

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: iAnthus Capital Holdings, Inc. (the "Issuer" or the "Company").

Trading Symbol: IAN

Number of Outstanding Listed Securities: 171,718,192

Date: September 8, 2020

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" or "Company" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On August 7, 2020, the Company announced that the Supreme Court of British Columbia (the "Court") issued an interim order (the "Interim Order") authorizing, among other things, the holding of the following meetings (the "Meetings"): (i) a meeting (the "Secured Noteholders' Meeting") of holders (the "Secured Noteholders") of 13% senior secured convertible debentures (the "Secured Notes") issued by iAnthus Capital Management, LLC ("ICM"), the Company's wholly-owned US subsidiary; (ii) a meeting (the "Unsecured Debenture Holders' Meeting") of holders (the "Unsecured Debentureholders") of 8% convertible unsecured debentures (the "Unsecured Debentures") issued by the Company; and (iii) a meeting (the "Equityholders' Meeting") of holders of the Company's common shares (the "Common Shares"), options (the "Options") and warrants (the "Warrants") (collectively, the "Existing Equityholders"), in each case to consider and vote upon a corporate plan of arrangement under the British Columbia *Business Corporations Act* (the "Plan of Arrangement") to implement the previously announced recapitalization transaction (the "Recapitalization Transaction").

The Recapitalization Transaction

The Recapitalization Transaction will be implemented pursuant to the Plan of Arrangement, or, only if necessary, the Companies' Creditors Arrangement Act ("CCAA"). If the Recapitalization Transaction is completed through the Plan of Arrangement, the existing holders of Common Shares at the time of completion (the "Existing Shareholders") will retain approximately 2.75% of the ownership of the Common Shares (the "Common Shareholder Interest").

If the Recapitalization Transaction does not obtain the required support from the Company's shareholders, the Recapitalization Transaction will be implemented through proceedings under the CCAA ("CCAA Proceedings"). If implementation of the Recapitalization Transaction occurs through CCAA Proceedings, Existing Shareholders will not retain any ownership of Common Shares or receive any recovery (i.e., 0% of the ownership of the Common Shares) and the Common Shareholder Interest will instead be allocated equally as among the Secured Noteholders and the Unsecured Debentureholders.

The Meetings

The Meetings are scheduled to be held on September 14, 2020. The Secured Noteholders' Meeting is scheduled to begin at 9:00 a.m. (Vancouver time), the Unsecured Debenture Holders' Meeting is scheduled to begin at 10:00 a.m. (Vancouver time), and the Equityholders' Meeting is scheduled to begin at 11:00 a.m. (Vancouver time).

Pursuant to the Interim Order, the record date for the Meetings is the close of business (Vancouver time) on August 6, 2020 (the "Record Date").

The Voting Deadlines

The deadline for: (i) the Secured Noteholders, (ii) the Unsecured Debenture Holders, and (iii) the Existing Equityholders to submit their respective proxies or voting instructions in order to vote on the Plan of Arrangement is 9:00 a.m., 10:00 a.m. and 11:00 a.m., respectively (Vancouver time), on September 10, 2020. Banks, brokers or other intermediaries that hold Secured Notes, Unsecured Debentures, Common Shares, Options or Warrants on a securityholder's behalf may have internal deadlines that require securityholders to submit their votes by an earlier date. Securityholders are encouraged to contact their intermediaries directly to confirm any such internal deadline.

Requisite Approval for the Plan of Arrangement

The required level of approval for the Plan of Arrangement at the Secured Noteholders' Meeting will be a majority (at least 50% + 1) in number of the Secured Noteholders voting in person or by proxy at the Secured Noteholders' Meeting, representing not less than three-quarters (75%) in value of the Secured Notes. Each Secured Noteholder will be entitled to one vote for each US\$1,000 principal amount of Secured Notes held.

The required level of approval for the Plan of Arrangement at the Unsecured Debenture Holders' Meeting will be a majority (at least 50% + 1) in number of the Unsecured Debenture Holders voting in person or by proxy at the Unsecured Debenture Holders' Meeting, representing not less than three-quarters (75%) in value of the Unsecured Debentures. Each Unsecured Debenture Holder will be entitled to one vote for each US\$1,000 principal amount of Unsecured Debentures held.

The required level of approval for the Plan of Arrangement at the Equityholders' Meeting will be: (i) a majority (at least 50% + 1) of votes cast by Existing Shareholders, excluding votes of Common Shares held or controlled by Related Shareholders (as defined below), present in person or by proxy at the Equityholders' Meeting, voting together as a single class, on the basis of one vote for each Common Share held as of the Record Date; and (ii) a majority (at least 50% + 1) of votes cast by Existing Equityholders present in person or by proxy at the Equityholders' Meeting, voting together as a single class, on the basis of one vote for each Common Share held or eligible to be received upon the exercise of outstanding Options or Warrants held, as applicable, as of the Record Date.

The term "Related Shareholders" means "interested parties", "related parties" of any interested parties (unless the related party meets that description solely in its capacity as a director or senior officer of one or more persons that are neither

interested parties nor issuer insiders of the Company) and "joint actors" of the foregoing (as such terms are defined in Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101")). It is expected that the only Related Shareholder who holds or exercises control over Common Shares at the time of the Equityholders' Meeting will be Gotham Green (as defined below).

Pursuant to the terms of the restructuring support agreement dated July 10, 2020 (the "Support Agreement") among the Company, certain of the Company's subsidiaries, the Secured Noteholders and certain holders of the Unsecured Debentures (the "Initial Consenting Unsecured Debenture Holders"), 100% of the Secured Noteholders and over 91% of the Unsecured Debentureholders have agreed to vote in favour of the Recapitalization Transaction at the Secured Noteholders' Meeting and the Unsecured Debenture Holders' Meeting, respectively. For additional details on the Support Agreement, see the Company's news release dated July 13, 2020.

Attendance at the Meetings

To proactively deal with the public health impact of the novel coronavirus, also known as COVID-19, and to mitigate risks to health and safety, the Company will be holding the Meetings in a virtual-only format, which will be conducted via live audio webcast available online using the LUMI meeting platform. During the live audio webcasts, Secured Noteholders, Unsecured Debenture Holders and Equityholders will be able to hear the Secured Noteholders' Meeting, the Unsecured Debenture Holders' Meeting and the Equityholders' Meeting respectively, and such securityholders and duly appointed and registered proxyholders will be able to submit questions and vote when their applicable Meeting is being held. The management information circular of the Company in respect of the Meetings (the "Circular") provides important and detailed instructions about how to participate at the Meetings.

Mailing of Information Circular

On August 18, 2020, the Company announced that it has commenced the mailing of the notices and management information circular (the "Circular").

Arrangement Agreement

The Company and ICM entered into an arrangement agreement dated August 6, 2020 (the "Arrangement Agreement") which governs the terms and conditions of the Plan of Arrangement. A copy of the Arrangement Agreement is available under the Company's SEDAR profile at www.sedar.com.

Court Approval and Implementation

If the Plan of Arrangement is approved by the requisite majorities at the Meetings, the Company and ICM will attend a hearing before the Court currently scheduled for September 25, 2020, or such other date as may be set by the Court to seek final Court approval for the Plan of Arrangement (the "Final Order").

Certain of the transactions contemplated by the Recapitalization Transaction may trigger a review and approval requirement by state-level regulators in certain U.S. states with jurisdiction over the licensed cannabis operations of entities owned in whole or in part or controlled directly or indirectly by iAnthus, including potentially: Arizona, Colorado, Florida, Maryland, Massachusetts, Nevada, New Jersey, New Mexico, New York and Vermont. Where required, iAnthus intends to promptly commence the review and approval process and to expedite the process to the greatest extent possible.

Related Shareholders

Certain of the Secured Lenders (as defined below) (being funds affiliated with Gotham Green Partners, LLC (collectively "Gotham Green")) are "related parties" as such term is defined in MI 61-101. Accordingly, the Recapitalization Transaction is a "related party transaction" as defined in MI 61-101 since certain of the Secured Noteholders and the Interim Lenders (as defined below) (together, the "Secured Lenders") are each a "related party" (as defined in MI 61-101) of the Company. The Company will rely on the exemption from the formal valuation requirement at section 5.5(b) of MI 61-101 (Issuer Not Listed on Specified Markets) in respect of the Recapitalization Transaction. As a result of the Company holding the Equityholders' Meeting, the exemption from minority approval requirement at Section 5.7(e) of MI 61-101 (Financial Hardship) in respect of the Recapitalization Transaction may not be available and accordingly, the Company is not relying on an exemption for minority approval.

Financial Statement Update

On August 14, 2020, the Company reported its financial results for the first quarter ended March 31, 2020. The Company's condensed interim financial statements for the first quarter ended March 31, 2020 and the related management's discussion & analysis can be accessed on the Company's SEDAR profile at www.sedar.com and on the Company's website.

On August 14, 2020, the Company announced that it's relying on the general order of the Ontario Securities Commission (the "OSC") made under Ontario Instrument 51-505 entitled "Temporary Exemption from Certain Corporate Finance Requirements" ("OSC Instrument 51-505"), dated May 20, 2020, to postpone the filing of its financial statements and related filings for the second quarter ended June 30, 2020 (the "Interim Filings"), as a result of logistical issues and delays caused by the COVID-19 pandemic. The OSC and other securities regulatory authorities in Canada have granted coordinated blanket exemptions allowing

issuers an additional 45-day period to complete their regulatory filings that will otherwise be due during the period from June 2, 2020 to August 31, 2020. Under OSC Instrument 51-505, the Interim Filings are due on or before October 15, 2020.

As required by OSC Instrument 51-505, the Company discloses the following:

1. The Company expects to file the Interim Filings on or before October 15, 2020; and
2. In the interim, the Company's management and other insiders will be subject to a trading black-out policy that reflects the principles in Section 9 of National Policy 11-207 - Failure-to-File Cease Trade Orders.

Cease Trade Order Update

On August 17, 2020, the Company announced that the Ontario Securities Commission issued a full revocation of the cease trade order (the "CTO") which was originally issued on June 22, 2020.

The CTO was issued due to the Company's failure to meet a deadline to file: (i) annual audit financial statements, (ii) the associated management's discussion and analysis, and (iii) certification of annual filings for the financial year ended December 31, 2019 (collectively, the "Annual Filings").

The Company filed the Annual Filings on July 31, 2020, but the CTO remained in place due to the Company's failure to meet a deadline to file: (i) interim financial statements, (ii) the associated management's discussion and analysis, and (iii) certification of interim filings for the interim period ended March 31, 2020 (collectively, the "Interim Filings"). The Company filed the Interim Filings on August 14, 2020, and the CTO has now been fully revoked. Copies of the Annual Filings and the Interim Filings are available under the Company's SEDAR profile at www.sedar.com.

2. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production

programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

N/A

3. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

N/A

4. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

N/A

5. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

N/A

6. Describe the acquisition of new customers or loss of customers.

N/A

7. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

N/A

8. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

N/A

9. Report on any labour disputes and resolutions of those disputes if applicable.

N/A

10. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

N/A

11. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

N/A

12. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾
None	None	None	None

(1) State aggregate proceeds and intended allocation of proceeds.

13. Provide details of any loans to or by Related Persons.

N/A

14. Provide details of any changes in directors, officers or committee members.

Resignation of Elizabeth Stavola, Chief Strategy Officer and Director on August 4, 2020.

15. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing, could adversely impact the Company by causing operating, manufacturing, supply chain, and project development delays and disruptions, labor shortages, travel, and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). It is unknown whether and how the Company may be affected if such a pandemic persists for an extended period of time, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which the Company is subject. Although the Company has been deemed essential and/or has been permitted to continue operating its facilities in the states in which it cultivates, processes, manufactures, and sells cannabis during the pendency of the COVID-19 pandemic, subject to the implementation of certain restrictions on adult-use cannabis sales in both Massachusetts and Nevada, which have since been lifted, there is no assurance that the Company's operations will continue to be deemed essential and/or will continue to be permitted to operate. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results, financial condition and the trading price of the Company's common shares.

Regulatory Risks

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is in the early start-up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its members. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Passive Foreign Investment Company

There is a risk that the Company is a passive foreign investment company ("PFIC"). If the Company is a passive foreign investment company, its shareholders in the U.S. are likely subject to adverse U.S. tax consequences. Under U.S. federal income tax laws, if a company is a PFIC for any year, it could have adverse U.S. federal income tax consequences to a U.S. shareholder with respect to its investment in the Company's shares. The Company earns significant royalty and franchise revenue, which may be treated as passive income unless the royalty and franchise revenue is derived in the active conduct of a trade or business. Assessing whether royalty or franchise revenue received by the Company and its subsidiaries is derived in the active conduct of a trade or business involves substantial factual and legal ambiguity.

Therefore, whether the Company is a PFIC is unclear, and the Company believes there is a significant risk that the Company will be considered a PFIC currently or in the future. The Company has not yet made a determination as to whether the Company is a PFIC, and even if the Company were to make determinations of its PFIC status, there can be no assurances that the U.S. Internal Revenue Service will agree with such determinations. Furthermore, because PFIC determinations are made annually, it is possible that the Company will meet the requirements to be treated as a PFIC in one or more years but not meet such requirements in other years. U.S. shareholders should consult their own tax advisors regarding the potential adverse tax consequences to owning PFIC stock, and whether they are

able to and should make any elections or take other actions to mitigate such potential adverse tax consequences.

Cannabis-related Practices or Activities are Illegal Under U.S. Federal Laws

The concepts of “medical cannabis” and “retail cannabis” do not exist under U.S. federal law. The Federal Controlled Substances Act classifies “marihuana” as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law, nor will it provide a defence to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance.

Dividends

The Company does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated September 8, 2020.

Julius Kalcevich
Name of Director or Senior
Officer

"Julius Kalcevich"
Signature

CFO
Official Capacity

Issuer Details Name of Issuer iAnthus Capital Holdings, Inc.	For Month End August, 2020	Date of Report YY/MM/DD 20/09/04
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City/Province/Postal Code Toronto, ON M5H 4E3	Issuer Fax No. (778) 329- 9361	Issuer Telephone No. (647) 705-5544
Contact Name Julius Kalcevich	Contact Position CFO	Contact Telephone No. (647) 705-5544
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