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iAnthus Closes Its First Cannabis-Related Asset Acquisition in Colorado

TORONTO, ON and NEW YORK, NY -- (Marketwired) -- 12/05/16 -- iAnthus Capital Holdings, Inc., (CSE: IAN)(CSE: IAN.CN)(CNSX: IAN) ("**Company**"), announced today that its wholly-owned US subsidiary, iAnthus Capital Management, LLC ("**iAnthus Capital Management**") and, together with the Company, referred to for convenience as "**iAnthus**", has closed on an agreement to acquire certain assets of Organix, LLC ("**Organix**"), the owner and operator of a Colorado medical and adult use marijuana operation with a cultivation facility in Denver and a fully-integrated medical and adult use dispensary located in the ski town of Breckenridge. The assets acquired include all real estate holdings of Organix's affiliate, DB Land Holdings, Inc., consisting of a 12,000 square foot cultivation facility in Denver, as well as all equipment and other tangible and intangible assets and all of the intellectual property of Organix, including its brands (the "**Assets**"). The Assets do not include any cannabis inventory and/or licenses to manufacture or sell cannabis. The purchase price for the Assets was US\$4.375 million or approximately CAD\$5.819 million, subject to certain purchase price adjustments to be determined over a portion of the 2017 fiscal year. This is an arm's length transaction as iAnthus holds no ownership interest in Organix.

Organix Highlights:

- Organix is the market leader in Breckenridge with an approximate 40% market share in 2016;
- Estimated gross retail sales of US\$4.4 million for calendar year 2016;
- Significant cash flow generation with cash flow margins over 30%;
- Organix is uniquely positioned as the only store in Breckenridge with both medical and recreational retail licenses;
- Breckenridge is one of North America's premier ski and winter resort destinations, attracting more than two million winter tourists and one million summer tourists; and
- Valuable cultivation real estate within Denver with an estimated market value of US\$2.0 million.

"With the closing last month of our successful financing of CAD\$21.5 million in gross proceeds, iAnthus has the financial resources to diversify its footprint across the U.S." said Hadley Ford, CEO of iAnthus. "This acquisition is the first deployment of capital from our recent financing and helps set the stage for our growth strategy in Colorado."

With this acquisition, iAnthus has made investments in four regulated cannabis states to date, including Massachusetts, Vermont, New Mexico and Colorado.

"With an implied multiple of approximately four times cash flow, we believe that this transaction is both financially accretive and strategically valuable," said CFO Julius Kalcevich. "Organix has a great team and an efficient operation. Retail sales were up 7%

over the last 12 months and margins have been expanding. This acquisition is iAnthus' first step in what we expect will be a broader presence for iAnthus within the Colorado regulated cannabis market."

In a related transaction, Bellflower, LLC ("**Bellflower**"), a newly formed Colorado limited liability company, has agreed to acquire all cannabis inventory and licenses to cultivate, manufacture and sell cannabis-based products from Organix for US\$300,000 or approximately CAD\$399,000. Such agreement is conditioned upon the approval of the Colorado Marijuana Enforcement Division. iAnthus holds no ownership interest in Bellflower.

Upon closing of the Bellflower transaction, in compliance with applicable state law, iAnthus will provide a broad range of real estate, financing, IP licensing and professional services to Bellflower through two new wholly-owned Colorado subsidiaries, including:

1. Serving as a branding, marketing and professional services company that will license and/or sublicense certain technology, brand names and other intellectual property related to the business of cultivating, manufacturing and dispensing marijuana-based products and provide associated professional services in compliance with applicable state law;
2. Serving as a real estate, fixtures and equipment holding company that will acquire, develop and manage real property, industrial fixtures and equipment, and lease such property to Bellflower in compliance with applicable state law; and
3. Serving as a source of financing to be used to promote, support, and develop sales and distribution of marijuana-based products by licensed cannabis operators utilizing iAnthus' intellectual property and other assets, in compliance with applicable state law.

In connection with the transactions, iAnthus has formed two wholly owned subsidiaries that are expected to provide long term contractual services to Bellflower and potentially to other licensed cannabis operators in Colorado. Scarlet Globemallow, LLC ("**Scarlet Globemallow**") will acquire substantially all of the Assets (other than real estate, cannabis inventory and licenses to manufacture and sell cannabis) of Organix and will serve as a branding, marketing, financing, equipment leasing and professional services company to Bellflower and potentially to other licensed cannabis operators in Colorado. iAnthus' second wholly-owned Colorado subsidiary, Bergamot Properties, LLC ("**Bergamot**"), will acquire and hold all the applicable real estate and master leasehold interests associated with Organix's operations and serve as a lessor of real property to Bellflower. As iAnthus continues to expand its footprint within Colorado, Scarlet Globemallow and Bergamot are expected to serve as strategic platforms to achieve operating efficiencies and economies of scale for other potential Colorado asset acquisitions. Until the closing of the sale of Organix's cannabis inventory and licenses to manufacture and sell cannabis to Bellflower, which requires the approval of the Colorado Marijuana Enforcement Division, the new iAnthus-owned entities in Colorado will provide similar services to Organix in compliance with applicable state law.

About iAnthus Capital Holdings

iAnthus Capital Holdings, Inc., through its 100% owned subsidiary, iAnthus Capital Management, LLC, delivers a comprehensive solution for financing and managing licensed cannabis cultivators, processors and dispensaries throughout the United States, in accordance with applicable state law. Founded by entrepreneurs with decades of experience

in 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 a diversified portfolio of cannabis industry investments for our shareholders, including direct equity investments in for-profit license holders and associated management and intellectual property holding companies, and lending facilities coupled with management services to not-for-profit license holders. For more information, visit www.ianthuscapital.com.

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: (i) the Organix transaction being financially accretive and strategically valuable, (ii) the presence of iAnthus within the Colorado regulated cannabis market, (iii) the long term contractual services to Bellflower, (iv) the services to other Colorado cannabis license holders, (v) other Colorado asset acquisitions, (vi) the expected closing date of Organix's cannabis inventory and licenses to Bellflower and (vii) other statements of fact.

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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