



## **iAnthus Discusses Q2 2017 Accomplishments and Overall Progress**

**With over US\$25 Million Invested in Five Cannabis Operations Across the United States, iAnthus Continues to Grow and Diversify its Operations in Q2 2017**

NEW YORK, NY and TORONTO, ON – August, 28, 2017 – iAnthus Capital Holdings, Inc. (“iAnthus” or “the Company”), (CSE: IAN, OTCQB: ITHUF), which owns, operates, and partners with licensed cannabis operations throughout the United States, is pleased to announce the release of its interim financial statements and MD&A for the second quarter of 2017 and to provide an update on existing operations and strategic partnerships.

“This was a strategically important quarter for iAnthus as we announced our entry into the 20 million-person New York market and continued to expand upon our established operations in four other states,” said Hadley Ford, Chief Executive Officer of iAnthus. “The United States cannabis industry is a US\$7 billion legal market growing at 30%+ per year. iAnthus is leveraging its extensive expertise in operations, capital markets, real estate and government relations to become the pre-eminent cannabis operator in the country. We are pleased with our progress in the first half of 2017 in building our capacity in key states across the U.S. and continue to offer public investors a unique way to participate in the growth of the U.S. cannabis market.”

### ***Citiva Medical, LLC (“Citiva NY”) and Citiva, LLC (“Citiva USA” and together with Citiva NY, “Citiva”) Highlights (New York):***

- Signed Letter of Intent (“LOI”) to acquire 100% of Citiva NY and Citiva USA for US\$18.0 million; US\$14.4 million in stock, US\$3.6 million in cash;
- Acquisition provides iAnthus exposure to one of the nation’s biggest markets, with a state-wide population of 20 million people;
- Only 10 licenses have been granted within New York State;
- Citiva was granted dispensary locations in two New York City boroughs, Brooklyn and Staten Island, in addition to Dutchess County and Chemung County;
- Citiva’s Brooklyn dispensary is expected to be one of only three competitors operating within a borough of 2.6 million people, and its Staten Island dispensary is expected to be the only licensee within a borough of 500,000 residents;
- In final stages of securing 4.4 acres of shovel-ready land, with an option to purchase an additional 10.1 acres of adjacent land, for the development of the cultivation and processing facility. If the option is exercised, the total purchase price is expected to be ~US\$1.1 million for the total of 14.5 acres;
- Citiva is in the final stages of securing leases for its four dispensary locations;
- The medical cannabis program has continued to expand with additional proposed enhancements,

announced on August 10, 2017. Some of the proposed changes include: allowance of chewable tablets, lozenges, ointments, and metered ground plant preparation, as a form of patient use and broadening the capability for registered organizations to advertise;

- Citiva expects that it will open its Brooklyn and Staten Island dispensaries within next 4-6 months, with the cultivation facility to be operational within 9-12 months; upon closing of the transaction, iAnthus will have 100% ownership of the Citiva entities; and
- The acquisition is expected to close this fall.

#### ***Mayflower Medicinals, Inc. ("Mayflower") Highlights (Massachusetts):***

- Massachusetts continues to show robust patient growth with 43,653 registered patients, up 10% year to date; there are currently 11 dispensaries in Massachusetts, and management estimates that at least three open dispensaries are generating in excess of US\$10 million of run-rate revenues;
- Mayflower's Boston dispensary build-out is expected to be finalized by Nov 1, 2017; one of only three current locations in the city, with a half mile non-compete zone mandated by Boston city ordinance;
- Mayflower's second and third dispensary locations are in the final process for local approvals and have yet to be publicly disclosed; both locations are strategically positioned in heavily trafficked areas, with minimal competition and large catchment areas;
- Mayflower's Holliston 36,000 square foot cultivation and processing location received approval for Phase 1 of the FCR (Final Certification of Registration) on July 28, 2017:
  - Seeds are expected to be planted in Q4 2017, with product ready in Q1 2018.
- Jaime Lewis, Mayflower's chief operating officer, was recently [appointed to the Massachusetts Cannabis Advisory Board](#):
  - The 25-person board is comprised of cannabis industry experts, law enforcement representatives, patient advocates, healthcare professionals, and other business community leaders who will wield significant influence over how regulators will implement and govern the state's medical and recreational cannabis programs; and
  - The group will advise and provide recommendations to the five-member Cannabis Control Commission, which is responsible for the implementation and oversight of the legal cannabis market in Massachusetts;
- As of June 30, 2017, iAnthus had extended a loan of US\$7.0 million toward the build-out of the Mayflower project. The current balance of the loan for the project is US\$9.7 million. iAnthus is currently working with Mayflower and its management company, Pilgrim Rock, to finalize iAnthus' 79% equity ownership in Pilgrim Rock, which will provide a broad range of real estate and equipment leasing, IP licensing and professional services to Mayflower. We anticipate this to be completed in the third quarter of 2017.

#### ***Organix, LLC ("Organix") Highlights (Colorado):***

- Revenue in the state is on pace to hit US\$1.5 billion this year, up 25% over 2016;
- Organix had US\$1.6 million net sales in the first half of 2017 and has an approximate 29% share of the local market in Breckenridge, CO;
- Serving ~4,500+ rec customers and patients per month:
  - Average sale per recreational customer: US\$51.25
  - Average sale per medical patient: US\$60.77

- Cultivation upgrades are now complete and we expect yields to improve in the upcoming ski season;
- iAnthus has 100% equity ownership of two Colorado subsidiaries, which together acquired all non-cannabis assets of Organix and which provide a broad range of real estate and equipment leasing, IP licensing and professional services.

***Grassroots Vermont ("Grassroots") Highlights (Vermont):***

- US\$465,000 net sales through June 30, 2017:
  - Run rate revenue in 2Q was US\$930,000, up 60% vs same time period last year.
- Recently submitted proposal to open an additional dispensary location:
  - New location is allowed due to recent legislative changes; and
  - Much larger catchment area than current location.
- Grassroots recently completed upgrades to its cultivation facility:
  - The project is expected to meet increased supply for our new proposed location, raise yields, support consistent harvest cycles, and improve product quality.
- Recent legislative changes allow for Grassroots to convert from a non-profit organization into a for-profit entity:
  - iAnthus is currently working with Grassroots to convert its US\$775,000 loan and services contract into a controlling equity position in a for-profit management company later this year.

***Reynolds Greenleaf & Associates, LLC ("RGA") Highlights (New Mexico):***

- Revenues in New Mexico were US\$39.8 million through June 2017;
- RGA realized US\$3.9 million in sales across its three managed licenses for 2017 YTD, a 34% increase over the same period in 2016;
- RGA opened a sixth dispensary, its fifth in the Albuquerque metro area:
  - In the first four months of operations, the newest dispensary has generated US\$321,000 in revenue; and
  - Through June 30, 2017, the average revenue per dispensary was over US\$111,000 monthly;
- In Q2 2017, over 6,000 unique patients made purchases per month, a 29% increase over Q1 2017;
  - Average sale per patient: US\$44.00;
- iAnthus currently owns 29% of RGA.

**About iAnthus Capital Holdings, Inc.**

iAnthus Capital Holdings, Inc. provides investors diversified exposure to best-in-class licensed cannabis cultivators, processors and dispensaries throughout the United States. Founded by entrepreneurs with decades of experience in operations, 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 operations across five states. For more information, visit [www.iAnthuscapital.com](http://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 the conversion of loans to majority control equity positions, summaries of historical operating performances, upcoming operational goals and closing of the proposed transaction with Citiva.

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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