

October 12, 2017



iAnthus Purchases US\$3.0 Million of Preferred Shares in GrowHealthy

Concurrently issues US\$3.0 million unsecured one-year note

NEW YORK, NY and TORONTO, ON -- (Marketwired) -- 10/12/17 -- iAnthus Capital Holdings, Inc. ("iAnthus" or "the Company"), (CSE: IAN)(CSE: IAN.CN)(CNSX: IAN)(OTCQB: ITHUF), which owns, operates, and partners with licensed cannabis operations throughout the United States, announces that it has purchased 2,925,003 Class B Shares of GrowHealthy Holdings, LLC ("GrowHealthy") for a total purchase price of US\$3.0 million pursuant to a Class B Share Purchase Agreement (the "Preferred Share Purchase"). The Preferred Share Purchase represents approximately 6.1% of the issued and outstanding equity shares of GrowHealthy. In addition to closing the Preferred Share Purchase, iAnthus continues to engage in exclusive discussions with GrowHealthy and its affiliated Florida entities about a further strategic relationship. For further details on the exclusivity with GrowHealthy, see iAnthus' news release dated September 14, 2017 (a copy of which is filed under iAnthus SEDAR profile at www.sedar.com).

GrowHealthy's subsidiary, McCrory's Sunny Hill Nursery, LLC, is one of the twelve (12) current Florida Medical Marijuana Treatment Centers ("MMTCs") licensed to provide medical cannabis under Florida's medical marijuana law, originally enacted in 2014 and expanded through legislation passed by the Florida Legislature in June 2017 and signed by the Governor (the "Act"), which followed the approval by more than 71% of the state's voters of a medical marijuana amendment to Florida's Constitution in November 2016 ("Amendment 2"). Florida, which has a population of more than 20 million residents, currently has 41,300 total patients enrolled in its medical marijuana program (the "Program"). The Program has been adding patients at a rate of ~200 per day since the Act was passed in June 2017, accounting for ~22% patient growth month over month.

"We continue to be impressed with the progress that the GrowHealthy team has made in its cultivation and processing buildout and in preparing to begin retail operations in the Florida market," said Randy Maslow, President of iAnthus. "As we continue our discussions about a further strategic relationship, we wanted to ensure that the company has sufficient capital to execute its business plan."

In conjunction with the Preferred Share Purchase, the Company also announces that it has issued a US\$3.0 million unsecured one-year note. The loan is due on October 11, 2018 and will bear interest at the rate of 8%.

Parties participating in the loan will be issued a total of 267,000 common share purchase warrants. Each warrant will entitle the holder to acquire one common share of the Company at a price of C\$2.65 per common share for a period of two years.

Pursuant to the terms of the note, if iAnthus completes a financing of at least US\$5.0 million,

the note must be repaid upon closing of the financing. If the note is not repaid by November 10, 2017, there will be an additional 133,500 common share purchase warrants issued to the lenders at an exercise price to be set in accordance with Canadian Securities Exchange policies. The warrants are subject to a hold period of four months and a day from the date of issuance.

Background on the Florida State Medical Marijuana Program

In November 2016, the Florida Medical Marijuana Legalization Initiative was approved as an amendment to Florida's state constitution by more than 71% of Florida voters, allowing for a full-strength medical cannabis program to be established to replace the prior low-THC program that had gone into effect in 2015. During a special legislative session in June 2017, the Act was passed by the legislature to implement Amendment 2. The Florida Department of Health thereafter issued regulations to implement the Act.

Under the new full-strength medical program, patients may receive medical marijuana certifications during their first visit with a physician, instead of awaiting completion of the 90-day wait period previously required. The Act provides a broad list of qualifying medical conditions, including post-traumatic stress disorder ("PTSD") and chronic pain related to a qualifying condition or terminal illness. The legislation allows for multiple permitted ingestion methods, including the administration of edibles, oils, vape pens, and capsules. The Act provides for a total of 17 licensed MMTCs, of which 12 MMTCs are currently licensed with an additional 5 to be chosen through an open application process. Each MMTC will be permitted to initially operate up to 25 dispensaries statewide, with a statutory formula for assigning a certain number of dispensaries into each of five regions across the state.

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.

About GrowHealthy Holdings, LLC

GrowHealthy Holdings, LLC and its affiliates were formed in 2014 to apply for a license as a Dispensing Organization under the original Florida low-THC medical cannabis program through its affiliated partner, McCrory's Sunny Hill Nursery, LLC ("McCrory's"). McCrory's was licensed as a Dispensing Organization by the Florida Department of Health on December 21, 2016, and then subsequently licensed on July 5, 2017 to cultivate, process, transport, and dispense full-strength medical cannabis as a Medical Marijuana Treatment Center under the new *Medical Use of Marijuana Act* passed in June 2017.

GrowHealthy owns a cultivation and processing facility comprising almost 200,000 square-foot on 33 acres in Lake Wales, Florida, which at the time of licensure was the largest cultivation facility in the state, and is currently negotiating lease agreements for its initial proposed dispensaries in the Tampa and West Palm Beach areas. GrowHealthy is expected to deliver to its first patients in November 2017.

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 related to the Class B Share Purchase Agreement purchase and unsecured one-year note.

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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