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TERRASCEND ANNOUNCES FIRST QUARTER 2018 FINANCIAL RESULTS

TORONTO, ONTARIO – May 28, 2018 – TerrAscend Corp. (CSE:TER) (“**TerrAscend**” or the “**Company**”) today reported financial results for the first quarter ending March 31, 2018. Financial results and the management discussion and analysis are available on the Company's website (www.terrascend.com) and SEDAR (www.sedar.com).

Michael Nashat, TerrAscend’s President and Chief Executive Officer, said “TerrAscend continued to achieve crucial milestones in the first quarter of 2018, including being granted its dried cannabis sales licence and it’s oil production licence. We are now in the process of expanding our workforce to support the launch of our e-commerce store for registered Solace Health patients and preparing for the upcoming adult-use market. We have worked diligently over the past year building our foundation and developing our core business plan to support TerrAscend’s continued growth. I look forward to the remainder of 2018 as we continue to execute on our strategy and enhance shareholder value.”

FIRST QUARTER 2018 HIGHLIGHTS

- On January 10, 2018, Michael Nashat was appointed the President and CEO of TerrAscend.
- On February 5, 2018, Solace Health Inc. (“**Solace Health**”) was granted a licence by Health Canada to produce cannabis oils.
- On March 9, 2018, Solace Health was granted a licence by Health Canada to sell dried cannabis.

FINANCIAL REVIEW

- The Company was granted a licence by Health Canada to sell dried cannabis on March 9, 2018. As a result, the Company had to fair value it’s biological assets. The production cost in the cost of sales and the gross margin are a direct result of the first-time valuation of the biological assets.
- The Company incurred a net loss of \$2.3M or \$0.02 per share for the three months period ended March 31, 2018, compared with a net loss of \$0.7M or \$0.03 per share for the same period last year. The Company continued to ramp up its operations in the first quarter of 2018 after receiving its licence to sell dried cannabis and its licence to produce cannabis oils.
- Cash flow used in operating activities for the first quarter of fiscal 2018 was \$4.1 million compared to \$0.9 million for the prior year period. The increase in cash flow used in operating activities was mainly due to an increase in operating expenses and an increase in working capital as the Company continued to ramp up its operations and build inventory.



- Capital expenditures for the first quarter of fiscal 2018 were \$2.6 million for construction costs related to the Phase II buildout of the Mississauga facility.
- The Company had \$45.7M in cash and cash equivalents at quarter end.

SUBSEQUENT EVENTS

- On April 20, 2018, the Company purchased 3,125,000 units of Fire & Flower, a proposed private retailer for adult use cannabis sales in select provinces for an aggregate amount of \$2.5M or \$0.80 per unit, amounting to approximately 5% of the outstanding Fire & Flower shares. Each unit is comprised of one common share and one common share purchase warrant in Fire & Flower. Each common share purchase warrant entitles TerrAscend to purchase one additional common share of Fire & Flower at a price of \$1.05 within twenty-four (24) months. The Company completed this strategic investment through a wholly-owned entity of TerrAscend.
- On April 25, 2018, the Company's wholly-owned subsidiary, Solace Health, launched the Solace Health Marketplace, a centralized destination for Canadian cannabis patients to access information, support and a diverse selection of dried cannabis products to support patient wellness.
- On May 1, 2018, the Company made a strategic investment in Think AHLOT Corporation ("AHLOT"), an award-winning cannabis innovation company that creates groundbreaking cannabis products and accessories. AHLOT will issue the Company convertible notes of up to \$2.5M. Additionally, TerrAscend, through its wholly-owned affiliate, Solace Health, will provide fulfillment and distribution services on behalf of AHLOT that will enable AHLOT to commence the development and sale of licensed cannabis products for AHLOT's unique product portfolio.



About TerrAscend

TerrAscend is a biopharmaceutical and wellness company that is committed to quality products, brands and services for the global cannabinoid market. The Company provides support to medical consumers through its wholly-owned subsidiaries, Solace Health Inc., a licensed producer of medical cannabis under the Access to Cannabis for Medical Purposes Regulations and Terra Health Network Inc., a clinical support program and education platform led by healthcare professionals.

Forward Looking Information

This news release contains “forward-looking information” within the meaning of applicable securities laws. Although TerrAscend believes that the experience of its officers and directors, current conditions and expected future developments and other factors have been considered appropriate, that the expectations reflected in this forward-looking information are reasonable, undue reliance should not be placed on them because TerrAscend can give no assurance that they will prove to be correct. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements. The statements in this press release are made as of the date of this release. TerrAscend undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of TerrAscend, its securities, or financial or operating results (as applicable). TerrAscend disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

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