

February 6, 2017

iAnthus

## **iAnthus Capital and U.S. Cannabis Industry Leader – The Green Solution – Enter Into Strategic Partnership and Credit Facility; iAnthus Concurrently Announces Bought Deal Private Placement of Convertible Debentures**

Toronto, ONTARIO, and New York, NEW YORK, February 6, 2017 -- iAnthus Capital Holdings, Inc., (CSE: IAN), announced today that its wholly-owned US subsidiary, iAnthus Capital Management, LLC (which, together with iAnthus Capital Holdings Inc, is referred to herein as “**iAnthus**” or the “**Company**”), has entered into a strategic relationship with The Green Solution, LLC and certain of its affiliated Colorado entities (collectively, “**TGS**”). TGS is one of the largest regulated cannabis industry businesses in the United States, and operates 12 retail stores and integrated state-of-the-art cultivation and processing facilities in the state of Colorado. The strategic relationship includes an initial financing, by iAnthus to TGS, consisting of a US\$7,500,000 loan facility (the “**Loan Facility**”). In addition, TGS has entered into an advisory agreement to provide iAnthus with operational expertise and advice in support of the Company’s investments in Massachusetts, Vermont, New Mexico and Colorado. TGS, through its affiliate TGS National Franchise, LLC (“**TGS National Franchise**”) will also facilitate introductions to franchisee operators in multiple states across the U.S., presenting the Company with significant opportunities for additional financing and equity-based investment partnerships with TGS National’s franchisee operators.

“iAnthus has established itself as a source of capital for licensed cannabis cultivators, processors and dispensaries throughout the United States and the decision to develop a strategic relationship with iAnthus was a simple one. This credit facility will allow us to add multiple licenses and stores for the Colorado market in 2017,” said TGS’ Co-CEO, Kyle Speidell. “We look forward to the start of this strategic relationship with iAnthus, as it helps us with our future growth plans in Colorado, and provides an opportunity to catalyze and accelerate our continued expansion across the United States.”

“TGS National Franchise is approved to offer an industry-first cannabis franchise in 47 states and uses the know-how and acumen of TGS to help entrepreneurs launch and operate their businesses,” said TGS National Franchise’s Co-CEO, Eric Speidell. “Working with iAnthus to ensure our partners have the proper capitalization is key to their success and is a perfect match for us.”

Hadley Ford, CEO of iAnthus, said: “TGS is one of the leading cannabis operators in the world, measured by impressive revenue growth and award-winning product quality, and we look forward to advancing this mutually beneficial strategic relationship. Our mission is to

provide strategic capital and capital markets expertise to licensed US cannabis operators, such as TGS and TGS National Franchise's franchisees." Mr. Ford continued, "It's an added benefit that TGS will provide iAnthus with advice and expertise to help us optimize our existing investments in Colorado and across the U.S."

### **TGS Highlights:**

- TGS is the one of the largest licensed cannabis operators in Colorado, with over US\$50 million in revenue in 2016 and a significant market share of the Colorado adult-use retail market;
- Colorado is one of the largest regulated cannabis markets in the U.S., with an estimated US\$1.3 billion of medical and adult-use sales in 2016;
- TGS has earned over US\$150 million in cumulative revenue since inception in 2010;
- 12 retail locations, with at least 5 additional locations projected by TGS in 2017;
- 300,000 square feet of indoor hydroponic cultivation;
- Expertise in the manufacturing of cannabis infused products and extraction through five separate extraction methodologies, streamlined with standardized operating procedures;
- Proprietary software, security and safety systems in a 25,000 square foot state-of-the-art infused products manufacturing and processing centre; and
- Over 600 employees across TGS' Colorado operations.

### **TGS National Franchise / TGS International Highlights:**

- TGS National Franchise is registered to offer franchises in 47 states, allowing leverage of its intellectual property and expertise by franchising operations and licensing award-winning products and brands to franchisees across the U.S.;
- Existing top-line royalty-based franchise relationships in multiple states, including Florida, Illinois, and Maryland, with accelerated growth expected in 2017 and beyond; and
- As announced on September 1, 2016 by OrganiGram Holdings Inc. ("**OGI**"), TGS's international entity, TGS International, LLC, is providing OGI with exclusive consulting and licensing in Canada of over 225 unique TGS cannabis products.

### **The Loan Facility:**

The Loan Facility consists of a credit facility between iAnthus' wholly owned Colorado subsidiary, Scarlet Globemallow, LLC ("**Scarlet**"), and TGS' parent company in the amount of US\$7,500,000. The Loan Facility has a term of one year, and interest on borrowings is payable at the rate of 14% during the first 4 months, escalating to 23% for the remaining 8 months. The Loan Facility will be drawn in tranches over the next four months, with the first tranche being US\$2,150,000. The Loan Facility includes personal guaranties from the owners of TGS' parent company. The investment is an arm's length transaction and iAnthus holds no ownership interest in TGS or its parent company.

"TGS' operational advice and involvement with iAnthus in our four current investments will leverage the years of experience that TGS has acquired in becoming one of the largest operators in the US and is expected to translate into meaningful benefits for iAnthus' current investments including operational efficiencies and product formulation," said iAnthus CFO, Julius Kalcevich.

## **Bought Deal Private Placement of Convertible Debentures**

In conjunction with the Credit Facility, the Company has entered into an agreement with a syndicate of of underwriters led by Canaccord Genuity Corp. and including Beacon Securities Limited (the “**Underwriters**”) pursuant to which the Underwriters have agreed to purchase, on a bought deal, private placement basis, C\$15,000,000 aggregate principal amount of unsecured convertible debenture (the “**Convertible Debentures**”) at a price of C\$1,000 per Convertible Debenture (the “**Offering**”).

The Convertible Debentures will bear interest from the date of closing at 8.0% per annum, payable semi-annually on the last day of February and August of each year. The Convertible Debentures will have a maturity date of 24 months from the Closing Date of the Offering (the “**Maturity Date**”).

The Convertible Debentures will be convertible at the option of the holder into Common Shares at any time prior to the close of business on the Maturity Date at a conversion price of C\$3.10 per Common Share (the “**Conversion Price**”). Beginning on the date that is four months and one day following the closing date of the Offering, the Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on 30 days prior written notice should the daily volume weighted average trading price of the Common Shares be greater than C\$4.50 for any 10 consecutive trading days.

The Convertible Debentures will be subject to redemption, in whole or in part, by the Company at any time after 12 months upon giving holders not less than 30 and not more than 60 days’ prior written notice, at a price equal to the then outstanding principal amount of the Convertible Debentures plus all accrued and unpaid interest up to and including the redemption date. Upon a change of control of the Company, holders of the Convertible Debentures will have the right to require the Company to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following the giving of notice of the change of control, at a price equal to 104% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon (the “**Offer Price**”). If 90% or more of the principal amount of the Convertible Debentures outstanding on the date of the notice of the change of control have been tendered for redemption, the Company will have the right to redeem all of the remaining Convertible Debentures at the Offer Price.

Net proceeds from the Offering will be used primarily for funding the Credit Facility and for general working capital purposes.

Closing of the Offering is expected to occur on or about February 28, 2017. The Offering is in the form of a bought deal private placement (i) in Canada to “accredited investors” within the meaning of National Instrument 45-106 – *Prospectus Exemptions* and other exempt purchasers in each province of Canada, as agreed upon by the Company and the Underwriters, (ii) in the United States only to Qualified Institutional Buyers (within the meaning of Rule 144A), and in each case in compliance with the securities laws of the applicable states of the United States and (iii) outside Canada and the United States on a basis which does not require qualification or registration of the Convertible Debentures or Common Shares issuable upon conversion of the Convertible Debentures.

## **About iAnthus Capital Holdings**

iAnthus Capital Holdings, Inc., through its 100% owned subsidiary, iAnthus Capital Management, LLC, delivers a comprehensive solution for financing licensed cannabis cultivators, processors and dispensaries throughout the United States. Founded by entrepreneurs with decades of experience in investment banking, corporate finance, law and healthcare services, we provide our licensed partners with a unique combination of investment capital and value-added cannabis industry expertise. We harness these capabilities to support a diversified portfolio of cannabis industry investments for our shareholders across the U.S. regulated cannabis market. For more information, visit [www.ianthuscapital.com](http://www.ianthuscapital.com).

## **About The Green Solution**

TGS has developed into one of the largest and most successful regulated cannabis businesses in the United States. The TGS Group has developed an extensive line of cannabis products, recipes, operating procedures, software, security systems, and other intellectual property, including The Green Solution™ and NectarBee™ brands, which have won numerous awards for quality, taste and consistency. For more information about TGS, visit [www.mygreensolution.com](http://www.mygreensolution.com) or [www.nectarbee.com](http://www.nectarbee.com).

Information pertaining to TGS was prepared and provided by TGS for inclusion in this news release.

## **Forward Looking Statements**

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed here and elsewhere in iAnthus' periodic filings with Canadian securities regulators. When used in this news release, words such as "will, could, plan, estimate, expect, intend, may, potential, believe, should," and similar expressions, are forward-looking statements.

Forward-looking statements include, without limitation, statements regarding the meaningful benefits accruing from TGS's operational advice on the Company's four current investments, the closing date for the Offering and other statements that are not facts. Forward-looking statements are based on a number of assumptions and estimates that, while considered reasonable by management based on the business and markets in which iAnthus operates, are inherently subject to significant operational, economic and competitive uncertainties and contingencies.

Although iAnthus has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking statements, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including, but not limited to: dependence on obtaining regulatory approvals; investing in target companies or projects which have limited or no operating history and are engaged in activities currently considered illegal under US Federal laws; change in laws; limited operating history; reliance on management; requirements for additional financing; competition; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry and; regulatory or political change.

There can be no assurance that such information will prove to be accurate or that

management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in these forward-looking statements may differ materially from actual results or events.

Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. iAnthus disclaims any intention or obligation to update or revise such information, except as required by applicable law, and iAnthus does not assume any liability for disclosure relating to any other company mentioned herein.

**Contacts:**

Corporate:  
Julius Kalcevich  
Chief Financial Officer  
iAnthus Capital Holdings, Inc.  
647-705-5544  
[julius.kalcevich@ianthuscapital.com](mailto:julius.kalcevich@ianthuscapital.com)

**The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.**