

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: December 8, 2021

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.

All references to currency in this Monthly Progress Report are in US dollars.

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 Provides Corporate Update and Notice of Florida Regulatory Approval for Recapitalization Transaction Change of Ownership

On November 4, 2021, iAnthus provided an update with respect to the Company's Annual General Meeting. As disclosed in the Company's news release dated June 16, 2021, the BC Registrar of Companies (the "BC Registrar") granted a further extension extending the deadline to hold the Company's Annual General Meeting for the year 2020 (the "2020 AGM") from June 30, 2021 to October 31, 2021. The BC Registrar has granted the Company a further two-month extension extending the deadline to hold the 2020 AGM from October 31, 2021 to December 31, 2021.

The Company also provides an update on its recapitalization transaction (the "Recapitalization Transaction"). As previously disclosed, securityholder approval and Court approval were two of the primary conditions for closing the Recapitalization Transaction, both of which conditions have been satisfied. The closing of the Recapitalization Transaction remains subject to certain closing conditions as set forth in the Restructuring Support Agreement dated July 10, 2020, as amended (the "RSA").

Specifically, certain of the transactions contemplated by the Recapitalization Transaction have triggered the requirement for an approval 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 in such states.

As disclosed in the Company's news release dated October 13, 2021, regulatory approvals in Florida, Massachusetts, New York and Maryland necessary to close the Recapitalization Transaction were outstanding. As of November 4, 2021, the Company announced that the Florida Department of Health (Office of Medical Marijuana Use), by notice dated October 29, 2021, approved the variance request pursuant to section 381.986(8)(e) of the Florida Statutes by the Company's subsidiary, McCrory's Sunny Hill Nursery, LLC (dba GrowHealthy) to approve the change of ownership transactions contemplated by the Recapitalization Transaction. As of November 4, 2021, regulatory approvals in Massachusetts, New York and Maryland are still outstanding.

iAnthus Reports Third Quarter 2021 Financial Results

On November 8, 2021, iAnthus reported its financial results for the three months and nine months ended September 30, 2021. The Company's Quarterly Report on Form 10-Q, which includes its unaudited interim condensed consolidated financial statements for the three months and nine months ended September 30, 2021 and the related management's discussion and analysis of financial condition and results of operations, can be accessed on the Securities and Exchange Commission's ("SEC") website at www.sec.gov, the Company's SEDAR profile at www.sedar.com, and on the Company's website at www.iAnthus.com. The Company became a U.S. reporting company effective February 5, 2021. As such,

the Company's financial statements are reported in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). All currency is expressed in U.S. dollars.

Third Quarter 2021 Financial Highlights

- Revenue of \$49.3 million, up 21% from the same quarter in the prior year.
- Gross Profit of \$26.1 million, up 4% from the same quarter in the prior year.
- Gross Margin of 52.9%, reflecting a decrease of 8.9% from 61.8% in the same quarter in the prior year.
- Net loss of \$15.8 million, or a loss of \$0.09 per share, compared to a net loss of \$25.5 million, or a loss of \$0.15 per share, in the same quarter in the prior year.
- Adjusted EBITDA of \$7.8 million, up from \$6.4 million from the same quarter in the prior year. EBITDA and Adjusted EBITDA are non-GAAP measures. Reconciliation tables to GAAP of EBITDA and Adjusted EBITDA as used in this news release are included below.
- Due to liquidity constraints experienced by the Company, the Company did not make applicable interest payments due on its 13% senior secured convertible debentures ("Secured Notes") and its 8% convertible unsecured debentures ("Unsecured Debentures") due during 2020. As previously disclosed, the non-payment of interest in March 2020 triggered an event of default with respect to these components of the Company's long-term debt, which, as of September 30, 2021, consisted of principal amounts at face value of \$97.5 million and \$60.0 million, and accrued interest of \$26.9 million and \$8.4 million, on the Secured Notes and Unsecured Debentures, respectively. In addition, as a result of the default, as of September 30, 2021, the Company has accrued additional fees and interest of \$15.0 million ("Exit Fees") in excess of the aforementioned amounts that are further detailed in the Company's financial statements.
- As disclosed in the Company's filings with the applicable Canadian securities regulators and the SEC, the Company entered into the RSA with the holders of its Secured Notes (the "Secured Lenders") and a majority of the holders of its Unsecured Debentures (the "Consenting Unsecured Debentureholders") to effectuate the Recapitalization Transaction to be implemented by way of a court-approved plan of arrangement ("Plan of Arrangement") under the Business Corporations Act (British Columbia). Pursuant to the terms of the Recapitalization Transaction and subject to the closing thereof, the Company is required to issue an aggregate of 6,072,579,699 common shares upon the extinguishment of (i) \$22.5 million of Secured Notes (including the Exit Fees) plus interest accrued thereon, (ii) \$40.0 million of Unsecured Debentures plus interest accrued thereon, and (iii) interest accrued above the principal amount of \$14.7 million of the interim financing provided by the Secured Lenders. The Recapitalization Transaction remains subject to the receipt of all necessary regulatory approvals and approval by the Canadian Securities Exchange. In addition, as disclosed in the Company's news release dated November 4, 2021, the regulatory approvals by state-level

regulators in Massachusetts, New York and Maryland¹ necessary to close the Recapitalization Transaction remain outstanding. The financial highlights herein do not give effect to the consummation of the Recapitalization Transaction.

A copy of the RSA and the amendment thereto are available under the Company's SEDAR profile at www.sedar.com and were filed on July 20, 2020 and June 21, 2021, respectively, and on the SEC's website at www.sec.gov.

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.

During the month of November, the Company launched the following products in Florida:

- **0.5 gram vape cartridge and syringe blend "Cramberry Blaze" under existing brand name "Signature Blend Series"**

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.

¹ In New Jersey, a change of control approval is not required at the present time because the Company is awaiting approval by the Cannabis Regulatory Commission ("CRC") for the Company to close its acquisition of 100% of the equity interests in New Jersey license holder MPX New Jersey, LLC ("MPX NJ"), pursuant to certain contractual agreements (the "Agreements", and the approval application before the CRC, the "Amended Permit Application"). The Company has a reasonable expectation that approval of the Amended Permit Application will be listed for consideration by the CRC on its monthly agenda in the next sixty (60) days or sooner and, upon any such approval thereof and the closing of the acquisition within no later than five (5) business days thereafter, as set forth in the Agreements, a prior regulatory approval for the change of beneficial ownership of MPXNJ that would result from the Recapitalization Transaction will be required as a condition to closing under the RSA.

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.

Update on U.S. Class Action Complaint and Complaint Filed by Hi-Med, LLC

On September 1, 2021, iAnthus announced the dismissal of the previously disclosed consolidated actions (the "Consolidated U.S. Actions") in the United States District Court for the Southern District of New York (the "Court"). The Consolidated Actions include: (a) various shareholder class action claims filed against, among others, iAnthus and certain of its current and former officers and directors, alleging violations of U.S. securities laws; and (b) a complaint filed by Hi-Med, LLC, a holder of an unsecured debenture in the principal amount of US \$5 million (the "Unsecured Debenture") against iAnthus and certain of its current and former officers and directors alleging violations of U.S. securities laws and breaches of the Unsecured Debenture and the related Debenture Purchase Agreement.

Pursuant to the Court's memorandum of opinion dated August 30, 2021, the plaintiffs were granted the right to move for leave to file proposed second amended complaints by September 30, 2021. Each plaintiff moved for leave to file second amended complaints, and the Court granted the plaintiffs' motions for leave to file second amended complaints. iAnthus will continue to vigorously defend its interests in court.

iAnthus Announces Appeal of Recent Ruling by the Ontario Superior Court of Justice

On November 10, 2021, iAnthus provided an update with respect to the Company's review of the Ontario Superior Court of Justice's decision released on October 12, 2021 (the "Decision").

Background

iAnthus entered into the RSA with the Lenders on July 10, 2020, which was amended on June 15, 2021.² The RSA contemplated a future Recapitalization Transaction whereby the principal amount of iAnthus' liabilities to the Lenders would be reduced and, in exchange, the Lenders would acquire 97.25% of the equity in iAnthus (for further details on the Recapitalization Transaction, see the Company's Management Information Circular dated August 14, 2020, a copy of which is available under the Company's SEDAR profile at www.sedar.com).

The RSA contemplated that the Recapitalization Transaction would close by the "Outside Date", failing which, each of the parties would have the right to terminate. The Outside Date chosen by the parties was initially June 30, 2021, but was extended by agreement among the parties to August 31, 2021 when the RSA was amended.

The Recapitalization Transaction has not closed. Necessary regulatory approvals are outstanding from certain U.S. state cannabis regulators.

On August 23, 2021, the Applicants³ had issued an application (the "Application") with the Ontario Superior Court of Justice seeking declaratory relief validating their purported unilateral extension of the Outside Date from August 31, 2021 to "the date on which any regulatory approval or consent condition to implementation of the [Recapitalization Transaction] is satisfied or waived". The Application was heard on the merits on September 23, 2021.

On October 12, 2021, Justice Penny of the Ontario Superior Court of Justice granted the declaration sought by the Applicants and ordered that the Outside Date in the RSA is extended to the date on which all regulatory approvals or consent conditions are satisfied or waived.

Appeal

The Company's board of directors (the "Board") reviewed the Decision with its legal advisors and the Board has determined to appeal, as is its right, to the Ontario Court of Appeal. The Company's Notice of Appeal was served on the Lenders and filed today.

iAnthus will continue to comply with all of its obligations and pursue all of its rights under the RSA. As of November 10, 2021, prior regulatory approvals in New York,

² "Lenders" refers to the Applicants, Gotham Green Partners, LLC and Gotham Green Admin 1, LLC as well as certain of the Respondents in the Application, Oasis Investments II Master Fund Ltd., Hadron Healthcare and Consumer Special Opportunities Master Fund, Senvest Global (KY), LP, and Senvest Master Fund, LP, who all together are the Respondents on the appeal.

³ "Applicants" refers to Gotham Green Partners, LLC and Gotham Green Admin 1, LLC.

Maryland and Massachusetts necessary to close the Recapitalization Transaction are still outstanding.⁴

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.

N/A

⁴ In New Jersey, a change of control approval is not required at the present time because the Company is awaiting approval by the CRC for the Company to close its acquisition of 100% of the equity interests in New Jersey license holder MPX NJ, pursuant to certain Agreements. The Company has a reasonable expectation that approval of the Amended Permit Application will be listed for consideration by the CRC on its monthly agenda in the next sixty (60) days or sooner and, upon any such approval thereof and the closing of the acquisition within no later than five (5) business days thereafter, as set forth in the Agreements, a prior regulatory approval for the change of beneficial ownership of MPXNJ that would result from the Recapitalization Transaction will be required as a condition to closing under the RSA.

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 “marijuana” 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 defense 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 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 8, 2021.

Julius Kalcevich
Name of Director or Senior
Officer

"Julius Kalcevich"
Signature

CFO
Official Capacity

Issuer Details Name of Issuer	For Month End November, 2021	Date of Report YY/MM/DD 21/12/08
iAnthus Capital Holdings, Inc.		
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. (647) 705-5544
Contact Name Julius Kalcevich	Contact Position CFO	Contact Telephone No. (647) 705-5544
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