD\$1.00 per Common Share.

The aggregate consideration to be paid by the JW Funds to acquire the 28,636,361 Units pursuant to the Private Placement will be CAD\$31,500,000 or CAD\$1.10 per Unit.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See responses to Items 2.2 and 4.1 above.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

Not applicable.

Item 5 Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

The transaction to be completed by the JW Funds and the other Investors pursuant to the Share Purchase Agreement, and the transaction to be completed by the JW Funds and the other Investors pursuant to the Private Placement, have been entered into solely for investment purposes. Each of the Investors may take actions in the future in respect of its security holdings in the Company based on the then existing facts and circumstances, which actions could include, without limitation, acquisitions or dispositions of Common Shares, whether in the open market, by privately negotiated agreement or otherwise. Subject to the foregoing and unless otherwise indicated below, the balance of the items listed under Item 5.1 are not applicable.

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**

- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;

In connection with the closing of the Private Placement, the Company will appoint Jason Wild of the JW Funds to the Company's Board of Directors as its Chairman.

- (e) a material change in the present capitalization or dividend policy of the reporting issuer;
- (f) a material change in the reporting issuer's business or corporate structure;
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;
- (j) a solicitation of proxies from securityholders;
- (k) an action similar to any of those enumerated above.

Item 6 Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 Certification

Certificate

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: November 16, 2017

JW PARTNERS, LP

By: (s) Jason Wild

Name: Jason Wild

Title: Managing Member, JW GP, LLC –
General Partner to the Fund