

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: IAN

Number of Outstanding Listed Securities: 171,643,192

Date: December 31, 2019

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.

iAnthus Capital Holdings, Inc., (“the Company”) through its 100% owned subsidiary, iAnthus Capital Management, LLC, owns and operates licensed cannabis cultivators, processors and dispensaries throughout the United States. Founded by entrepreneurs with decades of experience in operations, capital markets, corporate finance, law and healthcare services, iAnthus provides a unique combination of capital and hands-on operating and management expertise to create unparalleled value for its shareholders. iAnthus allocates resources to each step of the operational process to achieve maximum growth.

The Company has been focusing on growing its pipeline of cannabis industry investments in order to maximize value for its shareholders.

On December 5, 2019, the Company received approval from the State of Massachusetts, to allow its subsidiary Mayflower Medicinals, Inc., commence construction in Worcester on its first adult-use retail dispensary. Worcester, the second largest city in Massachusetts, has a metropolitan area population of approximately 923,000 and is currently served by one other adult-use dispensary. The Company's new 2,837 sq. ft. dispensary is located at 645 Park Avenue along a busy retail and commercial thoroughfare, with ample safe and well-lit parking. The Company will continue to work with the Massachusetts Cannabis Control Commission ("CCC") to receive final approval from the State to commence operations once construction is complete, which is expected in late Q1 2020. The Worcester dispensary has been designed and planned in line with the Company's new retail concept. The Company expects to add two additional adult-use dispensaries in Massachusetts during 2020 subject to regulatory approval. The Company will continue to work with the Massachusetts Cannabis Control Commission ("CCC") to receive final approval from the state to commence operations once construction is complete, which is expected in late Q1 2020. The Worcester dispensary has been designed and planned in line with the Company's new retail concept. The Company expects to add two additional adult-use dispensaries in Massachusetts during 2020 subject to regulatory approval.

The Company's 36,000 sq. ft. marijuana cultivation and processing facility in Holliston, MA has been operational since January 2018 under a medical-only license. The CCC voted on November 7 to approve a final license at this facility for adult-use cultivation and production, subject to final inspection, allowing the Company to directly supply the state's rapidly growing adult use cannabis market with high-quality flower, concentrates, edibles, and other products. The Company anticipates opening a second cultivation and

processing facility in Fall River in early 2020. The 37,700 sq. ft. facility will include ethanol extraction equipment to enable the production the Company's popular MPX line.

On December 5, 2019, iAnthus shareholders approved the election of directors, the appointment of Marcum LLP as the Company's auditors, and the special resolution to alter the Notice of Articles and the Articles of the Company.

On December 12, 2019, the Company announced the opening of the GrowHealthy dispensary in Ocala, Florida. This brings the Company's total number of dispensaries in Florida to eleven and its system-wide total to 29. The new 3,900 square foot store is located at 2370 SW College Road. This is GrowHealthy's first dispensary in Marion County, serving a rapidly growing patient base from a population of over 350,000. The store is located in a heavy retail corridor near the Shady Oaks Shopping Center between I-75 and downtown Ocala. GrowHealthy plans to open an additional dispensary in Stuart, Florida later this month. Several additional stores will follow in early 2020 pending regulatory approvals. The Company currently has several additional sites under construction and a total of 11 more under lease.

On December 13, 2019, the Company announced that it reached over 2,600 retail stores in the United States in which its leading CBD-infused products were sold in. In addition to traditional retailers like Urban Outfitters, Dillard's, The Hallmark Store, and Wegman's, CBD For Life's products can now be found with top shelf placement in newsstands in hundreds of high traffic areas including rail stations, commuter terminals and airports. The Company also began a limited roll out of CBD For Life products with UNFI Distribution, the largest natural foods distribution company in the United States and Canada with over 43,000 customers including natural foods grocers, health food markets and superstores. CBD For Life products are also available online at CBDforlife.us, Dillards.com, UrbanOutfitters.com and recently relaunched at TheGrommet.com. CBD For Life's rubs were recently featured on the Yahoo.com holiday shopping guide 7 classy stocking stuffers they'll never guess are under \$25 USD, and the company has now reached over 1000 5-star product reviews.

On December 12, 2019, the Massachusetts CCC amended its quarantine of all cannabis vaping products, including allowing state-licensed operators to resume the sale of vaping products, which are manufactured on or after December 12th and tested for vitamin E acetate and other contaminants, including heavy metals. On December 17, 2019, the Company announced that its subsidiary, Mayflower Medicinals, Inc., will resume sales of vaping products in Massachusetts within the coming weeks.

On December 18, 2019, the Company announced the opening of its new dispensary in Phoenix, Arizona. The dispensary previously operated under "The Holistic Center" brand in Phoenix and was relocated to 21035 North Cave Creek Road, Suite C 3-4. The new location is 2,000 square feet and has 13 points of sale, double the number of the prior location. The newly renovated, fresh, modern facility also features an open layout that allows for a larger brand and product selection, better customer experience and shorter wait times. The new store has been designed in conjunction with the overall Be. store rebranding concept and will be converted to a Be. store with the other Arizona stores in early 2020.

The Company operates three other dispensaries in Arizona, which operate under the "Health for Life" brand. In aggregate, iAnthus has approximately 5% market share in the State of Arizona, including its wholesale business.

In addition to the increased retail capacity at Cave Creek, the Company added delivery service throughout the North Phoenix and East Mesa areas. MPX concentrates continue to be a category leader in Arizona and are carried in 54% of the states licensed dispensaries. Leveraging the strength of the MPX brand, the Company recently launched several new products including Black Label concentrates and MPX + Grow Sciences Full Spectrum Live Resin Cartridges.

On December 20, 2019, the Company announced the closing of the second tranche of the \$100M USD financing plan with Gotham Green Partners ("GGP") previously announced in September 2019. The second tranche consisted of \$36.15M USD of senior secured convertible notes (the "Notes") from GGP and additional co-investors. In aggregate, including its original investment made in May 2018, GGP has led investments totaling over \$106M USD into iAnthus. The Notes have been issued by iAnthus Capital Management, LLC, the Company's wholly owned subsidiary, have an annual coupon of 13%, payable quarterly, will mature on May 14, 2021, subject to iAnthus' right to extend the maturity date by twelve months, and are exchangeable into common shares of the Company at a conversion price of \$1.6104 USD, which represents a 25% premium to the closing price of the common shares on Wednesday, December 18, 2019. The notes are being issued with \$18.08M USD of attached three-year warrants with an exercise price of \$1.6748 USD. Additional Notes issued under the remaining tranche of the financing plan will have substantially the same terms, including conversion price and warrant coverage as the notes issued today, provided such tranche is completed within 45 days hereof and subject to compliance with the policies of the CSE.

The issuance of the Notes and any issuance of additional notes to GGP under the Company's financing plan are "related party transactions" as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") since GGP is a "related party" (as defined in MI 61-101) of the Company. Pursuant to certain requirements

of the Company being listed on the CSE, it has been determined that the fair market value of the transactions with GGP pursuant to the Company's financing plan did not exceed 25% of the Company's market capitalization when agreed and thus the Company is relying on the exemptions from the formal valuation requirement provided by sections 5.5(a) and 5.5(b) of MI 61-101 and is relying on the exemption from the minority approval requirement provided section 5.7(a) of MI 61-101.

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⁾ |
|------------------------|---|--|--|
| Warrants | 10,792,508 | <p>Issue Date: December 20, 2019</p> <p>Exercise Price: \$1.6748 USD</p> <p>Expiration Date: December 20, 2022</p> <p>Issuance was part of the second tranche of the \$100M USD financing plan with Gotham Green Partners.</p> | N/A |
| Convertible Debentures | <p>22,448,415 shares to be issued upon conversion of the debentures</p> <p>Equivalent to \$36.15M USD</p> | <p>Issue Date: December 20, 2019</p> <p>Conversion Price: \$1.6104 USD</p> <p>Maturity Date: May 14, 2021</p> <p>Issuance was part of the second tranche of the \$100M USD financing plan with Gotham Green Partners.</p> | <p>Fund expansion and build-out of existing operations.</p> <p>General Working Capital</p> |

(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.

Following the vote at the Annual General Meeting of iAnthus Shareholders on December 5, 2019, five new independent Board Members were added to the iAnthus Board:

- **Joy Chen**
- **Mark Dowley**
- **Diane Ellis**
- **Michael Muldowney**
- **Robert Whelan**

The following directors resigned from the iAnthus Board

- **Robert Petch**
- **Julius Kalcevich ⁽¹⁾**

(1) Julius Kalcevich continues to operate as Chief Financial Officer of iAnthus

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

N/A

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 December 31, 2019.

Julius Kalcevich
Name of Director or Senior
Officer

"Julius Kalcevich"
Signature

CFO & Corporate Secretary
Official Capacity

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| Issuer Details Name of Issuer iAnthus Capital Holdings, Inc. | For Month End December, 2019 | Date of Report YY/MM/DD 19/12/31 |
| Issuer Address 22 Adelaide Street West, Suite 2740 | | |
| City/Province/Postal Code Toronto, ON M5H 4E3 | Issuer Fax No. (778) 329- 9361 | Issuer Telephone No. (416) 591-1525 |
| Contact Name Julius Kalcevich | Contact Position CFO | Contact Telephone No. (416) 591-1525 |
| Contact Email Address Julius.kalcevich@ianthus.com | Web Site Address www.ianthuscapital.com | |