

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

iAnthus Capital Holdings, Inc. (“iAnthus” or the “Company”)
Suite 300, 420 Lexington Avenue
New York, NY 10170
U.S.A.

Item 2. Date of Material Change

June 12, 2017

Item 3. News Release

News release dated June 12, 2017 was disseminated via Marketwired and filed on SEDAR.

Item 4. Summary of Material Change

The Company has signed a binding letter of intent to acquire 100% of Valley Agriceuticals, LLC, which has received conditional approval from the New York State Department of Health. The proposed acquisition, when closed, will expand iAnthus’ portfolio into five regulated cannabis states in the U.S., which the Company believes will constitute the largest footprint among public companies focused on licensed cannabis operations in the U.S.

The transaction is subject to the terms of the binding letter of intent, iAnthus will acquire 100% of Gloucester Street Capital, LLC, and its wholly owned subsidiaries, Valley Agriceuticals, LLC and Valley Agriceuticals Real Estate, LLC, for US\$17.3 million, which includes US\$2.3 million payable in cash and US\$15 million payable in common shares of iAnthus priced at US\$2.00 per share. The proposed acquisition will include the Valley Ag cultivation campus real estate and cultivation and processing facility. Up to an additional five (5) million IAN common shares may be issued to Valley Ag shareholders conditional upon Valley Ag achieving 15,000 active patient registrations by December 31, 2020. Certain of the executives of Valley Ag will receive 60% of their respective common share consideration in Class A restricted voting convertible shares of iAnthus. The securities to be issued by iAnthus under the transaction will be issued on a prospectus exempt basis and will be 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.

The transaction remains subject to a number of conditions, including New York State Department of Health regulatory approval, Canadian Securities Exchange approval and completion of definitive documentation between parties. The transaction is expected to close during the third quarter of 2017.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

Please see attached news release dated June 12, 2017 (a copy is available under the Company's SEDAR profile at www.sedar.com) for further information on the proposed transaction with Valley Ag and the conditions to closing.

A replay of the Company's conference call for financial analysts and investors held on June 12, 2017 to discuss the Valley Ag transaction is also available for download from the Company's Investor Relations web page at <http://www.ianthuscapital.com>.

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

June 15, 2017.



iAnthus Capital to Expand into New York State, Gaining Exposure to 20 Million Residents in Rapidly Growing Medical Marijuana Market

Company to Host a Conference Call at 4:30PM ET Monday June 12 to Discuss its Largest Transaction to Date

TORONTO, ON and NEW YORK, NY – June 12, 2017– iAnthus Capital Holdings, Inc. (“iAnthus” or “the Company”), (CSE: [IAN](#), OTCQB: ITHUF), which owns, operates, and partners with licensed cannabis operators throughout the United States, is pleased to announce that it has signed a binding letter of intent to acquire 100% of Valley Agriceuticals, LLC (“Valley Ag”), which has received conditional approval from the New York State Department of Health to be awarded one of just ten medical marijuana licenses issued by the state. The proposed acquisition, when closed, will expand iAnthus’ portfolio into five regulated cannabis states in the U.S., which the Company believes will constitute the largest footprint among public companies focused on licensed cannabis operations in the U.S.

Pursuant to the terms of the binding letter of intent, iAnthus will acquire 100% of Gloucester Street Capital, LLC, and its wholly owned subsidiaries, Valley Agriceuticals, LLC and Valley Agriceuticals Real Estate, LLC, for US\$17.3 million, which includes US\$2.3 million payable in cash and US\$15 million payable in common shares of iAnthus priced at US\$2.00 per share. The proposed acquisition includes the Valley Ag cultivation campus consisting of approximately 136 acres of real estate that is currently zoned for cannabis cultivation and a 6,500-square foot custom-built cultivation and processing facility. Upon final certification by the New York State Department of Health, Valley Ag’s license will encompass one cultivation and processing facility and four dispensary locations. The transaction is subject to the terms noted below in “Transaction Details”. The approval of Valley Ag’s final registration is subject to the terms noted below in “About Gloucester Street Capital, LLC”.

“With a population of nearly 20 million residents, a rapidly growing patient base, and only ten medical cannabis licenses, New York is an ideal market for iAnthus to enter,” said Randy Maslow, President of iAnthus. “The state’s move to eliminate some of the Program’s initial limitations has created an incredibly potent opportunity for accelerating patient growth. Coupled with our presence in Massachusetts, the proposed acquisition in New York sets the stage for iAnthus to be a key player in two of the most densely populated markets in the northeastern United States.”

“The addition of chronic pain to New York’s list of medical cannabis indications, as well as existing qualifying conditions such as Parkinson’s disease and multiple sclerosis, has made the medicine available to a very large group of patients in New York. As we educate more doctors and patients on the list of ailments that cannabis may beneficially treat, we expect the number of Program enrollees to grow at an even faster rate,” said Stephen Ashekian, CEO of Valley Ag. “Our team’s experience in the medical cannabis industry is, in our view, second to none, putting us in an excellent position to capture a significant portion of the market.”

Valley Ag plans to produce medical-grade standardized medical marijuana deliverable through oils, pills, inhaler pens and other state-approved delivery mechanisms and dispense the products through its vertically integrated dispensaries. Valley Ag is working with Seach Ltd, one of the most experienced and advanced cultivation and

processing teams in the industry. With decades of experience, the team is one of the largest official suppliers of medical grade cannabis to the Israeli Ministry of Health and specifically licensed to grow and distribute medical cannabis to authorized patients in one of the most advanced medical cannabis markets in the world.

“Through our affiliation with one of Israel’s leading medical cannabis providers, and my experiences working directly with patients, Valley Ag will incorporate best-in-class patient acquisition and retention practices,” said Eileen Konieczny RN, Lead Strategist at Valley Ag and President of the American Cannabis Nurses Association. “Our past experience shows that taking a hands-on approach with patients dramatically increases patient retention. We feel our retention practices, combined with our patient outreach and acquisition, puts us in a position to have the strongest patient base of New York’s medical cannabis license holders.”

Valley Ag is expected to supplement the 6,500-square foot facility with a planned Phase 2 expansion of a 14,500 square foot hybrid greenhouse, which has been shown to provide a lower cost of production when compared to typical indoor cultivation methods. iAnthus anticipates approximately US\$5 million of capital expenditures and working capital requirements throughout 2017. It is expected that the first crop will be completed and dispensaries will be opened by early Q1 2018. The Valley Ag cultivation campus is approximately 60 miles from New York City and favorably positioned to become a large-scale wholesale supplier to the New York State market in addition to Valley Ag’s own dispensaries.

“Having watched the development of the Canadian cannabis market up close, we are seeing striking similarities between where New York is today and where Canada was a year ago, with comparable patient numbers and a limited number of competitors,” said Julius Kalcevich, CFO of iAnthus. “The main difference we are seeing is that New York is experiencing significantly faster patient growth, indicating that New York State could potentially be one of the largest medical marijuana markets in the U.S.,” said Philip Green, CFO of Valley Ag.

“We are delighted to be partnering with iAnthus, and our whole team looks forward to begin working with doctors across the state to help ease pain and suffering for New Yorkers,” said Erik Holling, President of Valley Ag. “We have said from the beginning of this process that it is all about helping people and providing them with relief. That commitment remains paramount and we are excited to begin meeting that commitment.”

Background on the New York State Medical Marijuana Program

The New York State Medical Marijuana Program (the “Program”) began registering patients in December 2015 and currently numbers 21,009 registered patients. The Program has been expanded in the past two months to increase the accessibility of medical marijuana to patients through the addition of chronic pain as a qualifying condition and publishing the names of qualifying practitioners to make it easier for patients to obtain a medical certification. Further innovations by the state have included the implementation of home delivery, wholesaling, as well as allowing nurse practitioners and physician assistants to issue medical cannabis certifications to patients.

The recent additions have significantly accelerated patient growth:

- From December 31, 2015 to March 16, 2017 (prior to the addition of chronic pain): the Program added an average of 33 patient registrations per day. 14,437 patients were registered on March 16, 2017 prior to the implementation of chronic pain as a qualifying condition.
- From March 30, 2017 to May 8, 2017 (after the addition of chronic pain): The Program added an average of 75 patient registrations per day, up 130% from the December 2015 - March 2017 period.

- From May 8, 2017 to June 6, 2017 (after the publication of names of qualifying practitioners): the Program added an average of 90 patient registrations per day, up ~175% from the December 2015 - March 2017 period.

The New York State Senate is currently considering a bill to add post-traumatic stress disorder (“PTSD”) to the list of qualifying conditions, as well as allowing telemedicine so that patients can be seen by registered practitioners in the privacy of their own home via video conference and place orders with their dispensary without leaving their homes. This may provide an additional catalyst for patient growth in the near future.

Comparing the Program’s patient registration to Canada’s patient registration under the Marihuana for Medical Purposes Regulations (“MMPR”), which began in late 2013 and was subsequently replaced by the Access to Cannabis for Medical Purposes Regulations, New York State is growing at double the pace of Canada in the days following medical legalization. The New York Program has now been in existence for just over 500 days with its patients registered representing a 0.11% population penetration rate. Comparatively, after the first 500 days of Canada’s MMPR program, Canada had a patient penetration rate of 0.05% and it took Canada’s medical marijuana program approximately 800 days since program inception to reach the same 0.11% penetration rate, almost one full year slower than New York State.

Transaction Details

Subject to the terms of the binding letter of intent, iAnthus will acquire 100% of Gloucester Street Capital, LLC, and its wholly owned subsidiaries, Valley Agriceuticals, LLC and Valley Agriceuticals Real Estate, LLC, for US\$17.3 million, which includes US\$2.3 million payable in cash and US\$15 million payable in common shares of iAnthus priced at US\$2.00 per share. The proposed acquisition will include the Valley Ag cultivation campus real estate and cultivation and processing facility. Up to an additional five (5) million IAN common shares may be issued to Valley Ag shareholders conditional upon Valley Ag achieving 15,000 active patient registrations by December 31, 2020. Certain of the executives of Valley Ag will receive 60% of their respective common share consideration in Class A restricted voting convertible shares of iAnthus.

The transaction remains subject to a number of conditions, including New York State Department of Health regulatory approval, Canadian Securities Exchange approval and completion of definitive documentation between parties. The transaction is expected to close during the third quarter of 2017.

For more information about the New York State Medical Marijuana Program, please visit

https://www.health.ny.gov/regulations/medical_marijuana/about.htm

The securities issued by iAnthus under the transaction will be issued on a prospectus exempt basis and will be 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 4:30PM ET on Monday, June 12, 2017 to discuss the Valley Ag 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: 1-(866)-393-4318 or International: (409) 350-3153

Conference ID: 35731702

Webcast: <http://edge.media-server.com/m/p/hjmypk5v>

A replay of the call will be available for 30 days by dialing:

Replay Number: 1-(855)-859-2056 or International: (404) 537-3406

Conference ID: 35731702

About iAnthus Capital Holdings, Inc.

iAnthus Capital Holdings, Inc., through its wholly-owned subsidiary iAnthus Capital Management, LLC, provides investors diversified exposure to best-in-class licensed cannabis cultivators, processors and dispensaries throughout the United States. iAnthus currently owns, operates or has partnered with marijuana license holders in Massachusetts, Vermont, Colorado and New Mexico. 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 leverages these skills to support a diversified portfolio of cannabis industry investments for our shareholders. For more information, visit www.ianthuscapital.com.

About Gloucester Street Capital, LLC.

Gloucester Street Capital, LLC, together with its wholly-owned subsidiaries, Valley Agriceuticals, LLC and Valley Agriceuticals Real Estate Holdings, LLC, was founded in 2014 to apply for registration as a licensed Registered Organization under the New York State Medical Marijuana Program. On May 25, 2017, the New York State Department of Health ("DOH") issued Valley Ag a conditional registration as a Registered Organization, subject to DOH review and approval of certain additional information related to Valley Ag's real property interests and requested minor additions to Valley Ag's application and operating plan. Valley Ag expects to receive its final registration as a Registered Organization in the Summer of 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 relating to the acquisition of final registration as a registered organization in New York State, the number of enrollees in the Program, Valley Ag's proposed products, the expected date of the closing of the proposed acquisition, Valley Ag's proposed Phase 2 expansion, Valley Ag's proposed first crop, and potential for patient growth in New York State.

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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