

January 17, 2018

iAnthus

iAnthus Capital Acquires Medical Cannabis Business of GrowHealthy Holdings, Marking Full-Scale Entry into Fast Growing Florida Market

Company to Host a Conference Call at 4:20 PM ET on Wednesday January 17 to Discuss its Largest Transaction to Date

NEW YORK, NY and TORONTO, ON -- (Marketwired) -- 01/17/18 -- 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, announced today that it has acquired through merger and acquisition transactions substantially all of the assets of GrowHealthy Holdings, LLC ("GrowHealthy") and certain related subsidiaries (all transactions together, the "Acquisition", and all assets of GrowHealthy and its subsidiaries collectively, the "Business"). The Acquisition completes iAnthus' full-scale entry into the rapidly expanding Florida medical cannabis market, which is projected by Arcview Market Research to grow into a US\$1 billion market by 2020 and which has seen a 300% increase in the number of registered patients over the past six (6) months. iAnthus previously acquired approximately six percent (6%) of GrowHealthy in a preferred share purchase in October, 2017.

GrowHealthy and its affiliate, McCrory's Sunny Hill Nursery, LLC ("McCrory's") comprise one of just thirteen (13) current Florida Medical Marijuana Treatment Centers ("MMTCs") licensed to provide medical cannabis under Florida's medical marijuana law. The Acquisition includes GHIAA Management, Inc., a wholly-owned subsidiary of GrowHealthy that holds an exclusive 40-year management contract to operate the medical cannabis business associated with the MMTC license issued to McCrory's (the "License"), together with an option to acquire 100% of McCrory's for a nominal consideration, pending approval of the Florida Department of Health.

The total consideration paid for the Acquisition was US\$17,500,000 in cash and US\$30,500,000 was satisfied in iAnthus common shares at a price per share of US\$2.52.(1) The cash portion of the consideration for the Acquisition includes the purchase by the Company of the rights to a US\$5,000,000 performance bond posted with the state in connection with the issuance of the License. Contemporaneously with the closing of the Acquisition, the Company's 2,925,003 preferred shares in GrowHealthy were redeemed in return for US\$3,000,000 paid to the Company at closing.

"As one of the largest states in the U.S. with a population of nearly 21 million people and favorable demographics, Florida and its medical cannabis market provide a tremendous opportunity for iAnthus and its shareholders. The state's population includes a large

percentage of older adults who can derive significant benefits from medical cannabis, and the Florida program has witnessed a rapid rise in its registered patient base since passage of the law," said Randy Maslow, President of iAnthus.

"GrowHealthy in particular boasts a state-of-the-art 200,000 square foot cultivation and processing facility in Lake Wales, a flagship dispensary location in a densely populated area of Palm Beach County, and the opportunity to open up to 25 dispensaries in Florida currently and more in the future," Mr. Maslow continued. "The GrowHealthy cultivation and operations team has already established itself as a leader in Florida's medical cannabis market, and we look forward to contributing iAnthus' capital and operational resources to fully build out GrowHealthy's infrastructure and capitalize on the enormous opportunity provided by Florida's medical cannabis market."

Pursuant to the Florida medical marijuana statute and regulations, GrowHealthy is permitted to immediately begin delivery of finished products and to open and operate up to twenty-five (25) dispensaries, a number which will be increased with every 100,000 patients that are added to the state medical marijuana registry. Construction on GrowHealthy's flagship Palm Beach County dispensary is expected to be completed during Q2 2018 and the 4,500 square foot facility is expected to open in July 2018. Additional dispensary locations in Palm Beach County and elsewhere around the state have been identified and are the subject of lease negotiations, and dispensary openings in the Tampa and Orlando areas are planned for Q3 2018 and Q4 2018, respectively. GrowHealthy has already commenced sales through product delivery, and will continue to expand its delivery capabilities throughout the year.

The Lake Wales cultivation and processing facility comprises almost 200,000 square feet on 33 acres, which at the time of licensure was the largest cultivation facility in the state. The size of the facility provides significant room for expansion and is capable of producing 18,000 kilograms of raw medical cannabis flower annually once the facility is fully built out. GrowHealthy has 4,000 square feet of canopy under cultivation currently and inventory of 32,000 grams of raw cannabis flower ready for processing into final products. The Lake Wales facility includes a 15,000 square foot extraction lab and commercial kitchen. GrowHealthy delivered its first product in November 2017, and holds a product inventory of 55 strains.

Background on the Florida Medical Marijuana Program

In November 2016, the Florida Medical Marijuana Legalization Initiative ("Amendment 2") 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 Florida legislature passed legislation to implement Amendment 2 (the "Act"), and the Florida Department of Health thereafter issued implementing regulations.

Under the 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. There are currently thirteen (13) licensed MMTCs. Each MMTC is 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.

The Program currently includes 67,385 registered patients, of which 45,204 have been approved for ID cards. The registered patient total has tripled over the past six (6) months according to statistics provided by the Florida Department of Health.

<http://www.floridahealth.gov/programs-and-services/office-of-medical-marijuana-use/index.html>

Transaction Details

The Acquisition consisted of four (4) separate transactions. First, a wholly-owned subsidiary of the Company, iAnthus Holdings Florida, LLC ("IHF"), was merged with a subsidiary of GrowHealthy, resulting in IHF's acquiring all of the tangible and intangible assets and goodwill of the Business except for the real estate and the License. Second, iAnthus acquired through merger GrowHealthy's wholly-owned subsidiary, GHIAA Management, Inc. ("GHIAA"), which has entered into an exclusive 40-year contract to operate all aspects of the medical cannabis business associated with the License. GHIAA owns an option to acquire 100% of McCrory's for a nominal consideration, pending approval of the Department of Health. The consideration paid by iAnthus for the two merger transactions consisted of 12,103,172 common shares of the Company. Third, the Company purchased 100% of GrowHealthy Properties, LLC for US\$12,500,000 in cash, thereby acquiring GrowHealthy's cultivation and processing facility, comprised of almost 200,000 square feet on 33 acres in Lake Wales, Florida. Fourth, the Company purchased the rights to a US\$5,000,000 bond posted with the state as part of the license application, in return for consideration of US\$5,000,000 in cash.

Concurrent with the Acquisition, the Company has issued US\$20,000,000 aggregate principal amount of unsecured debentures, with a maturity date of one year (the "**Debentures**"). The Debentures contain a 15%, non-cash pay coupon and warrants to purchase up to 10,040,000 shares of the Company (the "**Warrant Shares**") at an aggregate purchase price of US\$20,000,000 (being US\$1.9928 per Warrant Share) which amount was reserved by price reservation. The Debentures were purchased by a private U.S. investment group.

The securities issued by iAnthus in connection with the Acquisition and the Debentures were issued on a prospectus exempt basis and are subject to: (i) a hold period in Canada of four months and a day from the date of issuance; and (ii) an applicable US securities law legend.

Conference Call and Webcast Details

The Company will hold a conference call for financial analysts and investors at 4:20pm ET on Wednesday, January 17, 2018 to discuss the GrowHealthy transaction. A presentation will be available for download on the iAnthus Investor Relations web page shortly before the start of the call. The call will be archived and available on iAnthus' website for replay. Please visit <http://ir.ianthuscapital.com/> to download a copy of the presentation or to access the archived conference call.

Dial In Number. (866) 393-4318 or international: (409) 350-3153

Conference ID: 1077507

Webcast:<https://edge.media-server.com/m6/p/cudqhctv>

A replay of the call will be available for 7 days by dialing:

Replay Number: (855) 859-2056 or international: (404) 537-3406

Conference ID: 1077507

About iAnthus Capital Holdings, Inc.

iAnthus Capital Holdings, Inc. owns and operates best-in-class licensed cannabis cultivation, processing and dispensary facilities throughout the United States, providing investors diversified exposure to the U.S. regulated cannabis industry. Founded by entrepreneurs with decades of experience in operations, investment banking, corporate finance, law and health care 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.

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 acquisition of GrowHealthy Holdings, LLC, the buildout of its cultivation and retail facilities, and projected sales timelines.

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.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

(1) See "Transaction Details" below.

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