



New York State Department of Health Approves iAnthus' Proposed Acquisition of Valley Agriceuticals

Valley Agriceuticals Granted Operating License and Dispensary Locations

TORONTO, ON and NEW YORK, NY – August 2, 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 the New York State Department of Health (“DOH”) has approved the Company’s proposed acquisition of Valley Agriceuticals, LLC (“Valley Agriceuticals”), as set forth in a binding term sheet between the parties signed in June 2017 (the “Binding Term Sheet”). The state also announced that Valley Agriceuticals has officially been granted a license as a Registered Organization under the medical marijuana program of the State of New York.

Per the license from the state, Valley Agriceuticals has been granted dispensary locations in King’s County (“Brooklyn”), Dutchess County, Oneida County and Suffolk County, as well as approval for cultivation and manufacturing operations in its facility in Wallkill, NY. With the dispensary location in Brooklyn, Valley Agriceuticals will have a presence in the second most densely populated county in the United States. If counted as a standalone city, Brooklyn would be the fourth most populous city in the United States with an estimated 2.6 million residents, smaller than only New York City as a whole, Los Angeles and Chicago. The Suffolk County location also exposes Valley Agriceuticals to a large market of approximately 1.5 million residents.

iAnthus recently agreed, pursuant and subject to the terms of the Binding Term Sheet, to acquire 100% of Gloucester Street Capital, LLC, and its wholly owned subsidiaries, Valley Agriceuticals and Valley Agriceuticals Real Estate, LLC for US\$17.3 million, which includes US\$2.3 million payable in cash and US\$15.0 million payable in common shares and Class A restricted voting convertible shares of iAnthus (“Class A shares” and together with the common shares, referred to for convenience as “shares”) priced at US\$2.00 per share. Up to an additional five million shares may be issued to Valley Agriceuticals’ shareholders conditional upon Valley Agriceuticals achieving 15,000 active patient registrations by December 31, 2020 (the “Milestone Payments”). In aggregate, iAnthus expects to issue 7,500,000 shares to satisfy the US\$15.0 million payment and up to a further 5,000,000 shares to satisfy the Milestone Payments.

In addition to acquiring Valley Agriceuticals and its license to cultivate, process and dispense medical cannabis through four dispensary locations, the proposed acquisition also includes the Valley Agriceuticals cultivation campus in Wallkill, NY, consisting of 136 acres of real estate that is currently zoned for cannabis cultivation, a 6,500-square foot custom-built cultivation and processing facility.

Following yesterday’s decision by the DOH to approve the transaction, the deal is expected to close during the third quarter of 2017, following applicable approval from the Canadian Securities Exchange and completion of definitive documentation between parties.

“Today marks a big step for the iAnthus and Valley Agriceuticals teams, receiving the state’s blessing for the acquisition, in addition to the granting of the license and dispensary locations to the Valley Agriceuticals team. The team is already making progress in securing prime real estate in each of the dynamic markets in which it has been granted licenses,” said Hadley Ford, CEO of iAnthus. “The Brooklyn and Suffolk County dispensaries in particular provide Valley Agriceuticals with direct exposure to large patient bases.”

“On behalf of the Valley Agriceuticals team, we are excited to be given the opportunity to join New York’s medical cannabis program,” said Erik Holling, President of Valley Agriceuticals. “Our team looks forward to ensuring that New York’s medical cannabis patients have access to the best medicines possible to take full advantage of the health benefits of medical cannabis.”

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 25,726 certified patients, as of August 1, 2017. The Program has been expanded in the recent 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.

Since the addition of chronic pain to the Program’s list of approved indications, certified patients have surged, increasing by 10,744 since late March, and increase of 72%. Both houses of the New York State Congress have also recently passed legislation to add post-traumatic stress disorder (“PTSD”) to the list of qualifying conditions. That bill is currently awaiting a final decision by the governor and is expected to provide an additional catalyst for patient growth in the near future.

Transaction Details

Subject to the terms of the Binding Term Sheet, iAnthus will acquire 100% of Gloucester Street Capital, LLC, and its wholly owned subsidiaries, Valley Agriceuticals and Valley Agriceuticals Real Estate, LLC, for US\$17.3 million, which includes US\$2.3 million payable in cash and US\$15.0 million payable in shares of iAnthus priced at US\$2.00 per share (resulting in 7,500,000 shares). The proposed acquisition will also include the Valley Agriceuticals cultivation campus real estate and cultivation and processing facility. Up to an additional five million shares may be issued to Valley Agriceuticals’ shareholders conditional upon Valley Agriceuticals achieving 15,000 active patient registrations by December 31, 2020. Certain of the executives of Valley Agriceuticals will receive 60% of their respective share consideration in Class A shares.

The transaction remains subject to a number of conditions, including 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.

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, DOH issued Valley Agriceuticals a conditional registration as a Registered Organization, subject to DOH review and approval of certain additional information related to Valley Agriceuticals' real property interests and requested minor additions to Valley Agriceuticals' application and operating plan. Valley Agriceuticals 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 Agriceuticals' proposed products, the expected date of the closing of the proposed acquisition, 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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