

FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 REPORTING ISSUER

iAnthus Capital Holdings, Inc. (the “**Company**”)
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ITEM 2 DATE OF MATERIAL CHANGE

December 5, 2016.

ITEM 3 NEWS RELEASE

News release issued through the services of Marketwired and filed on SEDAR.

ITEM 4 SUMMARY OF MATERIAL CHANGE

iAnthus Capital Management, LLC, a wholly-owned US subsidiary of the Company (“**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.

ITEM 5.1 FULL DESCRIPTION OF MATERIAL CHANGE

iAnthus closed on an agreement to acquire certain assets of 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.

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.

ITEM 5.2 DISCLOSURE FOR RESTRUCTURING TRANSACTIONS

N/A

ITEM 6 RELIANCE ON SUBSECTION 7.1(2) or (3) OF NATIONAL INSTRUMENT 51-102

N/A

ITEM 7 OMITTED INFORMATION

N/A

ITEM 8 EXECUTIVE OFFICERS

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ITEM 9 DATE OF REPORT

December 12, 2016