

August 14, 2017



# **iAnthus Announces Proposed Acquisition of Citiva Medical and Citiva USA and Termination of Proposed Transaction with Gloucester Street Capital**

**To Acquire One of Ten License Holders in New York's Rapidly Expanding Market of 20 Million Residents;**

**Company to Host a Conference Call at 8:00AM ET to Discuss Transaction**

TORONTO, ON and NEW YORK, NY -- (Marketwired) -- 08/14/17 -- iAnthus Capital Holdings, Inc. ("iAnthus" or "the Company"), (CSE: IAN)(OTCQB: ITHUF), which owns, operates, and partners with licensed cannabis operations throughout the United States, is pleased to announce that it has signed a letter of intent to acquire Citiva Medical, LLC ("Citiva NY"), which holds one of the ten vertically integrated medical marijuana licenses in New York State and Citiva, LLC ("Citiva USA" and together with Citiva NY, "Citiva"), the owner of certain regulated cannabis industry assets and intellectual property. Upon closing, this acquisition will expand iAnthus' operations into five states in the U.S., which the Company believes will constitute the largest portfolio among public companies focused on licensed cannabis operations in the U.S.

Pursuant to the letter of intent, iAnthus will acquire 100% of Citiva NY and Citiva USA and certain operating subsidiaries for approximately US\$18.0 million, which includes US\$3.6 million payable in cash and approximately US\$14.4 million payable in IAN common shares priced at US\$2.40 per share, subject to the terms of a collar (see "Transaction Details" below). As a Registered Organization under the New York medical cannabis program, Citiva NY's license includes a cultivation and processing facility and four dispensary locations, which will be located in Brooklyn, Staten Island, Dutchess County and Chemung County. The transaction will be subject to New York State Department of Health regulatory approval, Canadian Securities Exchange approval and completion of definitive legal documentation between parties.

Concurrently, iAnthus is announcing the termination of its previous term sheet with Gloucester Street Capital, LLC ("GSC") and its operating subsidiary, Valley Agriceuticals, LLC. "We continue to believe New York is a growth market," said Hadley Ford, CEO of iAnthus. "Unfortunately, we were unable to reach definitive legal agreements with GSC despite our best efforts."

"Our investors expect us to find ways to create value in the high growth U.S. cannabis market," continued Mr. Ford. "Kim Volman, the Chief Executive Officer of Citiva NY and

Citiva USA, is a highly successful New York City entrepreneur who founded a medical business with over \$50 million in annual revenues that includes a long-term care pharmacy, retail pharmacies, and a compounding pharmacy focused on pain management, with four locations in and around New York City. In addition, Citiva NY's dispensary locations in Brooklyn and Staten Island will provide immediate access to more than 10 million people in the New York City metropolitan area. We will be able to leverage that access with a management team that has developed relationships with more than 800 physicians and a proven track record of delivering specialized prescription medication to patients. We believe this will be a winning combination."

"We are excited to be partnering with iAnthus," said Mr. Volman. "Our team has spent decades meeting the pharmacy needs of patients in New York City. Combining our experience with the operational and capital markets expertise of iAnthus should allow us to scale quickly and execute on our mission to provide the highest quality, consistently-dosed and standardized cannabis medications to meet the specific needs of New York residents."

Citiva is planning to develop a proposed cultivation, extraction and product development center in Orange County, New York and is in the final stages of securing leaseholds for its four dispensary locations.

"We are very impressed with the Citiva team, which brings a wealth of direct experience in both the delivery of medicine and the development of medical cannabis projects," said Julius Kalcevich, Chief Financial Officer of iAnthus. "We believe that the transaction will be accretive to our shareholders and represents a fair agreement on a set purchase price that affords us certainty on the number of shares that will be issued by the Company."

### ***Background on the New York State Medical Marijuana Program***

The New York Medical Marijuana Program (the "Program") began accepting patients in December 2015 and has currently registered 26,561 patients. The program has been expanded in the past four months to increase the accessibility of medical marijuana to patients through the addition of chronic pain as a qualifying condition and publishing the names of qualifying practitioners to make it easier for patients to locate physicians. Other recent innovations by the state have included the implementation of home delivery, as well as allowing nurse practitioners and physician assistants to issue medical cannabis recommendations to patients.

While the medical cannabis program is still growing, the recent additions in regulations have significantly accelerated patient growth:

- From December 31, 2015 to March 16, 2017 (prior to the addition of chronic pain): The Program added an average of 33 patient registrations per day. 14,437 patients were registered on March 16, 2017 prior to the implementation of chronic pain as a qualifying condition;
- From March 30, 2017 to May 8, 2017 (post the addition of chronic pain): The Program added an average of 75 patient registrations per day, up 130% from the December 2015 - March 2017 period; and
- From May 8, 2017 to August 8, 2017 (post the publication of qualifying practitioners): the Program added an average of 89 patient registrations per day, up ~170% from the December 2015 - March 2017 period.

Both houses of the New York State legislature have recently passed legislation to add post-traumatic stress disorder ("PTSD") to the list of qualifying conditions. That bill is currently awaiting a final decision by the governor and is expected to provide an additional catalyst for patient growth in the near future.

As of August 10, 2017, the state expanded the list of allowable medical cannabis products to include:

- Topicals such as lotions, ointments and patches;
- Chewable solid/semi-solid tablets and lozenges;
- Dissolvable tablets; and
- Non-smokeable forms of ground plant material.

In addition to the product expansions, the Department of Health has also proposed allowing prospective patients and practitioners to enter a dispensing facility to speak directly with a Registered Organization representative to learn about products and obtain information about the medical cannabis program. Additional proposals include a shortened, 2-hour required course for practitioners to undergo prior to becoming a qualified practitioner, as well as expanding the capability of registered organizations to advertise.

### ***Transaction Details***

iAnthus will acquire 100% of Citiva NY for approximately US\$12 million, with US\$2.4 million payable in cash and approximately US\$9.6 million payable in IAN common shares priced at US\$2.40 per share, subject to a ten percent (10%) symmetrical, fixed value collar with US\$2.40 as the mid-point (the "Collar"). iAnthus will acquire 100% of Citiva USA for approximately US\$6 million, with US\$1.2 million payable in cash and approximately US\$4.8 million payable in IAN common shares priced at US\$2.40 per share, subject to the terms of the Collar.

### ***Conference Call and Webcast Details***

The company will hold a conference call for financial analysts and investors at 8:00AM ET on Monday, August 14, 2017 to discuss the Citiva transaction. A replay of the webcast will be available at the link above and on the iAnthus website shortly after the conference call is over.

***Dial-In Number:*** 1-(866)-393-4318 or International: (409)-350-3153

***Conference ID:*** 70849415

***Webcast:*** <http://edge.media-server.com/m/p/6ypyadgd>

Additionally, an audio replay of the call will be available for 30 days, starting at approximately 11:00AM ET on August 14, 2017, by dialing:

***Replay Number:*** 1-(855)-859-2056 or International: (404)-537-3406

***Conference ID:*** 70849415

### ***About iAnthus Capital Holdings, Inc.***

iAnthus Capital Holdings, Inc. provides investors diversified exposure to best-in-class licensed cannabis cultivators, processors and dispensaries throughout the United States.

Founded by entrepreneurs with decades of experience in operations, investment banking, corporate finance, law and healthcare services, iAnthus provides a unique combination of capital and hands-on operating and management expertise. The Company harnesses these skills to support operations across five states. For more information, visit [www.iAnthuscapital.com](http://www.iAnthuscapital.com).

### ***About Citiva Medical, LLC and Citiva USA, LLC***

The Citiva companies are led by Kim Volman, a registered pharmacist and successful entrepreneur who founded a medical business with over US\$50 million in annual revenues that includes a long-term care pharmacy, retail pharmacies, and a compounding pharmacy focused on pain management, with four locations in and around New York City. Mr. Volman earned a B.S. in Pharmaceutical Science from St. John's University in 1997, and serves as a preceptor for the University at Buffalo School of Pharmacy and Pharmaceutical Sciences, educating students in retail pharmacy practice, direct patient care, alternative medicinal treatment modalities, and business skills. In 2016, Mr. Volman was appointed to the faculty of LIU Schwartz College of Pharmacy and Health Sciences where he serves as a clinical instructor.

Frank Turano serves as Citiva's Chief Financial Officer. Mr. Turano earned a B.S. in Economics, with a dual concentration in Accounting & Finance from the Wharton School at the University of Pennsylvania, where he graduated Magna cum Laude in 1990. Mr. Turano served as the CFO of his family business in Brooklyn, NY for 15 years, where he helped grow the business to over \$35 Million in annual sales while managing 125+ employees, spread over three national distribution centers. Since 2008, Mr. Turano has been involved in several start-up ventures, most recently serving as CFO for Calmare Pain Relief Solutions (CPRS), the largest provider in the U.S. of a non-narcotic, non-invasive treatment for chronic neuropathic pain known as Calmare Therapy.

David Palmieri serves as Citiva's Chief Operating Officer. Mr. Palmieri has led the development of Citiva's flagship research, cultivation, and product development center, and has worked with medical professionals and universities both internationally and across the US to promote and develop partnerships for cannabis research. Mr. Palmieri led the development of Citiva's cultivation, extraction and product development center partnership with the University of West Indies in Jamaica, which includes a cannabinoid research facility and open space greenhouse.

### ***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 may include, without limitation, statements including statements relating to acquisitions of a license in New York State and completion of the proposed transaction with Citiva NY and Citiva USA.

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.

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

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