

iAnthus Capital Holdings, Inc.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2020 and 2019

(unaudited)

Notice to Reader

In accordance with National Instrument 51-102, Part 4, subsection 4.3 (3) (b), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada, for a review of condensed interim consolidated financial statements by an entity's auditor.

Condensed Interim Consolidated Statement of Financial Position

	Note	September 30, 2020		December 31, 2019	
ASSETS					
Current Assets					
Cash		\$	9,720	\$	34,821
Restricted cash	16		4,938		-
Receivables and prepaid assets			5,833		7,610
Inventory	6		44,417		25,228
Biological assets	7		23,239		15,751
Other current assets			3,812		3,700
		\$	91,959	\$	87,110
Non-current Assets					
Fixed assets	8		110,965		107,595
Right of use assets			33,049		25,255
Other assets			6,088		5,534
Intangible assets	9		162,386		177,590
Goodwill	9		-		201,014
		\$	312,488	\$	516,988
TOTAL ASSETS		\$	404,447	\$	604,098
LIABILITIES AND EQUITY					
Current Liabilities					
Payables and accrued liabilities		\$	64,057	\$	25,396
Current portion of long-term debt	10, 17		149,632		10,847
Derivative liabilities	13		43		1,671
Current lease liabilities			7,372		5,328
Other current liabilities			924		937
		\$	222,028	\$	44,179
Non-current Liabilities					
Long-term debt	10, 17		14,222		130,667
Deferred tax liabilities			37,960		43,350
Non-current lease liabilities			27,591		19,799
Other liabilities			108		106
		\$	79,881	\$	193,922
TOTAL LIABILITIES		\$	301,909	\$	238,101
Shareholders' Equity					
Share capital			659,983		659,790
Shares to be issued			1,531		1,531
Reserves			93,734		89,444
Accumulated deficit			(652,787)		(384,845)
Accumulated other comprehensive income			77		77
TOTAL SHAREHOLDERS' EQUITY		\$	102,538	\$	365,997
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$	404,447	\$	604,098

On behalf of the Board of Directors

"Randy Maslow"

Randy Maslow
Interim CEO and Director

"Julius Kalcevich"

Julius Kalcevich
CFO

See accompanying notes to the condensed interim consolidated financial statements

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

	Note	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Sales revenue		\$ 40,616	\$ 22,341	\$ 105,688	\$ 51,161
Cost of sales		(15,057)	(11,599)	(46,155)	(30,248)
Gross profit before fair value adjustments		25,559	10,742	59,533	20,913
Fair value adjustment on sale of inventory		(12,198)	(6,071)	(27,705)	(16,803)
Fair value adjustment on biological assets	7	31,629	11,879	49,083	24,713
Gross profit		44,990	16,550	80,911	28,823
Operating expenses					
General and administrative		5,548	6,029	16,684	14,439
Salaries and employee benefits		9,091	9,261	29,100	23,467
Share-based compensation	12	324	9,537	4,290	20,770
Depreciation and amortization	16	7,728	5,294	21,616	13,847
Professional fees		6,192	4,569	15,618	13,044
Acquisition-related costs	5	-	236	-	6,468
Impairment loss	9	4,100	-	203,464	-
Total operating expenses		32,983	34,926	290,772	92,035
Other items					
Other income		523	136	927	389
Interest expense		(7,076)	(3,722)	(19,504)	(9,538)
Accretion expense	10	(3,594)	(1,868)	(10,073)	(7,990)
Provision for debt obligation fees	10	(423)	-	(13,342)	-
Gain from change in fair value of financial instruments	13	217	10,223	1,855	36,214
Other gains (losses)		34	701	104	250
Total other items		(10,319)	5,470	(40,033)	19,325
Income (loss) before income taxes		\$ 1,688	\$ (12,906)	\$ (249,894)	\$ (43,887)
Income tax expense		(11,386)	(2,364)	(18,048)	(3,671)
Comprehensive loss		\$ (9,698)	\$ (15,270)	\$ (267,942)	\$ (47,558)
Loss per share - basic and diluted		\$ (0.06)	\$ (0.09)	\$ (1.56)	\$ (0.31)
Weighted average number of common shares outstanding - basic and diluted		171,643,192	171,613,419	171,651,130	153,699,374

(1) Certain 2019 figures have been amended (see Note 3)

See accompanying notes to the condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Changes in Equity

	Note	Common Shares (Units)	Class A Shares (Units)	Share Capital	Shares to be Issued	Option Reserves	Warrant Reserves	Convertible Debt Reserves	Accumulated Other Comprehensive Income	Accumulated Deficit	Shareholders' Equity
Balance - January 1, 2020		171,643,192	-	\$ 659,790	\$ 1,531	\$ 41,356	\$ 33,605	\$ 14,483	\$ 77	\$ (384,845)	\$ 365,997
Issuance of shares to consultants	11	75,000	-	193	-	-	-	-	-	-	193
Share-based compensation	12	-	-	-	-	4,290	-	-	-	-	4,290
Net loss		-	-	-	-	-	-	-	-	(267,942)	(267,942)
Balance - September 30, 2020		171,718,192	-	\$ 659,983	\$ 1,531	\$ 45,646	\$ 33,605	\$ 14,483	\$ 77	\$ (652,787)	\$ 102,538

	Note	Common Shares (Units)	Class A Shares (Units)	Share Capital	Shares to be Issued	Option Reserves	Warrant Reserves	Convertible Debt Reserves	Accumulated Other Comprehensive Income	Accumulated Deficit	Shareholders' Equity
Balance - January 1, 2019		58,722,261	15,440,704	\$ 158,365	\$ 2,130	\$ 11,427	\$ 20,092	\$ 1,671	\$ 77	\$ (82,507)	\$ 111,255
Acquisition of subsidiaries		78,408,389	-	411,964	1,531	21,704	6,391	-	-	-	441,590
Issuances of debt		132,148	-	763	-	-	9,246	9,138	-	-	19,147
Issuance of shares to settle OID Loan		11,617,044	-	50,080	-	-	-	-	-	-	50,080
Issuance of shares to settle outstanding obligations		760,572	-	4,385	(2,130)	-	-	-	-	(1,279)	976
Share issuance costs		-	-	(558)	-	-	-	-	-	-	(558)
Share-based compensation		-	-	-	-	20,770	-	-	-	-	20,770
Exercise of stock options		2,810,371	88,224	16,430	-	(12,259)	-	-	-	-	4,171
Exercise of warrants		3,605,170	-	18,286	-	-	(3,534)	-	-	-	14,752
Conversion of Class A to Common Shares		15,528,928	(15,528,928)	-	-	-	-	-	-	-	-
Impact from adoption of IFRS 16		-	-	-	-	-	-	-	-	193	193
Net loss		-	-	-	-	-	-	-	-	(47,558)	(47,558)
Balance - September 30, 2019⁽¹⁾		171,584,883	-	\$ 659,715	\$ 1,531	\$ 41,642	\$ 32,195	\$ 10,809	\$ 77	\$ (131,151)	\$ 614,818

(1) Certain 2019 figures have been amended (see Note 3)

See accompanying notes to the condensed interim consolidated financial statements

Condensed Interim Consolidated Statement of Cash Flows

	Nine months ended	
	September 30, 2020	September 30, 2019 ⁽¹⁾
Operating activities		
Comprehensive net loss	\$ (267,942)	\$ (47,558)
Adjustments to reconcile comprehensive net loss to cash used in operations:		
Fair value adjustment on biological assets	(49,083)	(24,713)
Fair value adjustment on sale of inventory	27,705	16,803
Loss on asset disposition	1,678	2,084
Share-based compensation	4,290	20,770
Depreciation and amortization	21,616	13,847
Acquisition-related costs	-	6,468
Impairment loss	203,464	-
Interest income	(36)	(52)
Interest expense	19,504	9,538
Accretion expense	10,073	7,990
Provision for debt obligation fees	13,342	-
Change in fair value on financial instruments	(1,855)	(36,214)
Other (gains) losses	(30)	(215)
Issuance of shares to settle outstanding obligations	193	-
Changes in non-cash working capital items	11,052	17,270
Net cash used in operating activities	\$ (6,029)	\$ (13,982)
Investing activities		
Purchase of fixed assets	(12,297)	(44,342)
Purchase of intangible assets	(459)	(680)
Proceeds from sale of assets held for sale	1,685	-
Acquisition of subsidiaries	-	989
Acquisition-related costs	-	(5,564)
Net cash used in investing activities	\$ (11,071)	\$ (49,597)
Financing activities		
Issuance of debt	12,507	80,000
Debt issuance costs	-	(1,341)
Repayment of debt	(10,838)	(25)
Issuance of share capital	-	973
Share issuance costs	-	(558)
Exercise of warrants	-	9,387
Exercise of stock options	-	4,171
Interest paid	(123)	(5,394)
Interest paid on lease obligations	(4,397)	(2,568)
Payment on principal of lease obligations	(212)	(499)
Net cash (used in) generated from financing activities	\$ (3,063)	\$ 84,146
Cash and restricted cash, beginning of the period	34,821	7,366
Net (decrease) increase in cash	(20,163)	20,567
Cash and restricted cash, end of the period	\$ 14,658	\$ 27,933

(1) Certain 2019 figures have been amended (see Note 3)

Please refer to Note 16 for supplemental cash flow information.

See accompanying notes to the condensed interim consolidated financial statements below.

1 Nature of Operations

iAnthus Capital Holdings, Inc. ("ICH", or "iAnthus"), together with its consolidated subsidiaries (the "Company") is a vertically-integrated developer, owner and operator of licensed cannabis cultivation, processing and dispensary facilities, and developer, producer and distributor of innovative branded cannabis and cannabidiol ("CBD") products in the United States ("U.S."). Through the Company's subsidiaries, licenses, interests and contractual arrangements, the Company has the capacity to operate dispensaries and cultivation/processing facilities, and manufacture and distribute cannabis across the states in which the Company operates in the U.S. Additionally, the Company distributes CBD products online and to retail locations across the U.S.

The Company's registered office is located at 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia, V6E 4N7, Canada. The Company is listed on the Canadian Securities Exchange (the "CSE") under the ticker symbol "IAN" and quoted on the OTC Pink Markets, as part of the OTC Markets Group, Inc.'s Pink Tier, under the symbol "ITHUF."

2 Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the three and nine months ended September 30, 2020.

These condensed interim consolidated financial statements for the three and nine months ended September 30, 2020, have been prepared in accordance with *IAS 34 Interim Financial Reporting*. These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2019, which were filed on July 31, 2020, on SEDAR. These condensed interim consolidated financial statements were approved by the Board of Directors (the "Board") on November 27, 2020.

The Company's business activities, and the business activities of its subsidiaries, which operate in jurisdictions where the use of marijuana has been legalized under state and local laws, currently are illegal under U.S. federal law. The U.S. Controlled Substances Act classifies marijuana as a Schedule I controlled substance. Any proceedings that may be brought against the Company could have a material adverse effect on the Company's business plans, financial condition and results of operations.

Going Concern

These condensed interim consolidated financial statements have been prepared using IFRS applicable to going concern, which assumes that the Company will be able to continue its operations and will be able to realize its assets and settle its liabilities in the normal course of business as they come due in the foreseeable future.

For the nine months ended September 30, 2020, the Company reported a comprehensive loss of \$9,698, operating cash outflows of \$6,029, and an accumulated deficit of \$652,787 at September 30, 2020, including an impairment loss of \$203,464. These material circumstances cast substantial doubt on the Company's ability to continue as a going concern for a period no less than 12 months from the date of this report and ultimately on the appropriateness of the use of the accounting principles applicable to a going concern.

During the nine months ended September 30, 2020, due to liquidity constraints experienced by the Company, the Company did not make interest payments due to the lenders of the Company's Secured Notes and Unsecured Debentures (together the "Lenders"). The Company is currently in default with respect to the Company's long-term debt, consisting of principal amounts at face value of \$97,508 and \$60,000 and accrued interest amounts at September 30, 2020 of \$11,110 and \$3,600 for the Secured Notes and Unsecured Debentures, respectively. In addition, as a result of the default, the Company has accrued additional fees and interest of \$13,342 in excess of the aforementioned amounts. Refer to Note 3, Note 10, and Note 17 for further discussion.

As a result, the Board formed a special committee comprising of independent, non-management directors of the Company (the "Special Committee") to, among other matters, explore and consider strategic alternatives available to the Company in light of the prospective liquidity requirements of the Company, the condition of the capital markets affecting companies in the cannabis industry, and the rapid change in the state of the economy and capital markets generally caused by the novel coronavirus known as COVID-19 ("COVID-19"), including but not limited to:

- renegotiation of existing financing arrangements and other material contracts, including any amendments, waivers, extensions or similar agreements with the Lenders to and/or stakeholders of the Company and/or its subsidiaries that the Special Committee determines are in the best interest of the Company and/or its subsidiaries;

- managing available sources of capital, including equity investments or debt financing or refinancing and the terms thereof;
- implementing the operational and financial restructuring of the Company and its subsidiaries and their respective businesses, assets and licensure and other rights; and
- implementing other potential strategic transactions.

The Special Committee engaged Canaccord Genuity Corp. as its financial advisor to assist the Special Committee in analyzing various strategic alternatives to address its capital structure and liquidity challenges.

On June 22, 2020, the Company received notice from Gotham Green Admin 1, LLC (the "Collateral Agent"), as collateral agent holding security for the benefit of the holders of the Company's Secured Notes, with a demand for repayment (the "Demand Letter") under the Amended and Restated Secured Debenture Purchase Agreement dated October 10, 2019 (the "Purchase Agreement") of the entire principal amount, together with interest, fees, costs and other allowable charges that had accrued or might accrue in accordance with the Purchase Agreement and the other Transaction Agreements (as defined in the Purchase Agreement). The Collateral Agent also concurrently provided the Company with a Notice of Intention to Enforce Security (the "BIA Notices") under section 244 of the Bankruptcy and Insolvency Act (Canada) (the "BIA").

On July 10, 2020, the Company entered into the Restructuring Support Agreement (as defined below) to effect a proposed recapitalization transaction (the "Recapitalization Transaction") with some of its Lenders as more fully discussed in Note 17 as well as to provide interim financing of \$14,737. In connection with the Recapitalization Transaction, the Company and certain of its subsidiaries have entered into a restructuring support agreement (the "Restructuring Support Agreement") with all of the holders (the "Secured Lenders") of the 13% senior secured convertible debentures (the "Secured Notes") issued by iAnthus Capital Management, LLC ("ICM"), the Company's U.S. wholly-owned subsidiary, and certain holders (the "Unsecured Debentureholders") of the 8% convertible unsecured debentures (the "Unsecured Debentures") issued by the Company.

Subject to compliance with the Restructuring Support Agreement, the Secured Lenders and Initial Consenting Unsecured Debentureholders will forbear from further exercising any rights or remedies in connection with any events of default of the Company now or hereafter occurring under their respective agreements and will stop any current or pending enforcement actions respecting same, including as set forth in the Demand Letter.

Pursuant to the terms of the Restructuring Support Agreement, the Recapitalization Transaction will be implemented pursuant to arrangement proceedings ("Arrangement Proceedings") commenced under the British Columbia Business Corporations Act, or, only if necessary, the Companies' Creditors Arrangement Act (Canada) ("CCAA"). Completion of the Recapitalization Transaction through the Arrangement Proceedings will be subject to, among other things, requisite stakeholder approval of the plan of arrangement (the "Plan of Arrangement").

On September 14, 2020, the Company held meetings at which the stakeholders approved the Plan of Arrangement. Following the stakeholder vote, on September 25, 2020, the Company attended a court hearing before the Supreme Court of British Columbia (the "Court") to receive approval of the Plan of Arrangement. On October 5, 2020, the Company received final approval from the Court for the Plan of Arrangement. Such other approvals may be required by all necessary regulatory and stock exchange approvals (the "Requisite Approvals"). Subsequent to September 30, 2020, the Company received a notice of appeal with respect to the final approval for the Plan of Arrangement by the Court.

The Company believes that potential financing transactions as discussed above should provide the necessary funding for the Company to continue as a going concern. However, there can be no assurance that such capital will be available. As such, these material circumstances cast substantial doubt on the Company's ability to continue as a going concern for a period no less than 12 months from the date of this report. These condensed interim consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for the following: certain financial instruments including derivatives, which are measured at fair value, and biological assets, which are measured at fair value less costs to sell.

COVID -19 Estimation Uncertainty

In March 2020, the World Health Organization declared the global emergence of the COVID-19 pandemic. The impact of COVID-19 on the Company's business is currently unknown. The Company will continue to monitor guidance and orders issued by federal, state, and local authorities with respect to COVID-19. As a result, the Company may take actions that alter its business operations as may be required by such guidance and orders or take other steps that the Company determines are in the best interest of its employees, customers, partners, suppliers, shareholders, and stakeholders.

Any such alterations or modifications could cause substantial interruption to the Company's business and could have a material adverse effect on the Company's business, operating results, financial condition, and the trading price of common shares, and could include temporary closures of one or more of the Company's facilities; temporary or long-term labor shortages; temporary or long-term adverse impacts on the Company's supply chain and distribution channels; the potential of increased network vulnerability and risk of data loss resulting from increased use of remote access and removal of data from the Company's facilities. In addition, COVID-19 could negatively impact capital expenditures and overall economic activity in the impacted regions or depending on the severity, globally, which could impact the demand for the Company's products and services.

It is unknown whether and how the Company may be impacted if the COVID-19 pandemic persists for an extended period of time or if there are increases in its breadth or in its severity, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which the Company is subject. The COVID-19 pandemic poses a risk that the Company or its employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period.

Although the Company has been deemed essential and/or has been permitted to continue operating its facilities in the states in which it cultivates, processes, manufactures, and sells cannabis during the pendency of the COVID-19 pandemic, subject to the implementation of certain restrictions on adult-use cannabis sales in Massachusetts and Nevada, which have since been lifted, there is no assurance that the Company's operations will continue to be deemed essential and/or will continue to be permitted to operate. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results, financial condition and the trading price of the common shares of the Company.

Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial information of the Company and its subsidiaries. The accounts of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. Intercompany transactions, balances and unrealized gains or losses on transactions are eliminated. The following table summarizes the Company's subsidiaries and its interests in each as of September 30, 2020:

Subsidiary	Jurisdiction	Interest
MPX Bioceutical ULC ("MPX ULC") ⁽¹⁾	Canada	100%
MPX Luxembourg SARL ⁽¹⁾	Luxembourg	100%
ABACA, Inc. ⁽¹⁾	Arizona, USA	100%
Ambar, LLC ⁽¹⁾	Arizona, USA	100%
Health For Life, Inc. ⁽¹⁾	Arizona, USA	100%
iAnthus Arizona, LLC	Arizona, USA	100%
S8 Management, LLC ⁽¹⁾	Arizona, USA	100%
S8 Rental Services, LLC ⁽¹⁾	Arizona, USA	100%
Soothing Options, Inc. ⁽¹⁾	Arizona, USA	100%
The Healing Center Wellness Center, Inc. ⁽¹⁾	Arizona, USA	100%
Bergamot Properties, LLC	Colorado, USA	100%
Scarlet Globemallow, LLC	Colorado, USA	100%
iAnthus Capital Management, LLC ("ICM")	Delaware, USA	100%
GHHIA Management, Inc. ("GHHIA")	Florida, USA	100%
GrowHealthy Properties, LLC ("GHP")	Florida, USA	100%
iAnthus Holdings Florida, LLC ("IHF")	Florida, USA	100%
McCrorry's Sunny Hill Nursery, LLC ("McCrorry's")	Florida, USA	100%
iA IT, LLC	Illinois, USA	100%
Budding Rose, Inc. ⁽¹⁾	Maryland, USA	100%
GreenMart of Maryland, LLC ⁽¹⁾	Maryland, USA	100%
LMS Wellness, Benefit, LLC ⁽¹⁾	Maryland, USA	100%
Rosebud Organics, Inc. ⁽¹⁾	Maryland, USA	100%
Cannatech Medicinals, Inc. ⁽¹⁾	Massachusetts, USA	100%
Fall River Development Company, LLC ⁽¹⁾	Massachusetts, USA	100%
IMT, LLC ⁽¹⁾	Massachusetts, USA	100%
Mayflower Medicinals, Inc.	Massachusetts, USA	100%
Pilgrim Rock Management, LLC	Massachusetts, USA	100%
CGX Life Sciences, Inc. ("CGX") ⁽¹⁾	Nevada, USA	100%
CinG-X Corporation of America ("CinG-X America") ⁽¹⁾	Nevada, USA	100%
GreenMart of Nevada NLV, LLC (GMNV) ⁽¹⁾	Nevada, USA	100%
iAnthus Northern Nevada, LLC	Nevada, USA	100%
GTL Holdings, LLC	New Jersey, USA	100%
iA CBD, LLC ("iA CBD")	New Jersey, USA	100%
iAnthus New Jersey, LLC	New Jersey, USA	100%
Citiva Medical, LLC ("Citiva")	New York, USA	100%
iAnthus Empire Holdings, LLC	New York, USA	100%
FWR, Inc.	Vermont, USA	100%
Grassroots Vermont Management Services, LLC	Vermont, USA	100%
Pakalolo, LLC	Vermont, USA	100%

⁽¹⁾ Subsidiaries acquired in the MPX Acquisition (Note 5).

During the nine months ended September 30, 2020, the Company dissolved CinG-X America. This entity was acquired as part of the MPX Acquisition (Note 5).

3 Significant Accounting Policies, Estimates and Judgements

Accounting Policies

The significant accounting policies as disclosed in the Company's annual consolidated financial statements as of December 31, 2019, have been applied consistently in the preparation of these condensed interim consolidated financial statements.

Accounting Policy Changes

Reclassification

For the three and nine months ended September 30, 2020, the Company has reclassified its income tax expense from general and administrative expense on its condensed interim consolidated statement of loss and comprehensive loss for the three and nine months ended September 30, 2019. The Company has performed this reclassification to provide more clarity on comparative statement line items. This reclassification has no impact on the net loss or comprehensive loss of the Company.

Prior Period Revision

The prior period condensed interim consolidated financial statements for the nine months ended September 30, 2019 have been revised to correct an error, which occurred in Q1 2019, in the Company's biological asset valuation and inventory costing model in the Eastern Region.

The following table is a quantification of the adjustments with respect to the prior period revision in the condensed interim consolidated statement of loss and comprehensive loss:

	Nine months ended September 30, 2019	
	Previously Reported	Revised
Sales revenue	\$ 51,161	\$ 51,161
Cost of sales	(29,485)	(30,248)
Gross profit before fair value adjustments	21,676	20,913
Fair value adjustment on sale of inventory	(16,163)	(16,803)
Fair value adjustment on biological assets	28,041	24,713
Gross profit	33,554	28,823
Comprehensive loss	\$ (42,827)	\$ (47,558)
Loss per share - basic and diluted	\$ (0.28)	\$ (0.31)

The following table is a quantification of the adjustments with respect to the prior period revision in the condensed interim consolidated statement of cash flows:

Operating activities	Nine months ended September 30, 2019	
	Previously Reported	Revised
Net loss	\$ (42,827)	\$ (47,558)
Fair value adjustment on sale of inventory	16,163	16,803
Fair value adjustment on biological assets	(28,041)	(24,713)
Changes in non-cash working capital items	3,306	17,270

Accounting Estimates and Judgements by Management

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The significant accounting policies as disclosed in the Company's annual consolidated financial statements as of December 31, 2019 have been applied consistently in the preparation of these condensed interim consolidated financial statements. Actual results may differ from these estimates.

Provision for Debt Obligation Fees

During the nine months ended September 30, 2020, due to liquidity constraints experienced by the Company, the Company did not make interest payments due to the lenders of the Company's Secured Notes and Unsecured Debentures (together the "Lenders"). This non-payment of interest triggered an event of default with respect to the Company's long-term debt. As a result of the event of default, management has made an assessment requiring judgement with regards to the Company's obligation to pay an exit fee of \$10,000 that accrues interest at a rate of 13% (the "Exit Fee") in relation to the Secured Notes. Management concluded that due to the event of default, the Company will likely be required to pay the Exit Fee and related interest of 13%. Refer to Note 10 and Note 17 for further discussion.

4 Segment Information

The Company divides its reportable operating segments primarily by geographic region. The Company's Chief Operating Decision Maker regularly reviews internal financial reporting and makes decisions based on broader geographic regions. The Company has three reportable operating segments: Eastern Region, Western Region, and Corporate. The Eastern Region includes the Company's operations in Florida, Maryland, Massachusetts, New York, New Jersey, Vermont, and its CBD business. The Western Region includes the Company's operations in Arizona, Colorado, Nevada, and New Mexico. The Corporate segment comprises items not separately identifiable to the other two operating segments and are not part of the measures used by the Company when assessing the operating segments' results.

	As of September 30, 2020			
	Eastern Region	Western Region	Corporate	Total
Statement of financial position				
Total assets	\$ 268,785	\$ 115,041	\$ 20,621	\$ 404,447
Total liabilities	(82,183)	(25,475)	(194,251)	(301,909)
Net assets	\$ 186,602	\$ 89,566	\$ (173,630)	\$ 102,538
Other information				
Fixed assets	\$ 99,034	\$ 11,345	\$ 586	\$ 110,965
Goodwill	-	-	-	-
Other non-current assets	51,047	142,284	8,192	201,523
Total non-current assets	\$ 150,081	\$ 153,629	\$ 8,778	\$ 312,488
	Nine months ended September 30, 2020			
	Eastern Region	Western Region	Corporate	Total
Statement of operations				
Sales revenue	\$ 63,744	\$ 41,944	\$ -	\$ 105,688
Gross profit	60,083	20,828	-	80,911
Operating expenses	(86,124)	(167,456)	(37,192)	(290,772)
Other Items	(2,042)	(842)	(37,149)	(40,033)
Income tax expense (recovery)	(15,602)	(4,639)	2,193	(18,048)
Net loss	\$ (43,685)	\$ (152,109)	\$ (72,148)	\$ (267,942)
	Three months ended September 30, 2020			
	Eastern Region	Western Region	Corporate	Total
Statement of operations				
Sales revenue	\$ 24,401	\$ 16,215	\$ -	\$ 40,616
Gross profit	36,140	8,850	-	44,990
Operating expenses	(12,945)	(8,630)	(11,408)	(32,983)
Other Items	(583)	(263)	(9,473)	(10,319)
Income tax expense (recovery)	(11,889)	(1,301)	1,804	(11,386)
Net profit (loss)	\$ 10,723	\$ (1,344)	\$ (19,077)	\$ (9,698)
	As of December 31, 2019			
	Eastern Region	Western Region	Corporate	Total
Statement of financial position				
Total assets	\$ 309,652	\$ 258,900	\$ 35,546	\$ 604,098
Total liabilities	(65,744)	(23,067)	(149,290)	(238,101)
Net assets	\$ 243,908	\$ 235,833	\$ (113,744)	\$ 365,997
Other information				
Fixed assets	\$ 94,055	\$ 12,930	\$ 610	\$ 107,595
Goodwill	49,644	151,370	-	201,014
Other non-current assets	77,703	123,453	7,223	208,379
Total non-current assets	\$ 221,402	\$ 287,753	\$ 7,833	\$ 516,988
	Nine months ended September 30, 2019			
	Eastern Region	Western Region	Corporate	Total
Statement of operations				
Sales revenue	\$ 27,560	\$ 23,601	\$ -	\$ 51,161
Gross profit	25,134	3,689	-	28,823
Operating expenses	(25,957)	(11,839)	(54,239)	(92,035)
Other Items	(1,854)	(384)	21,563	19,325
Income tax expense (recovery)	(4,689)	1,072	(54)	(3,671)
Net loss	\$ (7,366)	\$ (7,462)	\$ (32,730)	\$ (47,558)

	Three months ended September 30, 2019			
	Eastern Region	Western Region	Corporate	Total
Statement of operations				
Sales revenue	\$ 13,220	\$ 9,121	\$ -	\$ 22,341
Gross profit	14,430	2,120	-	16,550
Operating expenses	(8,993)	(5,060)	(20,873)	(34,926)
Other Items	(503)	355	5,618	5,470
Income tax expense (recovery)	(2,584)	238	(18)	(2,364)
Net loss	\$ 2,350	\$ (2,347)	\$ (15,273)	\$ (15,270)

5 Acquisitions and Business Combinations

Acquisition of MPX Bioceutical Corporation

On February 5, 2019, iAnthus acquired all issued and outstanding common shares of MPX Bioceutical Corporation ("MPX") by issuing 75,795,208 common shares to the former MPX shareholders (the "MPX Acquisition") and assumed certain debt instruments (see table below). The former MPX shareholders received 0.1673 common shares of iAnthus for each common share of MPX held and they also received additional common shares of a newly formed spin-out corporation, which holds all of the non-U.S. cannabis businesses of MPX.

Judgement was required to determine which entity was the acquirer in a merger of equals. In identifying the acquirer, the Company considered the voting rights of all equity instruments, the intended corporate governance structure of the combined company, the intended composition of senior management of the combined company and the size of each of the companies. In assessing the size of each of the companies, the companies evaluated various metrics. No single factor was the sole determinant in the overall conclusion that the Company is the acquirer for accounting purposes; rather, all factors were considered in arriving at the conclusion. As a result of the acquisition, the Company expanded its national footprint and increased its retail and production capabilities. This transaction was accounted for as a forward acquisition as the resultant company is controlled by iAnthus.

Refer to Note 2 for the full list of entities acquired by the Company as part of the MPX Acquisition.

The following table summarizes the final purchase price allocation:

Cash	\$ 4,058
Receivables and prepaid assets	545
Inventory	9,529
Biological assets	1,925
Other current assets	4,034
Fixed assets	42,173
Other non-current assets	300
Intangibles assets	127,280
Goodwill	394,354
	584,198
Deferred tax liability	(32,599)
Payables and accrued liabilities	(10,280)
Other current liabilities	(1,520)
Other non-current liabilities	(6,676)
Fair value of net assets acquired	\$ 533,123

The following table summarizes the total fair value of consideration:

Shares issued (Common shares - 75,795,208)	\$ 403,071
Stock options assumed	21,704
Warrants assumed - equity	6,391
Warrants assumed - derivative	20,350
Shares to be issued	1,500
Original issue discount loan ("OID Loan") assumed	68,453
Debt assumed	11,654
Fair value of consideration	\$ 533,123

The consideration was allocated to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition. The consideration includes the assumption of stock options that MPX had previously issued, which became fully vested on the acquisition date, and the assumption of warrants that MPX had previously issued. The stock options assumed were valued using the Black-Scholes model and the warrants assumed were valued using the Black-Scholes model or the binomial model, depending on the underlying instrument.

At the date of acquisition, management allocated the initial purchase price based on the estimated fair value of the identifiable assets and liabilities assumed on the acquisition date. The purchase price allocation was subsequently finalized. The allocation of the consideration paid remains consistent with the initial valuation, apart from goodwill and intangible assets. The following table summarizes the final adjustments made to the provisional purchase price allocation:

	Provisional allocation at acquisition		Adjustments		Final
Net identifiable assets acquired	\$	14,000	\$	(2,511)	\$ 11,489
Intangibles		-		127,280	127,280
Goodwill		517,981		(123,627)	394,354
	\$	531,981	\$	1,142	\$ 533,123

The intangibles recognized from the acquisition relate to licenses from various states and trademarks. The goodwill recognized from the acquisition is attributable to synergies expected from integrating MPX into the Company's existing business. The goodwill acquired is not deductible for tax purposes.

For the three and nine months ended September 30, 2020, revenue of \$21,183 and \$56,040 (September 30, 2019 - \$12,035 and \$29,655) and net losses of \$2,027 and \$199,024 (September 30, 2019 - \$2,630 and \$7,162) from the acquired operations are included in the condensed interim consolidated statement of loss and comprehensive loss. For the nine months ended September 30, 2020, no acquisition costs were incurred related to this acquisition (September 30, 2019 - \$6,155).

Acquisition of CBD For Life

On June 27 2019, iAnthus acquired 100% of the assets and liabilities of CBD For Life, LLC ("CBD For Life") and transferred the acquired assets and liabilities to iA CBD. This acquisition constitutes a business combination and was completed in exchange for a combination of the Company's shares and cash. The transaction with CBD For Life is a related party transaction due to the fact that Elizabeth Stavola is a former officer and director of iAnthus and an officer and significant shareholder of CBD For Life.

The following table summarizes the final purchase price allocation:

Receivables and prepaid assets	\$	659
Inventory		2,195
Related party receivables		778
Fixed assets		683
Other non-current assets		124
Intangible assets		6,660
Goodwill		3,448
		14,547
Deferred tax liability		(1,895)
Payables and accrued liabilities		(680)
Related party payables		(498)
Other current liabilities		(11)
Other non-current liabilities		(560)
Fair value of net assets acquired	\$	10,903

The following table summarizes the total fair value of consideration:

Shares issued (Common shares - 2,443,181)	\$	7,989
Shares to be issued (Common shares - 9,500)		31
Cash		2,164
Settlement of pre-existing relationships		719
Fair value of consideration	\$	10,903

The consideration has been allocated to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition. The pre-existing relationships settled are comprised of the Company's related party balances receivable from CBD For Life that arose as a result of funds that the Company had transferred to CBD For Life during the year. The consideration was allocated to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

At the date of acquisition, management allocated the initial purchase price based on the estimated fair value of the identifiable assets and liabilities assumed on the acquisition date. The purchase price allocation was subsequently finalized. The allocation of the consideration paid remains consistent with the initial valuation, apart from goodwill and intangible assets. The following table summarizes the final adjustments made to the provisional purchase price allocation:

	Provisional allocation at acquisition		Adjustments		Final
Receivables and prepaid assets	\$	606	\$	53	\$ 659
Related party receivables		478		300	778
Deferred tax liability		-		(1,895)	(1,895)
Payables and accrued liabilities		(996)		316	(680)
Intangibles		-		6,660	6,660
Goodwill		8,882		(5,434)	3,448
Other net identifiable assets acquired		1,933		-	1,933
	\$	10,903	\$	-	\$ 10,903

The goodwill recognized is attributable to the specialized assembled workforce, operating history and existing relationships with nation-wide suppliers and distributors of CBD For Life. The goodwill acquired is not deductible for tax purposes. The Company used an income-based approach, which involves estimating the future net cash flows and applies an appropriate discount rate to those future cash flows to derive the fair value of the identifiable intangible assets acquired as part of the acquisition.

For the three and nine months ended September 30, 2020, revenue of \$641 and \$2,346 (September 30, 2019 - \$1,536 and \$1,536) and net losses of \$435 and \$3,901 (September 30, 2019 - \$482 and \$726) from the acquired operations are included in the condensed interim consolidated statement of loss and comprehensive loss. For the nine months ended September 30, 2020, no acquisition costs were incurred related to this acquisition (September 30, 2019 - \$313).

6 Inventory

	September 30, 2020		December 31, 2019	
Raw Materials				
Harvested cannabis	\$	14,839	\$	5,724
Other raw materials		396		1,857
Total raw materials	\$	15,235	\$	7,581
Work in Process				
Cannabis, cannabis extracts, and cannabis consumables	\$	11,401	\$	1,734
Hemp and hemp extracts		2,761		1,270
Total work in process	\$	14,162	\$	3,004
Supplies				
Supplies	\$	1,258	\$	1,993
Total supplies	\$	1,258	\$	1,993
Finished Goods				
Packaged cannabis	\$	4,815	\$	3,544
Cannabis extracts		5,812		2,090
Cannabis consumables		440		546
Packaged hemp and hemp extracts		2,304		3,149
Other inventory items		391		3,321
Total finished goods	\$	13,762	\$	12,650
Total Inventory	\$	44,417	\$	25,228

7 Biological Assets

As of December 31, 2018	\$	4,744
Fair value adjustment on biological assets		31,344
Capitalized cultivation costs		12,686
Assets obtained upon acquisition of MPX		1,925
Transferred to inventory upon harvest		(34,948)
As of December 31, 2019	\$	15,751
Fair value adjustment on biological assets		49,083
Capitalized cultivation costs		10,139
Transferred to inventory upon harvest		(51,734)
As of September 30, 2020	\$	23,239

The Company measures its biological assets at fair value less costs to sell. This is determined using a model which estimates the expected harvest yield per plant in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram.

The following unobservable inputs, all of which are classified as level 3 in the fair value hierarchy, were used by management in the valuation of its biological assets:

- Yield per plant - represents the expected number of grams of material to be harvested from each plant
- Selling price - determined using a combination of the average sales price (per gram) of strains sold by the Company, third-party cannabis spot price reports, and wholesale contract prices where applicable which, combined, are expected to approximate selling prices
- Stage of growth - represents the number of days remaining in cultivation prior to harvest

The following table quantifies the significant unobservable inputs, and also provides the impact of a 5.0% increase or decrease in each input on the fair value of biological assets as of September 30, 2020:

Unobservable Input	Weighted average	Sensitivity	Effect on fair value
Yield per plant	171 g	+/- 5.0%	\$1,362
Selling price per gram	\$4.92	+/- 5.0%	\$1,577

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

These estimates are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods. All of the plants are to be harvested as agricultural produce and as of September 30, 2020, on average, were 34.9% complete (December 31, 2019 - 49.0%).

The Company estimates the harvest yields for the plants at various stages of growth. As of September 30, 2020, management estimates that the Company's biological assets will yield approximately 6,390 kg of harvested material (December 31, 2019 - 3,586 kg).

8 Fixed Assets

	Buildings and improvements	Production equipment	Processing equipment	Sales equipment	Office equipment	Land	Construction in progress	Total
Cost								
As of December 31, 2019	\$ 50,416	\$ 5,197	\$ 4,243	\$ 1,046	\$ 3,511	\$ 5,151	\$ 47,967	\$ 117,530
Transfers	5,787	227	150	(4)	77	-	(6,237)	-
Additions	2,565	663	105	121	173	-	8,670	12,297
Disposals	(329)	(58)	(30)	(52)	(115)	-	-	(584)
Reclassified held for sale	-	-	-	-	-	(858)	-	(858)
As of September 30, 2020	\$ 58,439	\$ 6,029	\$ 4,468	\$ 1,111	\$ 3,645	\$ 4,293	\$ 50,400	\$ 128,385
Accumulated depreciation								
As of December 31, 2019	\$ 7,035	\$ 1,090	\$ 995	\$ 232	\$ 584	\$ -	\$ -	\$ 9,936
Depreciation	5,777	814	494	180	324	-	-	7,589
Transfers	-	-	(3)	-	3	-	-	-
Disposals	(45)	-	-	(12)	(48)	-	-	(105)
As of September 30, 2020	\$ 12,767	\$ 1,904	\$ 1,486	\$ 400	\$ 863	\$ -	\$ -	\$ 17,420
Net book value								
As of December 31, 2019	\$ 43,381	\$ 4,107	\$ 3,248	\$ 814	\$ 2,927	\$ 5,151	\$ 47,967	\$ 107,595
As of September 30, 2020	\$ 45,672	\$ 4,125	\$ 2,982	\$ 711	\$ 2,783	\$ 4,293	\$ 50,400	\$ 110,965

9 Intangible Assets and Goodwill

Intangible Assets

Cost	Licenses	Trademarks	Other	Total
As of December 31, 2019	\$ 157,890	\$ 34,620	\$ 3,214	\$ 195,724
Additions	-	-	459	459
As of September 30, 2020	\$ 157,890	\$ 34,620	\$ 3,673	\$ 196,183
Accumulated amortization and impairment				
As of December 31, 2019	\$ 13,774	\$ 3,995	\$ 365	\$ 18,134
Amortization	7,894	3,565	104	11,563
Impairment loss	4,100	-	-	4,100
As of September 30, 2020	\$ 25,768	\$ 7,560	\$ 469	\$ 33,797
Net carrying amount				
As of December 31, 2019	\$ 144,116	\$ 30,625	\$ 2,849	\$ 177,590
As of September 30, 2020	\$ 132,122	\$ 27,060	\$ 3,204	\$ 162,386

Impairment

In December 2018, GMNV was awarded four conditional adult-use dispensary licenses ("Marijuana Retail Store(s)") by the Nevada Department of Taxation which was later replaced by the Nevada Cannabis Compliance Board ("CCB"). The CCB awardment of the conditional adult-use Marijuana Retail Store licenses was challenged by several unsuccessful applicants in an action in Nevada state court. On July 29, 2020, the CCB and certain plaintiffs and intervenors, including GMNV, executed a partial settlement of the litigation (the "Settlement Agreement") pursuant to which certain intervenors are required to transfer dispensary licenses to certain plaintiffs, subject to several conditions, in consideration for an extension of the deadline to perfect the Marijuana Retail Stores from December 5, 2020 to February 5, 2022, among other benefits. As part of the Settlement Agreement, GMNV will transfer one of its dispensary licenses (the "Conditional License") to a settling plaintiff subject to several conditions, including the resolution of the injunction preventing the CCB from conducting final license inspections on the intervenors in the litigation, including GMNV. On August 11, 2020, the CCB filed a notice to remove GMNV, among other defendants, from the list of defendants for which the CCB was enjoined from conducting a final inspection thereby fulfilling one of the conditions required to be completed for GMNV to transfer its license to a plaintiff in the action. On November 6, 2020, GMNV executed the necessary transfer paperwork to transfer its Conditional License to the settling plaintiff in accordance with the Settlement Agreement. The Company expects the transfer to be effective by year end.

As an indicator of impairment existed as of September 30, 2020 for the Conditional License, an impairment test was performed. The Company determined the fair value less cost of disposal to estimate the recoverable amount of the Conditional License using the income approach as of September 30, 2020 and concluded the value to be \$Nil. As a result, an impairment loss of \$4,100, the total carrying amount of the Conditional License, was recorded to intangible assets in the Western Region for the nine months ended September 30, 2020 (September 30, 2019 - \$Nil).

Goodwill

	As of September 30, 2020		As of December 31, 2019	
Balance, beginning of period	\$	201,014	\$	37,454
Acquisition of MPX		-		394,354
Acquisition of CBD For Life		-		3,490
Adjustment for deferred tax liabilities		(1,650)		-
Impairment loss		(199,364)		(234,284)
Balance, end of period	\$	-	\$	201,014

The carrying amount of the Company's goodwill is tested at least annually for impairment. At the end of each reporting period, the Company assesses whether there are any indicators of impairment. If any indicators are identified, the Company may test for impairment prior to year-end. The Company considers persistent and lasting decline in revenue, negative operating cash flows from Cash Generating Units ("CGU"), changes in internal strategic expansion plans, negative developments in the U.S. cannabis regulatory environment at the federal, state and local levels, and a significant continued decline in stock price, among other factors, as part of this assessment during each reporting period. The annual test for impairment involves determining the recoverable amount of the CGU to which goodwill and other intangibles are allocated and comparing this to the carrying value of the CGU.

As of March 31, 2020, as a result of the continued decline in the Company's stock price and market capitalization, the carrying value of the Company's total net assets exceeded the Company's market capitalization. The Company allocated all of its goodwill to CGUs representing cannabis operations in each state and CBD For Life as this represents the lowest level at which management monitors goodwill. CGUs were determined to be one level below reportable segments. For each CGU, the Company determined the fair value less cost of disposal to estimate the recoverable amount using the income approach. The calculation of the discounted future cash flows was based on the following key assumptions:

- The cash flow projections are based on financial forecasts derived from actual historical operating performance in conjunction with anticipated future growth opportunities as a result of the opening of additional dispensaries and/or regulatory developments in the adult-use cannabis markets, which span a period of three to 14 years, up to the point of which a stable growth rate is expected for each CGU. Cash flows beyond the period covered by the financial forecasts are extrapolated using a perpetual growth rate;
- The terminal growth rate used is based on historical and projected consumer inflation, historical and projected economic indicators, and projected industry growth;
- The post-tax discount rate, which is reflective of an industry Weighted Average Cost of Capital, was estimated based on a risk-free rate derived from 20-year U.S. Treasury notes, equity and small stock premiums based on industry and company fundamentals, an additional premium incorporated to reflect the risk associated with economic forecasts, and after-tax cost of debt based on the Company's specific debt; and
- The tax rates used in determining future cash flows were those substantively enacted at the valuation date.

For the three months ended March 31, 2020, the Company recorded an impairment loss of \$199,364 (March 31, 2019 - \$Nil) to reduce the goodwill of each of its CGUs. Impairment loss recorded under each CGU did not exceed the value of goodwill allocated to that CGU, and therefore, no amount of impairment was allocated to other intangible and fixed assets. The total impairment loss for the three and nine months ended September 30, 2020 was \$4,100 and \$203,464, respectively (September 30, 2019 - \$Nil and \$Nil).

The following table summarizes the key assumptions used in determining the recoverable amount for each CGU and the impairment losses recognized for the three months ended March 31, 2020:

Cash Generating Unit	For the three months ended March 31, 2020				
	Discount rate	Terminal value growth rate	Fair value	Carrying value	Impairment loss ^{1,2}
Vermont	22.0%	3.0%	\$ 5,000	\$ 2,210	\$ (189)
Massachusetts	22.0%	3.0%	57,041	82,844	(27,817)
Florida	22.0%	3.0%	80,495	84,090	(3,634)
New York	22.0%	3.0%	23,625	22,835	-
Maryland	22.5%	3.0%	13,291	29,512	(15,474)
Arizona	22.5%	3.0%	83,743	153,055	(86,410)
Nevada	22.5%	3.0%	52,770	108,744	(64,959)
CBD For Life	N/A	N/A	9,832	9,832	(2,530)

¹ In order to align the Company with current general market conditions, an additional impairment loss of \$24,328 was recorded as part of the total impairment loss of \$199,364 for the three months ended March 31, 2020.

² Impairment loss for the three months ended March 31, 2020 included an adjustment to deferred tax liabilities of \$1,650.

10 Long-Term Debt

	Secured Notes	Unsecured Debentures	OID Loan	Stavola Trust Note	Other	Total
As of December 31, 2018	\$ 31,231	\$ -	\$ -	\$ -	\$ -	\$ 31,231
Fair value of financial liabilities issued	50,038	41,176	-	-	400	91,614
Fair value of financial liabilities acquired	-	-	36,608	10,800	854	48,262
Accretion of balance	3,959	3,032	3,533	-	64	10,588
Repayment	-	-	-	-	(40)	(40)
Redemptions	-	-	(40,141)	-	-	(40,141)
As of December 31, 2019	\$ 85,228	\$ 44,208	\$ -	\$ 10,800	\$ 1,278	\$ 141,514
Fair value of financial liabilities issued	12,765	-	-	-	-	12,765
Accretion of balance	6,727	3,279	-	-	67	10,073
Provision for debt obligation fees ¹	10,339	-	-	-	-	10,339
Repayment	-	-	-	(10,800)	(37)	(10,837)
As of September 30, 2020	\$ 115,059	\$ 47,487	\$ -	\$ -	\$ 1,308	\$ 163,854

¹ This amount relates to the Company's obligation to pay the Exit Fee under the Secured Notes.

Secured Notes

Tranche One Secured Notes

On May 14, 2018, the Company issued \$40,000 secured notes (the "Tranche One Secured Notes"). The Tranche One Secured Notes have a maturity date of May 14, 2021, and the Company may elect to extend the maturity date by 12 months to May 14, 2022 (the "Extension"), provided the Company pays the lender an extension fee of \$1,000 prior to the maturity date. The Tranche One Secured Notes bear interest at a rate of 13.0%, per annum, payable quarterly on the last business day of each fiscal quarter, beginning on June 29, 2018. In an event of default, the interest rate would increase by 3.0% to 16.0% per annum. Furthermore, the Company is required to pay the Exit Fee upon maturity of the Tranche One Secured Notes. However, the Exit Fee shall be forgiven and cancelled in full if, no later than five days prior to the maturity date, the Company pays the amounts outstanding at such time (other than the Exit Fee) in full.

The terms of the Tranche One Secured Notes impose certain restrictions on the Company's operating and financing activities, including certain restrictions on the Company's ability to incur certain additional indebtedness, to grant liens, to make certain dividends and other payment restrictions affecting the Company's subsidiaries, to issue shares or convertible securities, and to sell certain assets. The financing is secured by all current and future assets of the Company and the rights of the remaining lenders are subordinate to the Tranche One Secured Notes. The terms also contain a financial covenant requiring the Company's asset value to be 1.75 times the total net debt at each quarter end ("the market value test") and maintain a minimum cash balance of \$1,000 while the Tranche One Secured Notes remain outstanding. As part of the second amended and restated Debenture Purchase Agreement, dated July 13, 2020 (the "DPA"), which now governs all four tranches of the Secured Notes, the Company is no longer required to perform the market value test at each quarter end.

As of March 31, 2020, the Company was not in compliance with the market value test, and therefore in breach of a financial covenant for the Tranche One Secured Notes, Tranche Two Secured Notes, and Tranche Three Secured Notes. Furthermore, the Company was in default on its Secured Notes at March 31, 2020, and as a result, an event of default occurred on April 4, 2020. This default was triggered on the Company's long-term debt, consisting of principal amounts at face value of \$97,508 and \$60,000 and accrued interest amounts at September 30, 2020 of \$11,110 and \$3,600 for the Secured Notes and Unsecured Debentures, respectively. As a result of the default, the Company is classifying the Tranche One Secured Notes, Tranche Two Secured Notes, and Tranche Three Secured Notes as current liabilities on the condensed interim consolidated statement of financial position. As of September 30, 2020, the Company is still in default on the Tranche One Secured Notes, Tranche Two Secured Notes, and Tranche Three Secured Notes. Further details on the default are disclosed in Note 17.

For the nine months ended September 30, 2020, the Company has accrued \$13,342 related to the Exit Fee, comprised of an aggregate principal amount of \$10,339 and \$3,003 in accrued interest. Furthermore, as a result of this default, the Company is classifying the Exit Fee as a current liability on the condensed interim consolidated statement of financial position.

The Tranche One Secured Notes are convertible into common shares of the Company at the conversion rate of \$3.08 per share (the "Conversion Option"). The holders of the Tranche One Secured Notes may elect to convert the outstanding principal and accrued unpaid interest, in part or in full, at any time following issuance. The Tranche One Secured Notes were issued with warrants to purchase, in aggregate, up to 6,670,372 shares of the Company at an exercise price of \$3.60 per share (the "Equity Warrants"), which expire on May 14, 2021. If the Company elects the Extension for the Tranche One Secured Notes, the Extension also applies to the Equity Warrants.

Concurrent with the issuance of the Tranche One Secured Notes, \$10,000 comprising 3,891,051 Units of the Company (the "Units") were issued, where each Unit comprises one Class A Convertible Restricted Voting share (the "Class A Share") of the Company at \$2.57 per share and a warrant to purchase one Class A Share of the Company at an exercise price of \$3.86 per (the "Share Warrants"). The Share Warrants expire on May 14, 2021.

At issuance, the Class A Shares were recorded at their fair value of \$13,408, net of issuance costs. The fair value of the underlying host liability in the Tranche One Secured Notes was estimated to be \$29,231, net of issuance costs. The residual consideration was allocated proportionately based on the fair values of the Equity Warrants, Share Warrants and the Conversion Option, resulting in recording \$460, \$811 and \$1,671, net of issuance costs, respectively. Issuance costs of \$4,419 were allocated to each of the instruments in proportion to the total proceeds allocated. The fair values of the Conversion Option, Equity Warrants and the Share Warrants were estimated using the Black-Scholes model, with a volatility of 88.3%, dividend yield of 0.0% and risk-free rate of 2.0%. The fair value of the debt host contract without the Conversion Option was determined using the present value of future cash outflows discounted at the estimated market borrowing rate for the Company. Subsequently, in 2019, all Class A Shares were converted to common shares of the Company. Further details on the conversion are disclosed in Note 11.

During 2019, the noteholders waived the right to receive the cash interest payment due on September 30, 2019, electing instead to add the balance to the principal amount payable on the Tranche One Secured Notes. The new higher principal amount is subject to the same terms as the original principal balance of the Tranche One Secured Notes at issuance, including interest accrual, the Conversion Option, and maturity date. As a result of the waiver, interest payable decreased by \$1,358 and the host liability increased by \$1,191, with the residual of \$167 being allocated to the Conversion Option. Accordingly, the interest payment accrued on September 30, 2019, for the Exit Fee was added to the principal balance of the fee, which increased the balance to \$10,339.

During the three and nine months ended September 30, 2020, interest expense of \$1,691 and \$4,712 (September 30, 2019 - \$1,329 and \$3,943) and accretion expense of \$1,002 and \$2,907 (September 30, 2019 - \$878 and \$2,540) was recognized in the condensed interim consolidated statement of loss and comprehensive loss.

Tranche Two Secured Notes

On September 30, 2019, the Company issued an additional \$20,000 of secured notes (the "Tranche Two Secured Notes"). The Tranche Two Secured Notes accrue interest at 13.0%, mature May 14, 2021, and are convertible into 10,582,011 shares of the Company at an exercise price of \$1.89 per share (the "Tranche Two Conversion Option"). The Tranche Two Secured Notes were issued with warrants to purchase, in aggregate, up to 5,076,142 shares of the Company at an exercise price of \$1.97 per share (the "Tranche Two Equity Warrants"). The Extension applicable to the Tranche One Secured Notes is also applicable to the Tranche Two Secured Notes. Tranche Two Equity Warrants expire on May 14, 2021 unless the Extension is exercised by the Company, in which case, they expire on May 14, 2022.

The host debt, classified as a liability, was allocated its fair value of \$17,253, net of issuance costs. The residual consideration was allocated proportionately based on the fair values of the Tranche Two Equity Warrants and the Tranche Two Conversion Option, both of which are classified as equity, resulting in recording \$993 and \$1,420, respectively for the Tranche Two Equity Warrants and the Tranche Two Conversion Option. Issuance costs of \$334 were allocated to each of the instruments in proportion to the total proceeds. The fair values of the Tranche Two Conversion Option, and Tranche Two Equity Warrants were estimated using the Black-Scholes model, with a volatility of 78.4% to 78.7%, dividend yield of 0.0% and risk-free rate of 1.6%. The fair value of the debt host contract without the Tranche Two Conversion Option was determined using the present value of future cash outflows discounted at the estimated market borrowing rate for the Company.

During the three and nine months ended September 30, 2020, interest expense of \$818 and \$2,279 (September 30, 2019 - \$Nil and \$Nil) and accretion expense of \$429 and \$1,249 (September 30, 2019 - \$Nil and \$Nil) was recognized in the condensed interim consolidated statement of loss and comprehensive loss.

All terms, restrictions, and financial covenants applicable to the Tranche One Secured Notes discussed above, are also applicable to the Tranche Two Secured Notes.

Tranche Three Secured Notes

On December 20, 2019, the Company issued an additional \$36,150 of secured notes (the "Tranche Three Secured Notes"). The Tranche Three Secured Notes accrue interest at 13.0%, mature May 14, 2021, and are convertible into 22,448,415 shares of the Company at an exercise price of \$1.61 per share (the "Tranche Three Conversion Option"). The Tranche Three Secured Notes were issued with warrants to purchase, in aggregate, up to 10,792,508 shares of the Company at an exercise price of \$1.67 per share (the "Tranche Three Equity Warrants"). The Extension applicable to the Tranche One Secured Notes is also applicable to the Tranche Three Secured Notes. Tranche Three Equity Warrants expire on May 14, 2021 unless the Extension is exercised by the Company, in which case, they expire on May 14, 2022.

The host debt, classified as a liability, was allocated its fair value of \$31,594, net of issuance costs. The residual consideration was allocated proportionately based on the fair values of the Tranche Three Equity Warrants and the Tranche Three Conversion Option, both of which are classified as equity, resulting in recording \$1,664 and \$2,170, respectively for the Tranche Three Equity Warrants and the Tranche Three Conversion Option. Issuance costs of \$722 were allocated to each of the instruments in proportion to the total proceeds allocated to each. The fair values of the Tranche Three Conversion Option, and Tranche Three Equity Warrants were estimated using the Black-Scholes model, with a volatility of 72.0% to 74.6%, dividend yield of 0.0% and risk-free rate of 1.6% to 1.7%. The fair value of the debt host contract without the Tranche Three Conversion Option was determined using the present value of future cash outflows discounted at the estimated market borrowing rate for the Company.

During the three and nine months ended September 30, 2020, interest expense of \$1,478 and \$4,119 (September 30, 2019 - \$Nil and \$Nil) and accretion expense of \$816 and \$2,373 (September 30, 2019 - \$Nil and \$Nil) was recognized in the condensed interim consolidated statement of loss and comprehensive loss.

All terms, restrictions, and financial covenants applicable to the Tranche One Secured Notes and Tranche Two Secured Notes discussed above, are also applicable to the Tranche Three Secured Notes.

Tranche Four Secured Notes

On July 13, 2020, as proposed as part of the Recapitalization Transaction, the Company issued an additional \$14,737 of secured notes (the "Tranche Four Secured Notes"). The net proceeds of the Tranche Four Secured Notes were placed in escrow, and the availability of the funds are subject to drawdown requests that must be approved by the Secured Lenders, per the terms of the Restructuring Support Agreement. The Tranche Four Secured Notes are subject to a 5.0% original issue discount, accrue interest at 8.0%, and mature July 13, 2025. In an event of default, the interest rate would increase by 8.0% to 16.0% per annum. The Company is not permitted to redeem, convert, or prepay the Tranche Four Secured Notes prior to July 13, 2023 without prior written consent of the lender.

The host debt, classified as a liability, was allocated its fair value of \$8,845, net of issuance costs (the "Host Debt"). The residual consideration is considered a premium on the issuance of debt (the "Premium") and is included as part of debt on the condensed interim consolidated statement of financial position. The original issue discount of \$737, and issuance costs of \$1,493 were allocated to Host Debt and the Premium. The fair value of the Host Debt was determined using the present value of future cash outflows discounted at the estimated market borrowing rate for the Company.

Interest is to be paid in kind by adding the interest accrued on the principal amount on the last day of each fiscal quarter (the first such interest payment date being September 30, 2020), and such amount thereafter becoming part of the principal amount and will accrue interest. Interest paid in kind will be payable on the date that all of the principal amount is due and payable.

During the three and nine months ended September 30, 2020, interest expense of \$259 and \$259 (September 30, 2019 - \$Nil and \$Nil) and accretion expense of \$198 and \$198 (September 30, 2019 - \$Nil and \$Nil) was recognized in the condensed interim consolidated statement of loss and comprehensive loss. As of September 30, 2020, the Company held \$3,252 (December 31, 2019 - \$Nil) of restricted cash in escrow. In accordance with the Restructuring Support Agreement, the funds are subject to draw requests which must be approved by the lender.

All terms, restrictions, and financial covenants applicable to the Tranche One Secured Notes, Tranche Two Secured Notes, and Tranche Three Secured Notes discussed above, are also applicable to the Tranche Four Secured Notes. The Company remains in default with respect to the Tranche One Secured Notes, Tranche Two Secured Notes and Tranche Three Secured Notes, due to failure to remit applicable interest payments between March and September 2020; thus all amounts owing on the Tranche One Secured Notes, Tranche Two Secured Notes and Tranche Three Secured Notes are classified as current liabilities in the condensed interim consolidated statement of financial position. The Company has not defaulted on the Tranche Four Secured Notes as of September 30, 2020. Therefore, the Tranche Four Secured Notes are classified as long-term liabilities in the condensed interim consolidated statement of financial position.

Unsecured Debentures

March 2019 Unsecured Debentures

On March 18, 2019, the Company completed a private placement of \$35,000 of unsecured convertible debentures (the "March 2019 Unsecured Debentures"), formerly referred to as the March 2019 Debentures, and corresponding warrants to purchase 2,177,291 common shares of the Company at an exercise price of \$6.43 per share from closing date until March 15, 2022 (the "March 2019 Equity Warrants").

The March 2019 Unsecured Debentures bear interest at a rate of 8.0%, per annum, payable quarterly on the last business day of each fiscal quarter, beginning on March 31, 2019. Interest is paid in cash, shares, or a combination of cash and common shares, up to 50%, at the Company's election. The March 2019 Unsecured Debentures mature on March 15, 2023.

The March 2019 Unsecured Debentures are convertible into 5,912,159 common shares of the Company at \$5.92 per share (the "March 2019 Conversion Option"). The holders of the March 2019 Unsecured Debentures may elect to convert the outstanding principal and accrued unpaid interest, in part or in full, at any time following issuance. The Company may force the conversion of the March 2019 Unsecured Debentures into common shares of the Company at any time following July 16, 2019, if the daily volume weighted average trading price of the Company's common shares on the OTCQX is greater than \$10.29 for any ten consecutive trading days.

At issuance, the March 2019 Equity Warrants were classified as equity and recognized at their fair value of \$5,099, net of issuance costs. The fair values of the March 2019 Conversion Option, and March 2019 Equity Warrants were estimated using the Black-Scholes model, with a volatility of 74.7%, dividend yield of 0.0% and risk-free rate of 1.6%. The fair value of the debt host contract without the March 2019 Conversion Option was \$23,710, determined using the present value of future cash outflows discounted at the estimated market borrowing rate for the Company. The host debt was classified as a liability. The residual consideration of \$4,848 was allocated to the March 2019 Conversion Option and recorded in equity.

In relation to the issuance of March 2019 Unsecured Debentures, the Company incurred fees of \$1,343 which comprises \$688 in common shares and \$655 in cash. Issuance costs were allocated to each of the instruments in proportion to the total proceeds allocated to each.

During the three and nine months ended September 30, 2020, interest expense of \$700 and \$2,100 (September 30, 2019 - \$700 and \$1,524) and accretion expense of \$668 and \$1,942 (September 30, 2019 - \$564 and \$1,205) was recognized in the condensed interim consolidated statement of loss and comprehensive loss.

The terms of the March 2019 Unsecured Debentures impose certain restrictions on the Company's operating and financing activities, including certain restrictions on the Company's ability to incur certain additional indebtedness at the subsidiary level.

The Company was in default on its Secured Notes as of March 31, 2020, and as a result, triggered a cross-default on its interest obligations to the holders of the Unsecured Debentures on April 4, 2020. Due to the cross-default, the Company is not in compliance with all financial covenants of the March 2019 Unsecured Debentures as of September 30, 2020. Further details on the default are disclosed in Note 17. Furthermore, as a result of this default the Company is classifying the debt as a current liability as the Unsecured Debentures are due on demand. The event of default is applicable to all amounts outstanding under the Unsecured Debentures.

May 2019 Unsecured Debentures

On May 2, 2019, the Company completed a private placement of \$25,000 of unsecured convertible debentures (the "May 2019 Unsecured Debentures"), formerly referred to as the May 2019 Debentures, and corresponding warrants to purchase 1,555,207 common shares of the Company at an exercise price of \$6.43 per share from closing date until March 15, 2022 (the "May 2019 Equity Warrants").

The May 2019 Unsecured Debentures bear interest at a rate of 8.0%, per annum, payable quarterly on the last business day of each fiscal quarter, beginning on September 30, 2019. Interest is paid in cash, common shares, or a combination of cash and common shares, up to 50%, at the Company's election. The May 2019 Unsecured Debentures mature on March 15, 2023.

The May 2019 Unsecured Debentures are convertible into 4,222,971 common shares of the Company at \$5.92 per share (the "May 2019 Conversion Option"). The holders of the May 2019 Unsecured Debentures may elect to convert the outstanding principal and accrued unpaid interest, in part or in full, at any time following issuance. The Company may force the conversion of the May 2019 Unsecured Debentures into common shares of the Company at any time following September 1, 2019, if the daily volume weighted average trading price of the Company's common shares on the OTCQX is greater than \$10.29 for any ten consecutive trading days.

At issuance, the May 2019 Equity Warrants were classified as equity and recognized at their fair value of \$2,900, net of issuance costs. The fair values of the May 2019 Conversion Option, and May 2019 Equity Warrants were estimated using the Black-Scholes model, with a volatility of 73.6%, dividend yield of 0.0% and risk-free rate of 1.6%. The fair value of the debt host contract without the May 2019 Conversion Option was \$17,467, determined using the present value of future cash outflows discounted at the estimated market borrowing rate for the Company. The host debt was classified as a liability. The residual consideration of \$4,207 was allocated to the May 2019 Conversion Option and recorded in equity.

In relation to the issuance of May 2019 Unsecured Debentures, the Company incurred fees of \$427 which comprises \$75 in common shares and \$352 in cash. Issuance costs were allocated to each of the instruments in proportion to the total proceeds allocated to each.

During the three and nine months ended September 30, 2020, interest expense of \$500 and \$1,500 (September 30, 2019 - \$500 and \$833) and accretion expense of \$459 and \$1,337 (September 30, 2019 - \$405 and \$669) was recognized in the condensed interim consolidated statement of loss and comprehensive loss.

The terms of the May 2019 Unsecured Debentures impose certain restrictions on its operating and financing activities, including certain restrictions on the Company's ability to incur certain additional indebtedness at the subsidiary level.

The Company was in default of its Secured Notes as of March 31, 2020, and as a result, triggered a cross-default on its interest obligations to the holders of the Unsecured Debentures on April 4, 2020. Due to the cross-default, the Company is not in compliance with all financial covenants of the May 2019 Unsecured Debentures as of September 30, 2020. Further details on the default are disclosed in Note 17. Furthermore, as a result of this default the Company is classifying the debt as a current liability as the Unsecured Debentures are due on demand. The event of default is applicable to all amounts outstanding under the Unsecured Debentures.

Stavola Trust Note

As part of the MPX Acquisition (Note 5), the Company assumed a long-term note (the "Stavola Trust Note") of \$10,800, payable to the Elizabeth Stavola 2016 NV Irrevocable Trust. This trust is for the benefit of a former director and officer of the Company, Elizabeth Stavola, and is therefore a related party balance (Note 15). The Stavola Trust Note was originally issued at \$10,000, and the balance was increased at the acquisition date by \$800 as it became subordinate to the existing debt instruments of the Company when it was assumed during the MPX Acquisition. The Stavola Trust Note had a maturity date of January 19, 2020, and an interest rate of 8.0%. Repayment of the Stavola Trust Note was secured by the assets of certain subsidiaries of the Company.

For the three and nine months ended September 30, 2020, interest expense of \$Nil and \$24 (September 30, 2019 – \$216 and \$563) was recognized in the condensed interim consolidated statement of loss and comprehensive loss. On January 10, 2020, the Stavola Trust Note was repaid in full.

11 Share Capital

Share Capital

Authorized: Unlimited common shares.

The Company's common shares are voting and dividend-paying. On September 24, 2019, the Company converted the remaining Class A Shares into common shares on a 1:1 basis. Following the conversion, there were no remaining Class A Shares outstanding.

The Company's common shares are voting and dividend-paying. The following is a summary of the common share issuances for the nine months ended September 30, 2020:

- 75,000 common shares of the Company were issued to consultants, with share issuance costs of \$193.

Cease Trade Order ("CTO")

The Company did not file the following continuous disclosure documents (collectively, the "Annual Filings") prior to the filing deadline of June 15, 2020:

- a) audited annual financial statements for the year ended December 31, 2019;
- b) management's discussion and analysis relating to the audited financial statements for the year ended December 31, 2019; and
- c) certification of the foregoing filings as required by National instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

As a result, the Company is subject to a CTO issued by the Ontario Securities Commission on June 22, 2020.

In addition, the Company did not file the following continuous disclosure documents (collectively, the "Interim Filings") prior to the filing deadline of July 14, 2020:

- a) interim financial statements for the three months ended March 31, 2020;
- b) management's discussion and analysis relating to the interim financial statements for the three months ended March 31, 2020; and
- c) certification of the foregoing filings as required by National instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

The CTO affects trading in all securities of the Company by securityholders of the Company, in each jurisdiction in Canada in which the Company is a reporting issuer and will remain in effect until such time as the Company has filed both the Annual Filings and the Interim Filings.

The annual financial statements for the year ended December 31, 2019 and other continuous disclosures documents (referred to above as the Annual Filings) were filed on July 31, 2020.

The interim financial statements for the three months ended March 31, 2020 and other continuous disclosures documents (referred to above as the Interim Filings) were filed on August 14, 2020.

As a result, the Company resumed trading on the Canadian Securities Exchange on August 17, 2020.

12 Share-based Payments

Stock Options

In November 2015, ICM established the ICM 2015 Equity Compensation Plan (the "Plan"), which was subsequently amended on October 15, 2018. The Plan authorized the issuance of up to 2,000,000 Class A common shares. Options granted generally vest within 3 years, and typically have a life of 10 years. The option price under the Plan is determined at the sole discretion of management and the exercise price of all stock options shall be the higher of the closing price on the grant date, the closing price of the previous trading day before the grant date, or if and when appropriate, the five-day volume weighted average price. Following the Class A conversion, no new class A shares were issued under the Plan, and all existing Class A options are convertible into common shares.

The Company has a rolling stock option plan (the "ICH Plan"), in which the maximum number of common shares which can be reserved for issuance under the ICH Plan is 20.0% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the closing price of the common shares on the trading day immediately preceding the day on which the option is granted, less any discount permitted by the CSE.

As part of the MPX Acquisition (Note 5), the Company assumed the options outstanding at the date of acquisition under the MPX stock option plan (the "MPX Plan"). Following the acquisition, no new options were issued under the MPX Plan.

The following is a summary of stock options granted during the three and nine months ended September 30, 2020:

- 135,000 incentive stock options granted to employees on April 1, 2020, with a term of 10 years and exercisable at CAD\$0.82.

The following table summarizes certain information in respect of option activity under the stock option plan:

	For the nine months ended September 30, 2020			For the year ended December 31, 2019		
	Number	Weighted Average Exercise Price (CAD\$)	Weighted Average Contractual Life	Number	Weighted Average Exercise Price (CAD\$)	Weighted Average Contractual Life
Options outstanding, beginning	19,577,920	\$ 4.80		7,171,250	\$ 3.51	
Granted	135,000	0.82		16,863,371	5.46	
Exercised	-	-		(3,081,863)	2.18	
Forfeited/Expired	(6,444,353)	5.10		(1,374,838)	5.12	
Options outstanding, ending	13,268,567	\$ 4.82	7.18	19,577,920	\$ 4.80	8.18

Under the ICH Plan, holders of the Company's stock options are entitled to a cashless exercise, whereby the Company will issue common shares net of the monetary value that would otherwise have been remitted to the Company by the option holder. As a result, the number of common shares issued is less than the number of options exercised.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following ranges of assumptions:

	For the nine months ended September 30, 2020	For the year ended December 31, 2019
Risk-free interest rate	0.4% - 0.6%	1.5 - 1.7%
Expected dividend yield	0.0%	0.0%
Expected volatility	81.0% - 148.2%	77.0% - 82.0%
Expected option life	7 years	7 years

The Company uses an expected volatility based on its historical trading data.

The related share-based compensation expense for the three and nine months ended September 30, 2020, was \$324 and \$4,290 (September 30, 2019 - \$9,537 and \$20,770).

Warrants

The following table summarizes certain information in respect of the warrants for the Company's common shares:

	For the nine months ended September 30, 2020		For the year ended December 31, 2019	
	Number	Weighted Average Exercise Price (CAD\$)	Number	Weighted Average Exercise Price (CAD\$)
Warrants outstanding, beginning	49,236,082 \$	4.06	20,933,995 \$	3.38
Granted	-	-	34,643,090	4.14
Exercised	-	-	(3,605,170)	3.49
Expired	-	-	(2,735,833)	3.72
Warrants outstanding, ending	49,236,082 \$	4.06	49,236,082 \$	4.06

The Company used the following inputs to revalue warrant derivatives:

	For the nine months ended September 30, 2020	For the year ended December 31, 2019
Volatility	134.8 - 232.6%	73.3 - 81.1%
Risk-free rate	0.2%	1.5- 1.7%
Dividend yield	0.0%	0.0%

The revaluation of warrant derivatives of the Company resulted in a fair value of \$43 at September 30, 2020 (December 31, 2019 - \$1,671). The Company recognized a gain resulting from the change in fair value on financial instruments for the three and nine months ended September 30, 2020 of \$123 and \$1,628 (September 30, 2019 - \$10,223 and \$36,214).

Warrants Outstanding

Full share equivalent warrants outstanding and exercisable are as follows:

Year of expiry	As of September 30, 2020		As of December 31, 2019	
	Number	Weighted average exercise price (CAD\$)	Number	Weighted average exercise price (CAD\$)
2021	26,596,362	4.37	26,596,362	4.37
2022	20,854,908	3.62	20,854,908	3.62
2023	1,784,812	4.57	1,784,812	4.57
Warrants Outstanding	49,236,082 \$	4.06	49,236,082 \$	4.06

13 Financial Instruments

Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The levels of the fair value hierarchy are as follows:

- Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying values of cash, receivables, payables and accrued liabilities approximate their fair values because of the short-term nature of these financial instruments.

The following table summarizes the Company's financial instruments as of September 30, 2020:

	Amortized cost	Fair value through profit and loss	Total
Financial Assets			
Cash	\$ 9,720	\$ -	\$ 9,720
Restricted cash	4,938	-	4,938
Receivables and prepaid assets	5,833	-	5,833
Other assets	-	327	327
Financial Liabilities			
Payables and accrued liabilities	\$ 64,057	\$ -	\$ 64,057
Long-term debt	163,854	-	163,854
Derivative liabilities	-	43	43

The following table summarizes the Company's financial instruments as of December 31, 2019:

	Amortized cost	Fair value through profit and loss	Total
Financial Assets			
Cash	\$ 34,821	\$ -	\$ 34,821
Restricted cash	-	-	-
Receivables and prepaid assets	7,610	-	7,610
Long-term investments	316	100	416
Financial Liabilities			
Payables and accrued liabilities	\$ 25,396	\$ -	\$ 25,396
Long-term debt	141,514	-	141,514
Derivative liabilities	-	1,671	1,671

During the nine months ended September 30, 2020, there was a transfer within the fair value hierarchy from long-term investments from Level 3 to Level 1 as a result of now available quoted market prices to re-measure the financial asset each reporting period. There were no other transfers in the period.

The following table presents the fair value hierarchy for the Company's financial assets and financial liabilities that are re-measured at their fair values periodically:

	As of September 30, 2020				As of December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets								
Long Term Investments - Other	\$ 327	\$ -	\$ -	\$ 327	\$ -	\$ -	\$ 100	\$ 100
Financial Liabilities								
Derivative liabilities	\$ -	\$ -	\$ 43	\$ 43	\$ -	\$ -	\$ 1,671	\$ 1,671

All level 1 investments are comprised of equity investments which are re-measured at fair value using quoted market prices.

Changes in level 1 financial assets were as follows:

	Financial Assets
Balance at December 31, 2019	\$ 100
Revaluations on level 1 instruments	227
Balance at September 30, 2020	\$ 327

All level 3 instruments are comprised of derivatives which are recorded at fair value using the Black-Scholes option pricing model. Derivative liabilities include warrants issued in connection with and assumed by the Company as part of the MPX Acquisition (Note 5).

Changes in level 3 financial assets and liabilities were as follows:

	Derivative Liabilities
Balance at December 31, 2019	\$ 1,671
Revaluations on level 3 instruments	(1,628)
Balance at September 30, 2020	\$ 43

The following table summarizes the Company's long-term debt instruments (Note 10) at their carrying values and fair values:

	As of September 30, 2020		As of December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Debt				
Unsecured Debentures	47,487	51,412	44,208	44,836
Secured Notes	115,059	127,361	85,228	87,142
Stavola Trust Note	-	-	10,800	10,743
Other	1,308	1,009	1,278	920
Total	\$ 163,854	\$ 179,782	\$ 141,514	\$ 143,641

The Company thoroughly examines its financial instruments and the risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign currency risk, interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board and management.

The following table summarizes the Company's USD and CAD denominated obligations as of September 30, 2020:

	< 1 Year	1-2 Years	3-5 Years	> 5 Years	Total
USD Denominated					
Payables and accrued liabilities	\$ 62,533	\$ -	\$ -	\$ -	\$ 62,533
Long-term debt	206,240	1,660	2,683	16,955	227,538
Total USD Denominated	\$ 268,773	\$ 1,660	\$ 2,683	\$ 16,955	\$ 290,071
CAD Denominated					
Payables and accrued liabilities	\$ 2,026	\$ -	\$ -	\$ -	\$ 2,026
Total CAD Denominated	\$ 2,026	\$ -	\$ -	\$ -	\$ 2,026

Reynold, Greenleaf & Associates, LLC

During 2016, the Company provided funding in the aggregate amount of \$2,270 to Reynold, Greenleaf & Associates, LLC ("RGA"), a company incorporated in the U.S. which provides consulting and management services to companies operating in the medical cannabis industry in New Mexico. This resulted in a 24.6% ownership interest in RGA. Additionally, the Company has the ability to exercise significant influence over RGA as it has more than 20.0% of the voting interests and can elect two of seven directors to the board of RGA. Accordingly, RGA is classified as an investment in associate and the Company has applied IAS 28 Investments in Associates and Joint Ventures and the standard's corresponding equity method of accounting. No quoted market price exists for the investment.

The following table summarizes the changes to the carrying value of the Company's investment in RGA:

As of December 31, 2018	\$	2,281
Share of net income		244
Interest receivable		(89)
As of December 31, 2019	\$	2,436
Share of net income		139
Redemption of RGA interest		(1,685)
Distributions		(109)
As of September 30, 2020	\$	781

During the three and nine months ended September 30, 2020, net income for RGA was \$451 and \$567 (September 30, 2019 - net income of \$275 and \$878). The Company recorded its proportionate share of income which amounts to \$111 and \$139 (September 30, 2019 - profit of \$68 and \$216). On August 18, 2020, the Company entered into an agreement with RGA who sought to redeem 229,774 Class A-1 Units for a total consideration of \$2,371. One of the principal shareholders of RGA who owns 35.5% of RGA, is the brother to Hadley Ford ("Ford"), a former director of the Company. During the three months ended September 30, 2020, the Company has received \$1,686 in non-refundable deposits and the remaining \$685 is due to the Company in the fourth quarter of 2020, when the transaction is expected to close. This transaction is expected to result in the Company recording a gain (loss) between a gain of \$100 and loss of \$100, representing the difference between the carrying value of the Company's interest in RGA and the consideration from the redemption.

During the three and nine months ended September 30, 2020, the Company also received a one-time distribution of \$109. The carrying value of the Company's investment in RGA at September 30, 2020, was \$781 (December 31, 2019 - \$2,436). Management believes its ownership interest in RGA was not material to the Company as of September 30, 2020 and was not material to the Company as of December 31, 2019.

14 Commitments and Contingencies

Commitments

The following table summarizes the payments the Company will make for its contractual obligations as of September 30, 2020:

	< 1 Year	1-2 Years	3-5 Years	> 5 Years	Total
Finance leases	7,415	7,370	14,410	64,905	94,100
Service contracts	262	5	-	-	267
Construction contracts	40	-	-	-	40
Total Commitments	\$ 7,717	\$ 7,375	\$ 14,410	\$ 64,905	\$ 94,407

The Company's commitments include service, consultant and external advisor contracts, as well as leases for offices, dispensaries and cultivation and processing facilities.

On May 23, 2019, the Company established a line of credit with Zia Integrated, LLC, ("Zia") a cannabis management and consulting firm based in Maryland, permitting Zia drawdowns of up to an aggregate of \$15,000. For each drawdown made by Zia, a convertible promissory note will be issued between the Company and Zia. As of the date of filing of the condensed interim consolidated financial statements, no drawdowns have been made on the line of credit and the principal amount on the convertible promissory note is \$Nil (December 31, 2019 - \$Nil).

Contingencies

The Company has been named as a defendant in several legal actions and is subject to various risks and contingencies arising in the normal course of business. Based on consultation with legal counsel, management is of the opinion that the outcome of these uncertainties will not have a material adverse effect on the Company's financial position, except as disclosed below.

The events that allegedly gave rise to the following claims which occurred prior to the Company's closing of the MPX Acquisition are as follows:

- There is a claim from a former consultant against MPX, with respect to alleged consulting fees owed by MPX to the consultant, claiming the right to receive approximately \$500 and punitive damages;
- There is a claim from two former noteholders against ICH and MPX ULC, with respect to alleged payments of \$1,250 made by the noteholders to MPX; and
- There is a claim against ICH, MPX ULC and MPX, with respect to a prior acquisition made by MPX in relation to a subsidiary that was not acquired by the Company as part of the MPX Acquisition, claiming \$3,000 in connection with alleged contractual obligations of MPX.

In addition, the Company is currently reviewing the following matters with legal counsel and has not yet determined the range of potential losses:

There is a claim against the Company, for shares owed to prior shareholders of GrowHealthy Holdings, LLC ("GHH"), in relation to the Company acquiring substantially all the assets of GHH. During the nine months ended September 30, 2020, the claim was amended to also include monetary damages for an unspecified amount.

On March 4, 2020, a security services firm filed a complaint against McCrory's, GHHA, GHP, and IHF, collectively, claiming \$950 in damages, as a result of an alleged breach of a contractual relationship by McCrory's, GHHA, GHP, and IHF.

On April 19, 2020, Hi-Med LLC ("Hi-Med"), an equity holder and one of the Unsecured Debentureholders of the Company in the principal amount of \$5,000, filed a complaint with the United States District Court (the "USDC") against the Company (the "Hi-Med Complaint"). Hi-Med is seeking damages for an unspecified amount and other remedies against the Company, for among other things, alleged breaches of provisions of the Unsecured Debentures and the related Debenture Purchase Agreement. On November 20, 2020, the Company filed a Motion to Dismiss the Hi-Med Complaint. Subsequently, on June 29, 2020, Hi-Med filed a claim in the Supreme Court of British Columbia (the "Court"), which mirrors the Hi-Med Complaint. Refer to Note 10 for further discussion on the Unsecured Debentures.

On April 20, 2020, a shareholder filed a class action lawsuit with the USDC against the Company (the "Class Action Lawsuit"), and is seeking damages for an unspecified amount against the Company for alleged false and misleading statements regarding certain proceeds from the issuance of long-term debt, that were held in escrow to make interest payments in the event of default on such long-term debt. On July 9, 2020, the USDC issued an order consolidating the Class Action Lawsuit and the Hi-Med Complaint and appointed a lead plaintiff ("Lead Plaintiff"). On September 4, 2020, the Lead Plaintiff filed a consolidated amended class action lawsuit against the Company (the "Amended Complaint"). On November 20, 2020, the Company filed a Motion to Dismiss the Amended Complaint.

On July 13, 2020, the Company announced a proposed Recapitalization Transaction as discussed in Note 17. On September 14, 2020, at the meetings of Secured Lenders, Unsecured Debentureholders and Existing Equityholders (collectively, the "Securityholders"), Securityholders voted in support of the Recapitalization Transaction. On October 5, 2020, the Company received final approval from the Court for the Plan of Arrangement. Completion of the Recapitalization Transaction will be subject to, among other things, such other approvals, as may be required by the Court, approval of the Plan of Arrangement by the Court, and the including receipt of all necessary regulatory and stock exchange approvals. As such, no amounts have been accrued with respect to the Recapitalization Transaction. Subsequent to September 30, 2020, the Company received a notice of appeal with respect to the final approval for the Plan of Arrangement by the Court.

On July 23, 2020, a proposed class action was issued in the Ontario Superior Court of Justice in Toronto against the Company, the Company's former Chief Executive Officer, and the Company's Chief Financial Officer. The plaintiff seeks to certify the proposed class action on behalf of all persons, other than any executive level employee of the Company and their immediate families, who acquired the Company's common shares in the secondary market on or after May 30, 2019, and who held some or all of those securities until after the close of trading on April 5, 2020. Among other things, the plaintiff alleges statutory and common law misrepresentation, and seeks an unspecified amount of damages together with interest and costs. The certification motion and leave to proceed motion for a secondary market claim under the Securities Act (Ontario) have not yet been scheduled.

During the nine months ended September 30, 2020, the Company filed a statement of claim against Oasis Investments II Master Fund Ltd. ("Oasis"), an Unsecured Debentureholder, in the Ontario Superior Court of Justice. In response to the Company's statement of claim, Oasis filed a defence and counterclaim, alleging that the Company breached certain debt covenants and seeking an order that the Company repay the debt instrument in the amount of \$25,000 including interest and related fees. On July 13, 2020, in connection with the proposed Recapitalization Transaction, the Company agreed to discontinue with prejudice its litigation claim which it made on February 27, 2020 against Oasis (regardless of whether the Recapitalization Transaction is consummated), and Oasis has agreed, while the Restructuring Support Agreement is in effect, not to take any steps in connection with its counterclaim against the Company. In addition, the Company and Oasis have agreed that the counterclaim by Oasis against the Company will be dismissed as a condition of closing of the Recapitalization Transaction.

During the nine months ended September 30, 2020, the Company received demand letters (the "Employee Demand Letters") from two former employees, claiming combined damages of \$1,500. As of the date of filing the condensed interim consolidated financial statements, there are no formal complaints filed, and it remains uncertain if any amount is owed to the former employees in connection with the Employee Demand Letters.

15 Related Party Transactions

Due from (to) related parties as of December 31, 2018	\$	391
Related party due to balance acquired		(9,533)
Payments to and on behalf of related parties		777
Repayments made to related parties		31
Payments received from related parties		(1,199)
Due from (to) related parties as of December 31, 2019	\$	(9,533)
Payments to and on behalf of related parties		2,257
Repayments made to related parties		10,800
Payments received from related parties		(262)
Due from (to) related parties as of September 30, 2020	\$	3,262

As part of the MPX Acquisition, the Company acquired the following significant related party balances:

- Related party receivable of \$664 is due from a Company owned by a former director and officer of the Company, Elizabeth Stavola. The related party receivable was converted into a loan facility of up to \$10,000, which accrues interest at the rate of 16.0%, compounded annually. Interest is due upon maturity of the loan on December 31, 2021. The balance was \$3,016 as of September 30, 2020 (December 31, 2019 - \$763), which includes accrued interest of \$239 (December 31, 2019 - \$22). The related party balances are presented in the other assets line on the condensed interim consolidated statement of financial position; and
- Related party term loan of \$10,800, is due to a trust whose beneficiary is a former director and officer of the Company, Elizabeth Stavola. For the three and nine months ended September 30, 2020, interest expense of \$Nil and \$24 (September 30, 2019 - \$216 and \$563) was recognized in the condensed interim consolidated statement of loss and comprehensive loss. On January 10, 2020, the Stavola Trust Note was paid in full. Refer to Note 10 for further discussion on the Stavola Trust Note.

On August 4, 2020, Elizabeth Stavola resigned as a director and officer of the Company.

As of September 30, 2020, the Company had a loan due from a former director and officer of the Company, Ford, with a balance of \$107 (December 31, 2019 - \$391). This balance is presented net of management's estimate of accrued compensation of \$284 owed to Ford. The total loan facility is up to CAD\$500 (equivalent \$391) and accrues interest at the rate of 2.5%. Interest is due upon maturity of the loan on June 30, 2020. Accrued interest on the loan for the nine months ended September 30, 2020, was CAD\$40 (equivalent \$30) (December 31, 2019 - CAD\$30 or equivalent \$23). The related party balance is presented in the other current assets line on the condensed interim consolidated statement of financial position. As part of Ford's termination agreement, the maturity date of the loan was extended to June 30, 2021.

On December 21, 2019, a former director and officer of the Company, Ford, was personally issued a loan by the managing member of Gotham Green Partners (the "Managing Member"), the entity which holds the Secured Notes issued by the Company (Note 10). As of the date of issuance of these financial statements, the Managing Member is also an insider of the Company as defined by applicable Canadian securities laws. The loan was non-interest bearing and was due on March 31, 2020. In February 2020, the Board formed a Special Committee to conduct an investigation related to the loan. The Special Committee concluded, with acceptance from the Board, that the failure to disclose such personal loans to the Board was a breach of the Company's conflict policies and other obligations as an officer and director of the Company. On April 27, 2020, the Board accepted Ford's resignation as a director and officer of the Company and as director and officer of the Company's subsidiaries.

16 Supplemental Cash Flow Information

Supplemental Cash Flow Information

The following table summarizes the Company's non-cash transactions for the nine months ended September 30, 2020 and 2019:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Supplemental Cash Flow Information:		
Non-cash consideration transferred from Tranche Four Secured Notes	\$ 259	\$ -
Shares issued as part of the conversion of the OID Loan	-	50,080
Impact of IFRS 16 adoption	-	13,081
Non-cash consideration transferred for the acquisition of MPX (Note 5)	-	451,516
Non-cash consideration transferred for the acquisition of CBD For Life (Note 5)	-	8,020
Cashless exercise of MPX warrants recorded as derivatives	-	5,364
Non-cash consideration transferred from Tranche One Secured Notes	-	1,358
Cashless stock option exercises	-	48

The following table summarizes the Company's non-cash working capital items for the nine months ended September 30, 2020 and 2019:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Changes in non-cash working capital items:		
Receivables and prepaid expenses	\$ 1,777	\$ (5,049)
Inventory	3,897	21,010
Biological assets	(10,139)	(9,196)
Related party balances	(1,976)	209
Other assets	776	(2,247)
Accounts payable and accrued liabilities	10,421	11,345
Other liabilities	6,296	1,198
	\$ 11,052	\$ 17,270

The following table summarizes the Company's depreciation, amortization, and loss on asset disposition for the nine months ended September 30, 2020 and 2019:

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Depreciation:		
Fixed assets	\$ 7,589	\$ 4,833
Right of use assets	2,464	1,552
Amortization:		
Intangible assets	11,563	7,462
Loss on asset disposition:		
Inventory and biological assets	944	585
Fixed assets	734	2,084

Restricted Cash

Restricted cash balances are those which meet the definition of cash and cash equivalents but are not available for use by the Company. As of September 30, 2020, the Company recorded restricted cash of \$4,938 (September 30, 2019 - \$Nil), which is comprised of \$3,252 related to funds held in escrow from the Tranche Four Secured Notes, and \$1,686 of cash in escrow from the first two deposits received from the redemption of RGA which will be released in the fourth quarter once the transaction has closed.

17 Events After the Reporting Period

Legal Proceedings

Please refer to Note 14 for further discussion.

Event of Default and Financial Restructuring

Due to the liquidity constraints experienced by the Company subsequent to year end, the Company attempted to negotiate with the holders of the Secured Notes for temporary relief of the Company's interest obligations due March 31, 2020, however, the parties were unable to reach a satisfactory agreement. The Company did not make the March 31, 2020 interest payment totaling \$4,404 to the Lenders. The Company is currently in default of the obligations under the Company's long-term debt, consisting of principal amounts at face value of \$97,508 and \$60,000 and accrued interest amounts at September 30, 2020 of \$11,110 and \$3,600 for the Secured Notes and Unsecured Debentures, respectively. In addition, as a result of the default, the Company has accrued the Exit Fee of \$13,342 in excess of the aforementioned amounts.

In the event of a default, all amounts, including interest and principal, become immediately due and payable to the holders of the Secured Notes and Unsecured Notes. Furthermore, as a result of the default, the Company is required to pay the Exit Fee as described in Note 3. Upon the payment of the Exit Fee by the Company, the noteholders of the Tranche One Secured Notes are required to transfer the 3,891,051 shares issued under the \$10,000 equity financing that closed concurrently with the Tranche One Secured Notes. As of the date of this report, such shares have not been transferred to the Company. Refer to Note 10 for additional details pertaining to the Secured Notes and the Unsecured Notes.

On June 22, 2020, the Company received notice from the Collateral Agent holding security for the benefit of the holders of the Company's Secured Notes, with a demand for repayment under the Secured Notes Purchase Agreement of the entire principal amount, together with interest, fees, costs and other allowable charges that have accrued or may accrue. The Collateral Agent also concurrently provided the Company with BIA Notices under section 244 of the BIA. Pursuant to section 244 of the BIA, the Collateral Agent shall not enforce the security over the collateral granted by the Company until the expiry of 10 days after sending the BIA Notices unless the Company consents to an earlier enforcement of the security.

On July 13, 2020, the Company announced that it entered into a Restructuring Support Agreement with the Secured Lenders and a majority of the Unsecured Debentureholders to affect a proposed Recapitalization Transaction. Pursuant to the Recapitalization Transaction, the Secured Lenders, the Unsecured Debentureholders and the Existing Shareholders of the Company are to be allocated and issued, approximately, the amounts of Restructured Senior Debt (as defined below), Interim Financing, Junior Non-Convertible Unsecured Notes (as defined below) and percentage of the pro forma common equity, as presented in the following table:

	Restructured Senior Debt ¹	Interim Financing ²	8% Senior Unsecured Debentures ³	Pro Forma Common Equity ^{4,5}
Secured Lenders	\$ 85,000	\$ 14,737	\$ 5,000	48.625%
Unsecured Debentureholders	-	-	15,000	48.625%
Existing Shareholders	-	-	-	2.75%
Total	\$ 85,000	\$ 14,737	\$ 20,000	100.00%

1. The principal balance of the Secured Notes will be reduced to \$85,000, which will be increased by the amount of the Interim Financing; first lien, senior secured position over all assets of the Company; and non-convertible; payment in kind interest at an 8% annual interest rate; maturity date of five years after the consummation of the Recapitalization Transaction; and non-callable for three years (the "Restructured Senior Debt").
2. The Secured Lenders provided \$14,737 of Interim Financing to ICM, on substantially the same terms as the Restructured Senior Debt, net of a 5% original issue discount. The amounts of the Interim Financing along with any accrued interest thereon is expected to be converted into, and the original principal balance will be added to, the Restructured Senior Debt upon consummation of the Recapitalization Transaction.
3. The 8% Senior Unsecured Debentures include payment in kind at an interest rate of 8%, a maturity date which will be five years after the consummation of the Recapitalization Transaction, are non-callable for three years and are subordinate to the Restructured Senior Debt but senior to our common shares.

4. Assuming the Recapitalization Transaction is completed pursuant to the Arrangement Proceedings. If the Requisite Approvals (including approval of the Existing Shareholders) are not obtained and the implementation of the Recapitalization Transaction is pursued pursuant to the CCAA Proceedings, the Common Shareholder Interest will be allocated equally to the Secured Lenders and the Unsecured Debentureholders, as separate classes, and the Existing Shareholders will not receive any recovery.
5. Following consummation of the Recapitalization Transaction, a to-be-determined amount of equity will be made available for management, employee, and director incentives, as determined by the New Board (as defined below); all existing warrants and options of the Company will be cancelled; and the Common Shares may be consolidated pursuant to a yet-to-be decided consolidation ratio, which has yet to be determined.

Upon consummation of the Recapitalization Transaction, a new board of directors (the "New Board") will be composed of the following members: (i) three nominees will be designated by the Secured Lenders; (ii) three nominees will be designated by the Consenting Unsecured Lenders; and (iii) one nominee will be designated by the director nominees of the Secured Lenders and Consenting Unsecured Lenders to serve as a member of the Company's Board.

Pursuant to the terms of the proposed Recapitalization Transaction, the Collateral Agent, the Secured Lenders and the Consenting Unsecured Lenders agreed to forbear from further exercising any rights or remedies in connection with any events of default that now exist or may in the future arise under any of the purchase agreements with respect of the Secured Convertible Notes and all other agreements delivered in connection therewith, the purchase agreements with respect of the Unsecured Convertible Debentures and all other agreements delivered in connection therewith and any other agreement to which the Collateral Agent, Secured Lenders, or Consenting Unsecured Lenders are a party to (collectively, the "Defaults") and shall take such steps as are necessary to stop any current or pending enforcement efforts in relation thereto. Upon consummation of the Recapitalization Transaction, the Collateral Agent, Secured Lenders and Consenting Unsecured Lenders are also expected to irrevocably waive all Defaults and take all steps required to withdraw, revoke and/or terminate any enforcement efforts in relation thereto.

Completion of the Recapitalization Transaction will be subject to, among other things, approval of the Plan of Arrangement by the Secured Lenders, Unsecured Debentureholders and Existing Shareholders at meetings expected to be held in September 2020, such other approvals as may be required by the Court approval of the Plan of Arrangement by the Court and the receipt of all necessary regulatory and stock exchange approvals (collectively, the "Requisite Approvals"). If the Requisite Approvals are obtained, the Plan of Arrangement will bind all Secured Lenders, Unsecured Debentureholders and Existing Shareholders. On September 14, 2020, the Company held meetings to which the stakeholders approved the Plan of Arrangement. Following the stakeholder vote, on September 25, 2020, the Company attended a hearing before the Court to receive approval of the Plan of Arrangement. On October 5, 2020, the Company received final approval from the Court for the Plan of Arrangement.

Subsequent to September 30, 2020, the Company received a notice of appeal with respect to the final approval for the Plan of Arrangement by the Court.

Redemption of Ownership Interest in RGA

On October 22, 2020, the Company's 24.6% equity interest in RGA was redeemed for approximately \$2.4 million. RGA is owned in part by an individual with a familial relationship to Ford, a former director and officer of the Company. Refer to Note 13 for further discussion.