

**Form 51-102F3**  
**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

iAnthus Capital Holdings, Inc. (the “**iAnthus Capital**”)  
Suite 1980 - 1075 West Georgia Street  
Vancouver, BC V6E 3C9

**Item 2. Date of Material Change**

February 6, 2017

**Item 3. News Release**

News release dated February 6, 2017 was disseminated via CNW Group Ltd. and filed on SEDAR on February 6, 2017. News release dated February 7, 2017 announcing the increase in size of the bought deal private placement of convertible debentures was disseminated via CNW Group Ltd. and filed on SEDAR on February 7, 2017.

**Item 4. Summary of Material Change**

iAnthus Capital has entered into a strategic relationship with The Green Solution, LLC and provided a US\$7,500,000 loan facility.

iAnthus Capital announced a bought deal private placement.

**Item 5. Full Description of Material Change**

**5.1 Full Description of Material Change**

**Strategic relationship and Loan Facility**

iAnthus Capital announced on February 6, 2017 that its wholly-owned US subsidiary, iAnthus Capital Management, LLC (which, together with iAnthus Capital, is referred to herein as “**iAnthus**” or the “**Company**”), has entered into a strategic relationship with The Green Solution, LLC and certain of its affiliated Colorado entities (collectively, “**TGS**”). TGS is one of the largest regulated cannabis industry businesses in the United States, and operates 12 retail stores and integrated state-of-the-art cultivation and processing facilities in the state of Colorado. The strategic relationship includes an initial financing, by iAnthus to TGS, consisting of a US\$7,500,000 loan facility (the “**Loan Facility**”). In addition, TGS has entered into an advisory agreement to provide iAnthus with operational expertise and advice in support of the Company’s investments in Massachusetts, Vermont, New Mexico and Colorado. TGS, through its affiliate TGS National Franchise, LLC (“**TGS National Franchise**”) will also facilitate

introductions to franchisee operators in multiple states across the U.S., presenting the Company with significant opportunities for additional financing and equity-based investment partnerships with TGS National's franchisee operators.

### **Bought Deal Private Placement of Convertible Debentures**

In conjunction with the Loan Facility, the Company has entered into an agreement with a syndicate of of underwriters led by Canaccord Genuity Corp. and including Beacon Securities Limited (the "**Underwriters**") pursuant to which the Underwriters have agreed to purchase, on a bought deal, private placement basis, C\$20,000,000 aggregate principal amount of unsecured convertible debenture (the "**Convertible Debentures**") at a price of C\$1,000 per Convertible Debenture (the "**Offering**").

The Convertible Debentures will bear interest from the date of closing at 8.0% per annum, payable semi-annually on the last day of February and August of each year. The Convertible Debentures will have a maturity date of 24 months from the Closing Date of the Offering (the "**Maturity Date**").

The Convertible Debentures will be convertible at the option of the holder into Common Shares at any time prior to the close of business on the Maturity Date at a conversion price of C\$3.10 per Common Share (the "**Conversion Price**"). Beginning on the date that is four months and one day following the closing date of the Offering, the Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on 30 days prior written notice should the daily volume weighted average trading price of the Common Shares be greater than C\$4.50 for any 10 consecutive trading days.

The Convertible Debentures will be subject to redemption, in whole or in part, by the Company at any time after 12 months upon giving holders not less than 30 and not more than 60 days' prior written notice, at a price equal to the then outstanding principal amount of the Convertible Debentures plus all accrued and unpaid interest up to and including the redemption date. Upon a change of control of the Company, holders of the Convertible Debentures will have the right to require the Company to repurchase their Convertible Debentures, in whole or in part, on the date that is 30 days following the giving of notice of the change of control, at a price equal to 104% of the principal amount of the Convertible Debentures then outstanding plus accrued and unpaid interest thereon (the "**Offer Price**"). If 90% or more of the principal amount of the Convertible Debentures outstanding on the date of the notice of the change of control have been tendered for redemption, the Company will have the right to redeem all of the remaining Convertible Debentures at the Offer Price.

Net proceeds from the Offering will be used primarily for funding the Loan Facility and for general working capital purposes.

Closing of the Offering is expected to occur on or about February 28, 2017. The Offering is in the form of a bought deal private placement (i) in Canada to "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions* and other exempt purchasers in each province of Canada, as agreed upon by the Company and the Underwriters, (ii) in the United States only to Qualified Institutional Buyers (within the meaning of Rule

144A), and in each case in compliance with the securities laws of the applicable states of the United States and (iii) outside Canada and the United States on a basis which does not require qualification or registration of the Convertible Debentures or Common Shares issuable upon conversion of the Convertible Debentures.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7. Omitted Information**

None.

**Item 8. Executive Officers**

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

Julius Kalcevich, Chief Financial Officer  
Telephone: 647-705-5544.

**Item 9. Date of Report**

February 9, 2017.