CANADA

PROVINCE OF ONTARIO

TOWN OF RICHMOND HILL

AFFIDAVIT OF MAILING

In the matter of the Special Meeting of Security Holders of iAnthus Capital Holdings, Inc. (the "Client") to be held on September 14, 2020.

I, Hifzur Subedar, of the Town of Richmond Hill, Province of Ontario, make oath and say as follows:

1. THAT I am an administrator for Computershare Investor Services Inc.;
2. THAT Computershare Investor Services Inc. has been appointed by the Client to complete this mailing;
3. THAT the documents listed in this Affidavit were mailed to security holders of the Client as indicated below:

Mailing Number	Class	Holder Type
1	Unsecured Debentureholder	Plans

4. THAT the following documents were mailed on August 19, 2020, to security holders of the Client as indicated above, to their address of record at the close of business on August 6, 2020, *excluding those holders who have had mail returned as undeliverable the required number of times under the relevant business corporations act*:

Exhibits	Documents	Mailing Number	English	French	Bilingual
A	Form of Proxy	1	X		
B	Combined Notice / Circular	1	X		
C	Reply Envelope Prepaid - Canada	1			X
D	Reply Envelope Prepaid - U.S.	1	X		
E	Reply Envelope Prepaid - International	1	X		

true copies of which are attached hereto;

Hifzur Subedar

SWORN to before me in the Town of Richmond Hill, Province of Ontario, this 9th day of September 2020

COMMISSIONER FOR OATHS

Fung Wan Yin Annie
Commissaire à l'assermentation / Commissioner of Oaths #202349 Pour le Québec, avec juridiction dans tout le Canada et tous les pays / For Quebec with jurisdiction across Canada and all countries
Expire le 13 novembre 2021 / Expires November 13, 2021.

iAnthus Capital Holdings, Inc.

This is Exhibit A as Referred to in the Affidavit of Hafeez Sugeer

A Commissioner, etc.

Fung Wan Yin Annie
Commissaire à l'assermentation / Commissioner of Oaths #202349 Pour le Québec, avec juridiction dans tout le Canada et tous les pays / For Quebec with jurisdiction across Canada and all countries
Expire le 13 novembre 2021 / Expires November 13, 2021

Computershare

8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
www.computershare.com

Security Class

Holder Account Number

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Form of Proxy - Meeting of Unsecured Debentureholders to be held on Monday, September 14, 2020

This Form of Proxy is solicited by and on behalf of management of iAnthus Capital Holdings, Inc. ("Management").

Notes to proxy

1. **Every holder has the right to appoint some other person or company of their choice, who need not be a holder, to attend and act on their behalf at the meeting or any adjournment or postponement thereof. If you wish to appoint a person or company other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).**
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered owners should sign this proxy. If you are voting on behalf of a corporation or another individual you must sign this proxy with signing capacity stated, and you may be required to provide documentation evidencing your power to sign this proxy.
3. This proxy should be signed in the exact manner as the name(s) appear(s) on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by Management to the holder.
5. **The securities represented by this proxy will be voted as directed by the holder, however, if such a direction is not made in respect of any matter, this proxy will be voted at the discretion of the proxyholder.**
6. The securities represented by this proxy will be voted for or against the matter described herein in accordance with the instructions of the holder, on any ballot that may be called for and, if the holder has specified a choice with respect to any matter to be acted on, the securities will be voted accordingly.
7. This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting or any adjournment or postponement thereof.
8. This proxy should be read in conjunction with the accompanying documentation provided by Management.

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Proxies submitted must be received by 10:00 am (Vancouver time) on Thursday, September 10, 2020

VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!

To Vote Using the Telephone

- Call the number listed BELOW from a touch tone telephone.

1-866-732-VOTE (8683) Toll Free

To Vote Using the Internet

- Go to the following web site: www.investorvote.com
- **Smartphone?** Scan the QR code to vote now.

To Receive Documents Electronically

- You can enroll to receive future securityholder communications electronically by visiting www.investorcentre.com.

To Virtually Attend the Meeting

- You can attend the meeting virtually by visiting the URL provided on the back of this proxy.

If you vote by telephone or the Internet, DO NOT mail back this proxy.

Voting by mail may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.
Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER listed below.

CONTROL NUMBER

Appointment of Proxyholder

I/We being holder(s) of securities of iAnthus Capital Holdings, Inc. hereby appoint: Randy Maslow, President and Interim CEO, or failing him, Julius Kalcevich, Chief Financial Officer

OR

Print the name of the person you are appointing if this person is someone other than the Management nominees.

Note: If completing the appointment box above YOU MUST go to http://www.computershare.com/ianthus2 and provide Computershare with the name and email address of the person you are appointing. Computershare will use this information ONLY to provide the appointee with a user name to gain entry to the online meeting.

as my/our proxyholder with full power of substitution and to attend, act and to vote for and on behalf of the securityholder in accordance with the following direction (or if no directions have been given, as the proxyholder sees fit) and all other matters that may properly come before the Meeting of holders of 8.00% Unsecured Debentures due March 15, 2023 of iAnthus Capital Holdings, Inc. to be held virtually at https://web.lumiagm.com/462611187 on Monday, September 14, 2020 at 10:00 am (Vancouver time) and at any adjournment or postponement thereof.

VOTING RECOMMENDATIONS ARE INDICATED BY HIGHLIGHTED TEXT OVER THE BOXES.

	For	Against
1. Unsecured Debentureholders' Arrangement Resolution		
To consider, and if deemed advisable, to pass, with or without variation, a resolution, the full text of which is set out in Appendix B to the management information circular of iAnthus Capital Holdings, Inc. dated August 14, 2020 (the "Circular"), approving an arrangement pursuant to Section 288 of the *Business Corporations Act* (British Columbia), as more particularly described in the Circular.	☐	☐

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Fold

Authorized Signature(s) – This section must be completed for your instructions to be executed.

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the Meeting. **If no voting instructions are indicated above, this Proxy will be voted at the discretion of the proxyholder.**

Signature(s)

Date

MM / DD / YY

iAnthus

NOTICE OF MEETING OF HOLDERS OF CERTAIN SECURED DEBT OF IANTHUS CAPITAL MANAGEMENT, LLC

AND

NOTICE OF MEETING OF HOLDERS OF CERTAIN UNSECURED DEBT OF IANTHUS CAPITAL HOLDINGS, INC.

AND

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS, OPTIONHOLDERS AND WARRANTHOLDERS OF IANTHUS CAPITAL HOLDINGS, INC.

TO BE HELD ON SEPTEMBER 14, 2020

AND

MANAGEMENT INFORMATION CIRCULAR

with respect to a proposed

PLAN OF ARRANGEMENT

AND

RECAPITALIZATION TRANSACTION

DATED AUGUST 14, 2020

These materials are important and require your immediate attention. They require you to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. If you have any questions or require more information with regard to voting your securities or should you wish to obtain additional copies of these materials, please contact iAnthus' Proxy Solicitation Agent:

Laurel Hill Advisory Group

North American Toll-Free Number: 1-877-452-7184

Outside North America: 1-416-304-0211

Email: assistance@laurelhill.com

iAnthus

August 14, 2020

To the holders (the "**Secured Noteholders**") of:	13% senior secured debentures (the "**Secured Notes**") issued by iAnthus Capital Management, LLC ("**ICM**"), a wholly-owned subsidiary of the Company (as defined below)
And to the holders (the "**Unsecured Debentureholders**") of:	8% convertible unsecured debentures (the "**Unsecured Debentures**") issued by iAnthus Capital Holdings, Inc. ("**iAnthus**", the "**Company**", "**we**" or "**us**")
And to the holders (the "**Existing Common Shareholders**") of:	common shares ("**Common Shares**") of the Company
And to the holders (the "**Optionholders**") of:	options to purchase Common Shares ("**Options**")
And to the holders (the "**Warrantholders**") of:	warrants to purchase Common Shares ("**Warrants**")

As previously announced, since April 2020, iAnthus, through an independent special committee of its board of directors (the "**Special Committee**"), has been engaged in a comprehensive process to explore and evaluate strategic alternatives available to iAnthus, including but not limited to the restructuring of the Company and its subsidiaries and other potential strategic transactions with a view to reducing the Company's outstanding indebtedness and annual interest costs, improving its capital structure and liquidity and enhancing its financial foundation. iAnthus, with the assistance of its legal and financial advisors, has engaged in extensive discussions and consultations with numerous parties, including but not limited to the holders of a significant amount of the Secured Notes and Unsecured Debentures. Based on this strategic review, on July 13, 2020, the Company announced that it has entered a restructuring support agreement (the "**Support Agreement**") with all of the Secured Noteholders and certain Unsecured Debentureholders who hold approximately 91% of the outstanding Unsecured Debentures (the "**Initial Supporting Unsecured Debentureholders**") to effect a proposed recapitalization transaction (the "**Recapitalization Transaction**") that we believe represents the best available alternative to improve our capital structure and maximize the value of the Company for our stakeholders.

The Recapitalization Transaction

The Recapitalization Transaction is described in detail in the accompanying management information circular (the "**Circular**") and includes the following key terms:

- the Secured Notes will be amended to: (i) reduce the principal balance from approximately US$97.5 million, plus accrued and unpaid interest and fees, to US$85 million (the "**Restructured Senior Debt**"); (ii) reduce the interest rate by 5% per annum; (iii) eliminate cash pay interest; (iv) extend the original maturity date by over four years; (v) remove the conversion feature; and (vi) effect the other amendments summarized in Appendix G to the Circular (the "**New Secured Notes**"). The principal amount of the Restructured Senior Debt has increased by the principal amount of an interim cash financing in the amount of approximately US$14.7 million provided by certain of the Secured Noteholders (the "**Interim Lenders**" and together with the Secured Noteholders, the "**Secured Lenders**") to ICM on substantially the same terms as the Restructured Senior Debt resulting in an aggregate principal amount of approximately US$99.7 million;

- the principal amount of Unsecured Debentures, plus accrued and unpaid interest and fees, will be exchanged for the Common Shares and New Unsecured Notes described below and will no longer be outstanding;

- ICM will issue an aggregate principal amount of US$20 million of unsecured notes (the "**New Unsecured Notes**") to the Unsecured Debentureholders (US$15 million) and the Secured Lenders (US$5 million), to be allocated amongst such persons on a *pro rata* basis. The New Unsecured Notes will be subordinate to the New Secured Notes, but will have priority over the Common Shares and will carry an 8% payment in kind annual interest rate, compounding quarterly. The New Unsecured Notes will be non-convertible, will mature five years after the completion of the Recapitalization Transaction and will be non-callable for a period of three years, all as more particularly described in Appendix D to the Circular;

- the Secured Lenders, on the one hand, and the Unsecured Debentureholders, on the other hand, will each be issued an equal amount of Common Shares such that each will own 48.625% of the Common Shares upon completion of the Recapitalization Transaction (50% each if completed through the CCAA Proceedings (as defined in the Circular)), allocated to the holders thereof in accordance with their Secured Lender Pro Rata Share or Unsecured Debentureholder Pro Rata Share (as each term is defined in the Circular), as applicable;

- only if the Recapitalization Transaction is consummated through the Arrangement Proceedings (as defined in the Circular), the Existing Common Shareholders will retain ownership of Common Shares representing 2.75% of the issued and outstanding Common Shares following completion of the Recapitalization Transaction (the "**Common Shareholder Interest**"). If the Recapitalization Transaction is not consummated through the Arrangement Proceedings, including if requisite approvals are not obtained, it is anticipated that the Recapitalization Transaction will be pursued by way of the CCAA Proceedings. If the Recapitalization Transaction is completed through the CCAA Proceedings, the Existing Common Shareholders will not retain ownership of any Common Shares and the Common Shareholder Interest will instead be allocated equally as among the Secured Lenders and Unsecured Debentureholders; and

- all existing Options and Warrants will be cancelled upon completion of the Recapitalization Transaction, and the Company anticipates allocating an amount of equity to be made available for management, employee, and director incentives, as may be determined from time to time by the New Board (as defined in the Circular) following implementation of the Recapitalization Transaction.

The Recapitalization Transaction will reduce the Company's total consolidated debt, as of March 31, 2020, by approximately $54.7 million, and its annual cash interest expense will be eliminated. Obligations to employees, customers, suppliers and governmental authorities will not be affected by the Recapitalization Transaction and will continue to be satisfied in the ordinary course.

Following implementation of the Arrangement (as defined below), the Common Shares may be consolidated pursuant to a yet-to-be decided consolidation ratio. Such consolidation, if implemented, would be subject to applicable corporate approval along with applicable CSE filings and applicable CSE approval. Under iAnthus' articles, iAnthus may subdivide or consolidate all or any of its Common Shares by a resolution of the Board of Directors (as defined below).

The Support Agreement

Pursuant to the Support Agreement, all of the Secured Noteholders and the Initial Supporting Unsecured Debentureholders, who hold approximately 91% of the outstanding Unsecured Debentures, have agreed to, among other things, support the Recapitalization Transaction and will vote their Secured Notes, Unsecured Debentures and Existing Equity (as defined in the Circular) in favour of the various resolutions required to implement the Arrangement at the Secured Noteholders' Meeting, the Unsecured Debentureholders' Meeting and the Equityholders' Meeting, respectively (as such terms are defined in the Circular). In addition, the Interim Lenders have agreed to support the Recapitalization Transaction and to provide all such consents as are necessary or advisable to give effect to the Arrangement.

Recommendations of Special Committee and Board of Directors

PricewaterhouseCoopers LLP ("**PwC**") has provided an opinion (the "**Fairness Opinion"**) to the Company's board of directors (the "**Board of Directors**") to the effect that, as of July 28, 2020, and based upon PwC's scope of review and subject to the assumptions made, matters considered and limitations and qualifications set forth therein, the Recapitalization Transaction is fair, from a financial point of view, to Existing Common Shareholders. The Fairness Opinion was prepared for the sole use of the Board and Special Committee as one factor among others to consider in deciding whether to approve the Recapitalization Transaction. The Fairness Opinion may not be relied upon by any other party.

After careful consideration and based on a number of factors, including the Fairness Opinion and the recommendation of the Special Committee, and upon consultation with its financial advisors and outside legal counsel, the Board of Directors has unanimously: (a) approved the Recapitalization Transaction; (b) authorized the submission of the Arrangement to the Securityholders and the Court for their respective approvals; and (c) determined that the Recapitalization Transaction is in the best interests of iAnthus and its stakeholders. The Board of Directors unanimously recommends that all Secured Noteholders, Unsecured Debentureholders, Existing Common Shareholders, Optionholders and Warrantholders vote in favour of the Arrangement. The accompanying Circular contains a detailed description of the reasons for the determination and recommendations of the Board of Directors.

Securityholder Meetings and Vote

The Recapitalization Transaction will be implemented pursuant to an arrangement pursuant to section 288 of the *Business Corporations Act* (British Columbia) (the "**Arrangement**") on the terms and subject to the conditions set forth in the plan of arrangement attached as Appendix F to the Circular. Secured Noteholders will be asked to approve the Arrangement at the Secured Noteholders' Meeting scheduled to be held at 9:00 a.m. (Vancouver time) on September 14, 2020. Unsecured Debentureholders will be asked to approve the Arrangement at the Unsecured Debentureholders' Meeting scheduled to be held at 10:00 a.m. (Vancouver time) on September 14, 2020. Existing Common Shareholders, Optionholders and Warrantholders will be asked to approve the Arrangement at the Equityholders' Meeting to be held at 11:00 a.m. (Vancouver time) on September 14, 2020.

Management of iAnthus and the Board of Directors believe that it is extremely important that the Arrangement be approved and implemented in order to improve iAnthus' capital structure and liquidity, placing the Company in a stronger position to pursue its business strategy in the future. We urge you to give serious attention to the Arrangement and to support it virtually or by proxy at the appropriate meeting on September 14, 2020. We hope that we will receive your support.

Yours very truly,

(signed) *"Randy Maslow"*

President and Interim Chief Executive Officer of iAnthus Capital Holdings, Inc. and President of iAnthus Capital Management, LLC

This material is important and requires your immediate attention. The transactions contemplated in the Recapitalization Transaction are complex. The accompanying Circular contains a description of the Arrangement, and other information concerning iAnthus to assist you in considering this matter. You are urged to review this information carefully. Should you have any questions or require assistance in understanding and evaluating how you will be affected by the proposed Arrangement, please consult your financial, legal, tax or other professional advisors.

If Secured Noteholders, Unsecured Debentureholders, Existing Common Shareholders, Optionholders or Warrantholders have any questions or require more information with regard to voting their Secured Notes, Unsecured Debentures, Common Shares, Options or Warrants, as applicable, they should contact Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com.

IANTHUS CAPITAL MANAGEMENT, LLC

NOTICE OF MEETING OF SECURED NOTEHOLDERS

TO HOLDERS OF THE 13.0% SENIOR SECURED NOTES DUE MAY 2021 OF IANTHUS CAPITAL MANAGEMENT, LLC (the "Secured Notes"):

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Supreme Court of British Columbia (the "**Court**") dated August 6, 2020, a meeting (the "**Secured Noteholders' Meeting**") of the registered holders (the "**Secured Noteholders**") of the Secured Notes of iAnthus Capital Management, LLC ("**ICM**") will be held on September 14, 2020, at 9:00 a.m. (Vancouver time) virtually via live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/402960192, for the following purposes:

1. to consider, and if deemed advisable, to pass, with or without variation, a resolution (the "**Secured Noteholders' Arrangement Resolution**"), the full text of which is set out in Appendix A to the accompanying management information circular (the "**Circular**"), approving an arrangement (the "**Arrangement**") pursuant to Section 288 of the *Business Corporations Act* (British Columbia), which Arrangement is more particularly described in the Circular; and

2. to transact such other business as may properly come before the Secured Noteholders' Meeting or any adjournment thereof.

In addition to the Secured Noteholders' Arrangement Resolution, copies of the Plan of Arrangement implementing the Arrangement and the Interim Order (as such terms are defined in the Circular) are attached to the Circular as Appendices F and I, respectively.

The record date (the "**Record Date**") for entitlement to notice of the Secured Noteholders' Meeting has been set by the Court, subject to any further order of the Court, as August 6, 2020. At the Secured Noteholders' Meeting, each Secured Noteholder as of the Record Date will have one vote for each $1,000 of principal amount of Secured Notes owned by such Secured Noteholder at the Record Date.

Subject to any further order of the Court, the Court has set the quorum for the Secured Noteholders' Meeting as the presence, virtually or by proxy, of two or more persons entitled to vote at the Secured Noteholders' Meeting.

A Secured Noteholder may attend the Secured Noteholders' Meeting virtually or may appoint another person as proxyholder. The form of Secured Noteholder Proxy (the "**Secured Noteholder Proxy**") accompanying the Circular nominates Julius Kalcevich and Randy Maslow and either one of them with full power of substitution as proxyholders. A Secured Noteholder may appoint another person as its proxyholder by inserting the name of such person in the space provided in the Secured Noteholder Proxy, or by completing another valid form of proxy. Persons appointed as proxyholders need not be Secured Noteholders.

Subject to any further order of the Court, the vote required to pass the Secured Noteholders' Arrangement Resolution is the affirmative vote of a majority in number of the Secured Noteholders who represent at least 75% in value of the Secured Notes, in each case present virtually or by proxy at the Secured Noteholders' Meeting and entitled to vote on the Secured Noteholders' Arrangement Resolution.

The implementation of the Plan of Arrangement, which is attached as Appendix F to the Circular, is also subject to: (i) approval by the holders of 8.0% unsecured convertible debentures of iAnthus Capital Holdings, Inc. ("**iAnthus**") due March 15, 2023 (the "**Unsecured Debentureholders**") at a meeting of the Unsecured Debentureholders; (ii) approval by the holders of common shares, options and warrants of iAnthus at a special meeting (the "**Equityholders' Meeting**") of the holders of equity securities of iAnthus; (iii) approval of the Court; and (iv) the satisfaction or waiver of certain other conditions as more fully described in the Circular. The Unsecured Debentureholders' meeting and the Equityholders' Meeting are scheduled to be heard at 10:00 a.m. (Vancouver time) and 11:00 a.m. (Vancouver time), respectively, on September 14, 2020 virtually via live audio webcast available online using the LUMI meeting platform.

To proactively deal with the unprecedented public health impact of the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, securityholders, employees and other stakeholders, the Company will hold the Secured Noteholders' Meeting in a virtual only format via live webcast online.

DATED at Toronto, Ontario, this 14th day of August 2020.

By Order of the Sole Member and Manager of
iAnthus Capital Management, LLC

Randy Maslow (signed)
President

If you are a Secured Noteholder, whether or not you are able to be present at the Secured Noteholders' Meeting you are requested to vote following the instructions provided on the Secured Noteholders' Proxy using one of the available methods. In order to be effective, proxies must be received by Computershare Investor Services Inc. prior to 9:00 a.m. (Vancouver time) on September 10, 2020 (or, in the event that the Secured Noteholders' Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays in the Province of British Columbia) before the adjourned or postponed Secured Noteholders' Meeting) at the following address:

By Hand, by Courier or by Registered Mail:

Computershare Investor Services Inc.
8th Floor, 100 University Avenue
Proxy Department
Toronto, Ontario M5J 2Y1

The time limit for deposit of proxies may be waived or extended by the Chair of the Secured Noteholders' Meeting at his or her discretion, without notice.

If Secured Noteholders have any questions about obtaining and completing proxies, they should contact Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com.

IANTHUS CAPITAL HOLDINGS, INC.

NOTICE OF MEETING OF UNSECURED DEBENTUREHOLDERS

TO HOLDERS OF THE 8.0% UNSECURED DEBENTURES DUE MARCH 15, 2023 OF IANTHUS CAPITAL HOLDINGS, INC. (the "Unsecured Debentures"):

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Supreme Court of British Columbia (the "**Court**") dated August 6, 2020, a meeting (the "**Unsecured Debentureholders' Meeting**") of the registered holders (the "**Unsecured Debentureholders**") of the Unsecured Debentures of iAnthus Capital Holdings, Inc. ("**iAnthus**") will be held on September 14, 2020, at 10:00 a.m. (Vancouver time) virtually via live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/462611187, for the following purposes:

1. to consider, and if deemed advisable, to pass, with or without variation, a resolution (the "**Unsecured Debentureholders' Arrangement Resolution**"), the full text of which is set out in Appendix B to the accompanying management information circular (the "**Circular**"), approving an arrangement (the "**Arrangement**") pursuant to Section 288 of the *Business Corporations Act* (British Columbia), which Arrangement is more particularly described in the Circular; and

2. to transact such other business as may properly come before the Unsecured Debentureholders' Meeting or any adjournment thereof.

In addition to the Unsecured Debentureholders' Arrangement Resolution, copies of the Plan of Arrangement implementing the Arrangement and the Interim Order (as such terms are defined in the Circular) are attached to the Circular as Appendices F and I, respectively.

The record date (the "**Record Date**") for entitlement to notice of the Unsecured Debentureholders' Meeting has been set by the Court, subject to any further order of the Court, as August 6, 2020. At the Unsecured Debentureholders' Meeting, each Unsecured Debentureholder as of the Record Date will have one vote for each $1,000 of principal amount of Unsecured Debentures owned by such Unsecured Debentureholder at the Record Date.

Subject to any further order of the Court, the Court has set the quorum for the Unsecured Debentureholders' Meeting as the presence, virtually or by proxy, of two or more persons entitled to vote at the Unsecured Debentureholders' Meeting.

An Unsecured Debentureholder may attend the Unsecured Debentureholders' Meeting virtually or may appoint another person as proxyholder. The form of Unsecured Debentureholder Proxy (the "**Unsecured Debentureholder Proxy**") nominates Julius Kalcevich and Randy Maslow and either one of them with full power of substitution as proxyholders. An Unsecured Debentureholder may appoint another person as its proxyholder by inserting the name of such person in the space provided in the Unsecured Debentureholder Proxy, or by completing another valid form of proxy. Persons appointed as proxyholders need not be Unsecured Debentureholders.

Subject to any further order of the Court, the vote required to pass the Unsecured Debentureholders' Arrangement Resolution is the affirmative vote of a majority in number of the Unsecured Debentureholders who represent at least 75% in value of the Unsecured Debentures, in each case present virtually or by proxy at the Unsecured Debentureholders' Meeting and entitled to vote on the Unsecured Debentureholders' Arrangement Resolution.

The implementation of the Plan of Arrangement, which is attached as Appendix F to the Circular, is also subject to: (i) approval by the holders of 13.0% senior secured notes of iAnthus Capital Management, LLC due May 2021 (the "**Secured Noteholders**") at a separate meeting of the Secured Noteholders; (ii) approval by the holders of common shares, options and warrants of iAnthus at a special meeting (the "**Equityholders' Meeting**") of the holders of equity securities of iAnthus; (iii) approval of the Court; and (iv) the satisfaction or waiver of certain other conditions as more fully described in the Circular. The Secured Noteholders' meeting and the Equityholders' Meeting are scheduled to

be heard at 9:00 a.m. (Vancouver time) and 11:00 a.m. (Vancouver time), respectively, on September 14, 2020 virtually via live audio webcast available online using the LUMI meeting platform.

To proactively deal with the unprecedented public health impact of the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, securityholders, employees and other stakeholders, the Company will hold the Unsecured Debentureholders' Meeting in a virtual only format via live webcast online.

DATED at Toronto, Ontario, this 14th day of August 2020.

By Order of the Board of Directors of
iAnthus Capital Holdings, Inc.

Randy Maslow (signed)
President and Interim Chief Executive Officer

If you are an Unsecured Debentureholder, whether or not you are able to be present at the Unsecured Debentureholders' Meeting you are requested to vote following the instructions provided on the Unsecured Debentureholder Proxy using one of the available methods. In order to be effective, proxies must be received by Computershare Investor Services Inc. prior to 10:00 a.m. (Vancouver time) on September 10, 2020 (or, in the event that the Unsecured Debentureholders' Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays in the Province of British Columbia) before the adjourned or postponed Unsecured Debentureholders' Meeting) at the following address:

By Hand, by Courier or by Registered Mail:

Computershare Investor Services Inc.
8th Floor, 100 University Avenue
Proxy Department
Toronto, Ontario M5J 2Y1

The time limit for deposit of proxies may be waived or extended by the Chair of the Unsecured Debentureholders' Meeting at his or her discretion, without notice.

If Unsecured Debentureholders have any questions about obtaining and completing proxies, they should contact Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com.

IANTHUS CAPITAL HOLDINGS, INC.

NOTICE OF SPECIAL MEETING OF EQUITYHOLDERS

TO HOLDERS OF COMMON SHARES, OPTIONS AND WARRANTS OF IANTHUS CAPITAL HOLDINGS, INC.:

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Supreme Court of British Columbia (the "**Court**") dated August 6, 2020, a special meeting (the "**Equityholders' Meeting**") of the holders (the "**Shareholders**", "**Optionholders**" and "**Warrantholders**", respectively and, collectively, the "**Equityholders**") of the common shares ("**Common Shares**"), options to purchase Common Shares ("**Options**") and warrants to purchase Common Shares ("**Warrants**") of iAnthus Capital Holdings, Inc. ("**iAnthus**") will be held on September 14, 2020 at 11:00 a.m. (Vancouver time) virtually via live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/431892474, for the following purposes:

1. to consider, and if deemed advisable, to pass, with or without variation, a resolution (the "**Equityholders' Arrangement Resolution**"), the full text of which is set out in Appendix C to the accompanying management information circular (the "**Circular**"), approving an arrangement (the "**Arrangement**") pursuant to Section 288 of the *Business Corporations Act* (British Columbia), which Arrangement is more particularly described in the Circular; and

2. to transact such other business as may properly come before the Equityholders' Meeting or any adjournment thereof.

In addition to the Equityholders' Arrangement Resolution, copies of the Plan of Arrangement implementing the Arrangement and the Interim Order (as such terms are defined in the Circular) are attached to the Circular as Appendices F and I, respectively.

The record date (the "**Record Date**") for entitlement to notice of the Equityholders' Meeting is August 6, 2020. At the Equityholders' Meeting, each Equityholder as of the Record Date will have the voting rights described in the Circular.

Subject to any further order of the Court, the Court has set quorum for the Equityholders' Meeting as the presence, virtually or by proxy, of one or more persons holding not less than 5% of the outstanding Common Shares entitled to vote at the Equityholders' Meeting.

An Equityholder may attend the Equityholders' Meeting virtually or may appoint another person as proxyholder. The form of Equityholder Proxy (the "**Equityholder Proxy**") accompanying the Circular nominates Julius Kalcevich and Randy Maslow and either one of them with full power of substitution as proxyholders. An Equityholder may appoint another person as its proxyholder by inserting the name of such person in the space provided in the Equityholder Proxy, or by completing another valid form of proxy. Persons appointed as proxyholders need not be an Equityholder.

Subject to any further order of the Court, the vote required to pass the Equityholders' Arrangement Resolution is the affirmative vote of: (i) a majority (at least 50% +1) of the votes cast by Shareholders present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution, excluding, in accordance with the requirements of MI 61-101 (as defined in the Circular), Shareholders that are "interested parties", "related parties" of any interested parties and "joint actors" of the foregoing (as such terms are defined in MI 61-101); and (ii) a majority (at least 50% +1) of the votes cast by Equityholders, voting together as a single class, present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution.

The implementation of the Plan of Arrangement, which is attached as Appendix F to the Circular, is also subject to (i) approval by the holders (the "**Secured Noteholders**") of 13.0% senior secured debentures of iAnthus Capital Management, LLC and the holders (the "**Unsecured Debentureholders**") of 8.0% unsecured debentures of iAnthus at separate meetings; (ii) approval of the Court; and (iii) the satisfaction or waiver of certain other conditions as more fully described in the Circular. The Secured Noteholders' meeting and the Unsecured Debentureholders' meeting are

scheduled to be heard at 9:00 a.m. (Vancouver time) and 10:00 a.m. (Vancouver time), respectively, on September 14, 2020 virtually via live audio webcast available online using the LUMI meeting platform.

To proactively deal with the unprecedented public health impact of the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, securityholders, employees and other stakeholders, the Company will hold the Equityholders' Meeting in a virtual only format via live webcast online.

If the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, the Recapitalization Transaction will be implemented pursuant to the CCAA Proceedings (as defined in the Circular). If implementation of the Recapitalization Transaction occurs through the CCAA Proceedings, Shareholders will not retain any ownership of Common Shares (as applicable) or receive any recovery.

DATED at Toronto, Ontario this 14th day of August 2020.

By Order of the Board of Directors of
iAnthus Capital Holdings, Inc.

Randy Maslow (signed)
President and Interim Chief Executive Officer

If you are a non-registered Shareholder and you receive these materials through your broker, custodian, nominee or other intermediary, you should follow the instructions provided by your broker, custodian, nominee or other intermediary in order to vote your Common Shares. If you are a registered Equityholder, whether or not you are able to be present at the Equityholders' Meeting you are requested to vote following the instructions provided on the appropriate voting instruction card or proxy using one of the available methods. In order to be effective, proxies must be received by Computershare Investor Services Inc. prior to 11:00 a.m. (Vancouver time) on September 10, 2020 (or, in the event that the Equityholders' Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays in the Province of British Columbia) before the adjourned or postponed Equityholders' Meeting) at the following address:

By Hand, by Courier or by Registered Mail:

Computershare Investor Services Inc.
8th Floor, 100 University Avenue
Proxy Department
Toronto, Ontario M5J 2Y1

The time limit for deposit of proxies may be waived or extended by the Chair of the Equityholders' Meeting at his or her discretion, without notice.

If Shareholders, Optionholders or Warrantholders have any questions about obtaining and completing proxies, they should contact Laurel Hill Advisory Group by telephone at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or by email at assistance@laurelhill.com.

Voting Methods	 Internet	 Telephone or Fax	 Mail
Registered Securityholders *Common Shares held in own name and represented by a physical certificate.*	Vote online at www.investorvote.com	Telephone: 1-866-732-8683 Fax: 1-866-249-7775	Return the form of proxy in the enclosed postage paid envelope.
Non-Registered Shareholders *Common Shares held with a broker, bank or other intermediary.*	Vote online at www.proxyvote.com	Call or fax to the number(s) listed on your voting instruction form.	Return the voting instruction form in the enclosed postage paid envelope.

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QUESTIONS AND ANSWERS

What happens if Shareholders do not approve the Arrangement?

Pursuant to MI 61-101, implementation of the Recapitalization Transaction pursuant to the Arrangement Proceedings requires minority approval of Shareholders as more particularly described in the Circular. **If Shareholders do not approve the Arrangement, then the Recapitalization Transaction will be completed through the CCAA Proceedings, and the Existing Common Shareholders will not receive a recovery and the Common Shareholder Interest will instead be allocated equally as among the Secured Lenders and the Unsecured Debentureholders.**

When and where will the meetings take place?

Securityholders of iAnthus and ICM will be asked to approve the Arrangement over the course of separate but consecutive meetings held on September 14, 2020:

(a) Secured Noteholders will be asked to approve the Arrangement at the Secured Noteholders' Meeting scheduled to be held at 9:00 a.m. (Vancouver time) on September 14, 2020;

(b) Unsecured Debentureholders will be asked to approve the Arrangement at the Unsecured Debentureholders' Meeting scheduled to be held at 10:00 a.m. (Vancouver time) on September 14, 2020; and

(c) Equityholders will be asked to approve the Arrangement at the Equityholders' Meeting scheduled to be held at 11:00 a.m. (Vancouver time) on September 14, 2020.

Each of the Meetings will be held virtually via live audio webcast available online using the LUMI meeting platforms described in the Circular.

What am I voting on?

The Arrangement will involve a number of steps (as more particularly described and in the sequence set forth in the Plan of Arrangement) including and resulting in, among other things, the following:

(a) the Secured Notes will be replaced with New Secured Notes issued pursuant to the Amended and Restated Secured Note Purchase Agreement, in order to: (i) reduce the principal balance from approximately $97.5 million, plus accrued and unpaid interest and fees, to $85 million; (ii) reduce the interest rate by 5% per annum; (iii) eliminate cash pay interest; (iv) extend the original maturity date by over four years; (v) remove the conversion feature; and (vi) effect the other amendments summarized in Appendix G to this Circular;

(b) the Interim Financing Secured Notes will be replaced with New Secured Notes issued pursuant to the Amended and Restated Secured Notes Purchase Agreement;

(c) the principal amount of Unsecured Debentures, plus accrued and unpaid interest and fees, will be cancelled and no longer be outstanding;

(d) ICM will issue an aggregate principal amount of $20 million of New Unsecured Notes to the Secured Lenders ($5 million) and Unsecured Debentureholders ($15 million) on substantially the terms described in Appendix D to this Circular;

(e) the Secured Lenders, on the one hand, and the Unsecured Debentureholders, on the other hand, will each be issued an equal amount of Debt Exchange Common Shares such that each will own 48.625% of the Common Shares upon implementation of the Arrangement (50% each if completed through the CCAA Proceedings), allocated to the holders thereof in accordance with their Secured Lender Pro Rata Share or Unsecured Debentureholder Pro Rata Share, as applicable;

(f) only if the Recapitalization Transaction is consummated through the Arrangement Proceedings, the Existing Common Shareholders will retain ownership of Common Shares representing 2.75% of the issued and outstanding Common Shares following implementation of the Plan of Arrangement (the "**Common Shareholder Interest**"). If the Recapitalization Transaction is not consummated through the Arrangement Proceedings, including if requisite approvals are not obtained, it is anticipated that the Recapitalization Transaction will be completed by way of the CCAA Proceedings. If the Recapitalization Transaction is completed through the CCAA Proceedings, the Existing Common Shareholders will not receive a recovery or retain ownership of any Common Shares and the Common Shareholder Interest will instead be allocated equally as among the Secured Lenders and Unsecured Debentureholders; and

(g) all Affected Equity will be cancelled upon implementation of the Plan of Arrangement, and the Company anticipates allocating an amount of equity to be made available for management, employee, and director incentives, as may be determined from time to time by the New Board following implementation of the Plan of Arrangement.

Further details respecting the Plan of Arrangement are set forth under the heading "*Description of the Arrangement*" in this Circular.

What are some of the benefits of the Arrangement?

The Arrangement provides the following key benefits to iAnthus and its stakeholders:

- improving the Company's financial strength and reducing the Company's financial risk by reducing outstanding indebtedness by approximately $54.7 million, as of March 31, 2020, through the:
  - exchange of the Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes; and
  - restructuring the Secured Notes to, among other things, reduce the principal amount by over $10 million; and
  - forgiveness of accrued but unpaid interest and fees on the Secured Notes and Unsecured Debentures;
- eliminating the Company's annual cash interest expenses associated with the Secured Notes and Unsecured Debentures;
- reducing the interest rate under the Secured Notes by 5% per annum;
- extending the maturity date of the Secured Notes by over four years;
- raising $14 million in new cash for the Company through the Interim Financing; and
- allowing Existing Common Shareholders to retain their Common Shares, subject to significant dilution resulting from the issuance of Debt Exchange Common Shares (and subject to further dilution for equity that may be issued to directors, officers or employees of iAnthus, as may be determined from time to time by the New Board).

How do I vote?

Securityholders can vote online, on the phone, in writing or virtually or by proxy at the Meetings. The procedure for voting is different for registered Securityholders and Non-Registered Shareholders.

You should carefully read and consider the information contained in this Circular. Debtholders, Registered Shareholders, Optionholders and Warrantholders who do not wish or are unable to attend the applicable Meeting

virtually should vote by completing the enclosed form of proxy or, alternatively, by telephone, or over the internet, in each case in accordance with the instructions set out in the enclosed form of proxy and elsewhere in this Circular.

If you are a Non-Registered Shareholder and hold your Common Shares through an Intermediary, you are not permitted to attend and vote at the Equityholders' Meeting. Please follow the instructions on the voting instruction form ("**VIF**") provided by such Intermediary to ensure that your vote is counted at the Equityholders' Meetings and contact your Intermediary for instructions and assistance.

The time limit for the deposit of proxies may also be waived or extended by the chair of the Meetings at his or her discretion, without notice.

Debtholders, Registered Shareholders, Optionholders and Warrantholders may also vote in the following ways:

- Internet Vote – www.investorvote.com (enter the 15-digit control number provided on your form of proxy to vote)
- Telephone Vote – Equityholders who wish to vote by phone should call 1-866-732-8683 (toll-free in North America) and enter the 15-digit control number printed on your form of proxy. Follow the interactive voice recording instructions to vote
- Virtually at the Equityholders' Meeting
- Online at the virtual Equityholders' Meeting (see "*Participation at the Virtual Meetings*")
- By Hand, by Courier or by Registered Mail:

  Computershare Investor Services Inc.
  8th Floor, 100 University Avenue
  Proxy Department
  Toronto, Ontario M5J 2Y1

Non-Registered Shareholders may vote in the following ways:

- Internet Vote – www.proxyvote.com (enter the 16-digit control number provided on your voting information form to vote)
- Telephone Vote – As provided by financial intermediaries
- Virtually at the Equityholders' Meeting, if they have appointed themselves as proxyholder on the VIF provided by their Intermediary
- Online at the virtual Equityholders' Meeting, if they have appointed themselves as proxyholder (see "*Participation at the Virtual Meetings*")

Who is soliciting my proxy?

Management and the Board of Directors of iAnthus and management and the sole member and manager of ICM, as applicable, are soliciting proxies for use at the Meetings. Proxies will be solicited by mail and may also be solicited personally or by telephone, e-mail or other electronic means by Laurel Hill Advisory Group, and by the directors, officers and/or employees of iAnthus and ICM, as applicable. Directors and officers of iAnthus and ICM involved in the solicitation of proxies will not be specifically remunerated therefor.

The Persons named in the enclosed form of Secured Noteholders' Proxy, Unsecured Debentureholders' Proxy and Equityholders' Proxy, and any applicable voting instruction form, are directors and/or officers of iAnthus or ICM.

Can I appoint someone other than these individuals to vote my Secured Notes, Unsecured Debentures, Common Shares, Options and Warrants, as applicable?

Each Securityholder has the right to appoint a Person, other than the Persons designated by management in the forms of proxy, to represent such Securityholder at the applicable Meeting. A Securityholder giving a proxy can strike out the names of the management designees printed in the accompanying form of proxy and insert the name of another designated Person in the space provided, or the Securityholder may complete another form of proxy appointment. A proxy designee need not be a Securityholder.

When is the cut-off time for delivery of proxies or voting instruction forms?

In order for the vote of each Securityholder to be counted at the applicable Meetings, proxies must be received by Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 on September 10 by 9:00 a.m. (Vancouver time) for the Secured Noteholders' Meeting, 10:00 a.m. (Vancouver time) for the Unsecured Debentureholders' Meeting, or 11:00 a.m. (Vancouver time) for the Equityholders' Meeting, or, if any of the Meetings are adjourned or postponed, proxies must be received no later than 48 hours (excluding Saturdays, Sundays and holidays in the Province of British Columbia) before the adjourned or postponed Meeting, provided that such proxy must be received on a Business Day. The time limit for deposit of proxies may be waived or extended by the Chair of the applicable Meeting at his or her discretion, without notice.

If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge in accordance with Broadridge's instructions well in advance of the applicable Meetings in order to have your Securities voted at the Meeting. The return deadline on the VIF is typically earlier than the proxy deadline above. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of the Securities to be represented at the Meeting and the appointment of any Securityholder's representative.

What are the voting recommendations of the Board of Directors of iAnthus and managers of ICM?

The Board of Directors of iAnthus and the sole manager of ICM unanimously recommend that the Secured Noteholders, Unsecured Debentureholders and Equityholders vote in favour of the Arrangement.

What votes are required at the Meetings to approve the resolutions?

Subject to any further order of the Court:

(i) The vote required to pass the Secured Noteholders' Arrangement Resolution is the affirmative vote of a majority in number of the Secured Noteholders who represent at least 75% in value of the Secured Notes, in each case present virtually or by proxy at the Secured Noteholders' Meeting and entitled to vote on the Secured Noteholders' Arrangement Resolution. Pursuant to the Support Agreement, the Recapitalization Transaction has the support of all of the Secured Noteholders and, accordingly, the Secured Noteholders' Arrangement Resolution is expected to be approved at the Secured Noteholders' Meeting.

(ii) The vote required to pass the Unsecured Debentureholders' Arrangement Resolution is the affirmative vote of a majority in number of the Unsecured Debentureholders who represent at least 75% in value of the Unsecured Debentures, in each case present virtually or by proxy at the Unsecured Debentureholders' Meeting and entitled to vote on the Unsecured Debentureholders' Arrangement Resolution. Pursuant to the Support Agreement, the Recapitalization Transaction has the support of Unsecured Debentureholders holding, on an aggregate basis, over 91% of the Unsecured Debentures and, accordingly, the Unsecured Debentureholders' Arrangement Resolution is expected to be approved at the Unsecured Debentureholders' Meeting.

(iii) The vote required to pass the Equityholders' Arrangement Resolution is the affirmative vote of: (a) a majority (at least 50% +1) of the votes cast by Shareholders present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution,

excluding, in accordance with the requirements of MI 61-101 (as defined in the Circular), Shareholders that are "interested parties", "related parties" of any interested parties and "joint actors" of the foregoing (as such terms are defined in MI 61-101); and (b) a majority (at least 50% +1) of the votes cast by Equityholders, voting together as a single class, present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution.

In addition to the approvals of Securityholders, are there any other approvals required for the Arrangement?

Yes, the Arrangement also requires the approval of the Court. In addition, implementation of the Arrangement will require certain regulatory and non-regulatory approvals. There are no assurances that such regulatory or non-regulatory approvals will be obtained prior to the Meeting Date, and the Arrangement will not be implemented until all such approvals are obtained or waived by the parties to the Support Agreement.

Will there be any changes to the Arrangement to be voted upon at the Meetings?

Pursuant to the Interim Order, iAnthus and ICM are authorized to make such amendments, revisions or supplements to the Arrangement as they may determine necessary or desirable, provided that such amendments, revisions or supplements are made in writing, in the manner contemplated by the Arrangement and the Support Agreement and in accordance with any order of the Court.

The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Securityholders at the Meetings, and shall be deemed to be the subject of each of the resolutions submitted to Securityholders in respect of the Arrangement.

In connection with such potential amendments, revisions or supplements, iAnthus and ICM are authorized to make such amendments, revisions or supplements ("**Additional Information**") to this Circular, forms of proxy and any notice of meeting in respect of the Meetings. iAnthus and ICM may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by iAnthus and ICM. Without limiting the generality of the foregoing, Additional Information will be communicated by news release and/or notice sent to registered Securityholders entitled to vote at the Meetings and their respective Intermediaries.

Any such amendments, revisions or supplements made by iAnthus and ICM will be subject to the terms of the Support Agreement and the Interim Order, which are available under iAnthus' profile on SEDAR at www.sedar.com.

Securityholders are urged to monitor the public disclosure of, and correspondence received from, iAnthus and ICM for Additional Information. In addition, Additional Information may be provided at the Meetings.

How will I know when the Arrangement will be implemented?

The Arrangement will be completed upon satisfaction or waiver of all of the conditions to the Arrangement, including the receipt of all necessary regulatory approvals. While iAnthus expects the Arrangement to become effective in the fourth quarter of 2020, there are no assurances that all required regulatory approvals will be obtained by such date and implementation of the transactions contemplated by the Arrangement may occur at any time on or before June 30, 2021. In any event, iAnthus will publicly announce the implementation of the Arrangement when all necessary approvals are obtained (or waived).

How will Secured Noteholders, Interim Lenders and Unsecured Debentureholders receive the New Secured Notes, New Unsecured Notes and Common Shares to which they are entitled?

Delivery of the New Secured Notes and New Unsecured Notes issuable to the Secured Lenders as consideration for the exchange of the Secured Notes and Interim Financing Secured Notes will be made by ICM by way of directly registered certificates as soon as practicable following the implementation of the Plan of Arrangement. Delivery of the Debt Exchange Common Shares issuable to the Secured Lenders will be made, at the recipients option, by the

Transfer Agent: (i) through the facilities of CDS or DTC to Intermediaries, who will in turn will make delivery of the Debt Exchange Common Shares to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of CDS or DTC, as applicable; or (ii) by providing Direct Registration System advices or confirmations in the name of the recipient thereof.

Delivery of the New Unsecured Notes issuable to the Unsecured Debentureholders as consideration for the exchange and cancellation of the Unsecured Debentures will be made by ICM by way of directly registered certificates as soon as practicable following the implementation of the Plan of Arrangement. Delivery of the Debt Exchange Common Shares issuable to the Unsecured Debentureholders will be made, at the recipients option, by the Transfer Agent: (i) through the facilities of CDS or DTC to Intermediaries, who will in turn will make delivery of the Debt Exchange Common Shares to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of CDS or DTC, as applicable; or (ii) by providing Direct Registration System advices or confirmations in the name of the recipient thereof.

Are there risks I should consider when deciding how to vote? Why should I vote for the Arrangement?

Securityholders should carefully consider the risk factors concerning the Arrangement, non-implementation of the Arrangement, the business of iAnthus, the Common Shares, New Secured Notes and New Unsecured Notes to be received in the Arrangement, as well as tax risks. These risk factors are discussed in this Circular under *"Risk Factors"* and/or in the 2019 Annual MD&A and the 2020 Interim MD&A that has been filed by iAnthus under iAnthus' profile on SEDAR at www.sedar.com, which are incorporated by reference into this Circular.

Pursuant to iAnthus' obligations under the Support Agreement, if the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, iAnthus is required to proceed with the Recapitalization Transaction pursuant to the CCAA Proceedings. As iAnthus is required under MI 61-101 to obtain minority approval for the Recapitalization Transaction if implemented pursuant to the Arrangement Proceedings, an alternative implementation process that allows iAnthus to seek court approval for the Arrangement despite not obtaining approval of Equityholders is not available to iAnthus. **Accordingly, if the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, the Recapitalization Transaction will be implemented pursuant to the CCAA Proceedings and Existing Common Shareholders will not retain any ownership of Common Shares or receive any recovery.** See "*Support Agreement – Alternative Implementation Process*".

Can iAnthus implement an alternative process?

The Recapitalization Transaction is being implemented pursuant to the Arrangement. iAnthus may be required, to the extent certain milestones and conditions set out in the Support Agreement in respect of the Arrangement Proceedings are not met or it is otherwise determined by the Petitioners and the Requisite Consenting Parties, to advance the Recapitalization Transaction on substantially the same terms as described in this Circular, pursuant to the CCAA Proceedings. **If the Recapitalization Transaction is implemented pursuant to the CCAA Proceedings, Existing Common Shareholders will not retain any ownership of Common Shares or receive any recovery.**

The CCAA Proceedings would include, among other things the appointment of FTI Consulting Canada Inc. as CCAA Monitor (the "**CCAA Monitor**") and provisions confirming that the votes cast in favour of the Plan of Arrangement in the Arrangement Proceedings shall stand as votes in favour of the plan filed in the CCAA Proceedings (the "**CCAA Plan**"), which shall be in form reasonably acceptable to iAnthus, the Secured Noteholders and the Initial Supporting Unsecured Debentureholders to implement a recapitalization and restructuring plan under the CCAA consistent in all respects with the Term Sheet, in which case the Secured Noteholders and the Initial Supporting Unsecured Debentureholders shall support and vote in favour of such CCAA Plan in the same manner and to the same extent they have agreed to support the transactions under the Plan of Arrangement. In the event that iAnthus proceeds to implement the Recapitalization Transaction by way of the CCAA Proceedings, there will be no recovery of any kind or amount available for the Existing Common Shareholders.

Who can I contact if I have additional questions or need assistance?

If you have any questions about this Circular or the matters described in this Circular, please contact your professional advisor. If you require additional information with regard to the voting of your securities, please contact the Proxy Solicitation Agent, Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com.

QUESTIONS FOR VIRTUAL MEETINGS

What are virtual meetings?

Virtual meetings are meetings where participants attend via an online platform that allows them to ask questions, vote and participate electronically in real time, as opposed to travelling to the meetings' physical location.

Why are you holding virtual Meetings?

To proactively deal with the unprecedented public health impact of the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, securityholders, employees and other stakeholders, the Company will hold the Meetings in a virtual only format via live webcast online.

Will a virtual-only meeting limit a Securityholder's ability to engage with the Board?

No, only the manner of engagement changes. It is our hope that holding a virtual meeting will foster greater participation and engagement – this format enables all Securityholders, duly appointed proxyholders, voting policyholders and guests to participate in the meeting regardless of their geographic location.

We have ensured that the Meetings offer the same opportunities to participate as in-person meetings. Registered Securityholders, duly appointed proxyholders and policyholders will be allowed to vote online at any time during the applicable Meetings.

As with a physical meeting, only registered Securityholders, duly appointed proxyholders will be able to address the meeting and ask question during the formal conduct of business.

As with physical meetings we will observe the same protocol of appropriateness and relevance to the Meetings. Rest assured, we will not be attempting to limit or filter legitimate questions and will do our best to address issues raised. In an online format we may receive questions of a similar theme and your specific question may be paraphrased in the interests of efficiency and addressing as many themes as possible.

How can I access the applicable virtual Meeting? Do I need to register beforehand?

Registered Securityholders and duly appointed proxyholders that attend the meeting online will be able to vote by completing a ballot online during the meeting through the live webcast platform.

- Registered Securityholders that have a 15-digit control number, along with duly appointed proxyholders who were assigned a Username by Computershare will be able to vote and submit questions during the applicable Meeting. To do so, please follow the following instructions:

  Secured Noteholders

  - Please go to https://web.lumiagm.com/402960192 prior to the start of the Secured Noteholders' Meeting to login. Click on "I have a login" and enter your 15-digit control number or Username along with the password "ianthus2020" (case specific). A user guide prepared by Computershare with additional information regarding attending the Secured Noteholders' Meeting is attached as Appendix L to this Circular.

  Unsecured Debentureholders

  - Please go to https://web.lumiagm.com/462611187 prior to the start of the Unsecured Debentureholders' Meeting to login. Click on "I have a login" and enter your 15-digit control number or Username along with the password "ianthus2020" (case specific). A user guide prepared by Computershare with additional information regarding attending the Unsecured Debentureholders' Meeting is attached as Appendix M to this Circular.

Equityholders

- Please go to https://web.lumiagm.com/431892474 prior to the start of the applicable Meeting to login. Click on "I have a login" and enter your 15-digit control number or Username along with the password "ianthus2020" (case specific). Non-Registered Shareholders who have not appointed themselves to vote at the Equityholders' Meeting, may login as a guest by clicking on "I am a Guest" and complete the online form. A user guide prepared by Computershare with additional information regarding attending the Equityholders' Meeting is attached as Appendix N to this Circular.

- United States Beneficial holders: To attend and vote at the Equityholders' Meeting virtually, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Equityholders' Meeting. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Equityholders' Meeting, you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed to:

  Computershare Investor Services Inc.
  100 University Avenue
  8th Floor
  Toronto, Ontario
  M5J 2Y1

  OR

  Email: USLegalProxy@computershare.com

  Requests for registration must be labeled as "Legal Proxy" and be received no later than 10:00 (Vancouver time) on September 10, 2020. You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the Equityholders' Meeting and vote your Common Shares at https://web.lumiagm.com/431892474 during the Equityholders' Meeting. Please note that you are required to register your appointment with Computershare at www.computershare.com/Ianthus3.
- Non-Registered Shareholders can vote online at the Meeting if they have appointed themselves as proxyholders or they are a duly appointed proxyholders. In order to be appointed as a proxholder to be able to vote at the meeting, Non-Registered Shareholders should insert their name in the blank space provided on the proxy or voting instruction form they received and return it as per the instruction therein. Additionally, Non-Registered Shareholders are required to register with Computershare at www.computershare.com/Ianthus3, prior to 11:00 a.m. (Vancouver time) on September 10, 2020. Non-Registered Shareholders do not have a 15-digit control number or Username will only be able attend as a guest which allows them to listen to the Equityholders' Meeting; however, they will not be able to vote or submit questions. Please see the information under the heading "Non-Registered Shareholders" for an explanation of why certain Shareholders may not receive a form of proxy.

- If you are using a 15-digit control number to login to the Equityholders' Meeting and you accept the terms and conditions, you will be provided the opportunity to vote by poll on the matters put forth at the Equityholders' Meeting. However, if you cast a vote at the Equityholders' Meeting, you will be revoking all previously submitted proxies. If you have submitted a proxy and do not wish to revoke all previously submitted proxies, do not cast a vote at the Equityholders' Meeting.

- If you are eligible to vote at the Equityholders' Meeting, it is important that you are connected to the internet at all times during the Equityholders' Meeting in order to vote when polling commences. It is your responsibility to ensure connectivity for the duration of the Equityholders' Meeting.

How can I vote online during the applicable Meeting?

Once successfully logged into the virtual meeting and once the Chairperson has formally called the applicable Meeting to order, the items of business to be voted on and your available voting options will be visible in the voting panel on your screen. Simply click on your voting choice (FOR/AGAINST) to submit your vote. Non-Registered Shareholders must first appoint themselves or a proxyholder to participate in the online voting.

So, does this mean I have to wait until the applicable virtual Meeting to vote?

No. All of the proxy voting methods available to Securityholders remain available. We expect that the vast majority of all votes will be cast in advance of the Meetings by proxy through the various available channels.

How can I ask questions at the Meetings?

As with a physical meeting, only Securityholders and duly appointed proxyholders who have standing at the applicable Meeting will be able to address the meeting and ask questions during the formal conduct of business.

If at any time during the applicable Meeting you require any assistance voting or asking questions, please consult our service provider, Lumi, at http://go.lumiglobal.com/faq.

Who do I contact if I'm having trouble accessing the applicable virtual Meeting or technical problems during the meeting?

Go to: http://go.lumiglobal.com/faq

Will the virtual Meetings be available on archive?

Yes. A replay of the Meetings will be available on our website along with the meeting materials.

Are the virtual Meetings accessible on any web browser?

The virtual Meetings can be accessed on most web browsers (for example, Google Chrome, Mozilla FireFox, and Apple Safari), however Internet Explorer is not supported. We recommend that Securityholders ensure they have a current version of their browser installed.

What if I have more than one account and I want to vote during the applicable virtual Meeting?

If you have more than one account, you will receive more than one control number to be voted. Your vote is important to us. We encourage you to vote in advance by one of the methods described in the Circular.

IMPORTANT INFORMATION

THIS CIRCULAR CONTAINS IMPORTANT INFORMATION THAT SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE MATTERS REFERRED TO HEREIN.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS CIRCULAR, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON. THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO PURCHASE, THE SECURITIES DESCRIBED IN THIS CIRCULAR, OR THE SOLICITATION OF A PROXY, IN ANY JURISDICTION, TO OR FROM ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OF AN OFFER OR PROXY SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS CIRCULAR NOR ANY DISTRIBUTION OF THE SECURITIES OFFERED PURSUANT TO THE PLAN OF ARRANGEMENT REFERRED TO IN THIS CIRCULAR SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS CIRCULAR.

Securityholders should carefully consider the income tax consequences of the proposed Plan of Arrangement described herein. See "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*" and "*Income Tax Considerations – Certain United States Federal Income Tax Considerations*".

All information in this Circular is given as of August 14, 2020 unless otherwise indicated.

Unless stated otherwise, all currency references in this Circular are in United States dollars.

Securityholders should not construe the contents of this Circular as investment, legal or tax advice. Securityholders should consult their own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of the proposed Arrangement. In making a decision regarding the Arrangement, Securityholders must rely on their own examination of the Company and the advice of their own advisors.

You should rely only on the information contained in or incorporated by reference in this Circular or to which we have referred you. We have not authorized any person (including any dealer, salesman or broker) to provide you with different information. The information contained in or incorporated by reference in this Circular may only be accurate on the date hereof or the dates of the documents incorporated by reference herein. You should not assume that the information contained in this Circular or incorporated by reference herein is accurate as of any other date.

Any statement contained in a document referred to in this Circular or any amendment hereof or supplement hereto is to be considered modified or replaced to the extent that a statement contained herein or in any amendment or supplement or any subsequently filed document modifies or replaces such statement. Any statement so modified or replaced is not considered, except as so modified or replaced, to be a part of this Circular.

The enforcement by investors of civil liabilities under the United States federal securities Laws may be affected adversely by the fact that iAnthus is incorporated outside the United States, that some or all of the officers and directors of such persons and the experts named herein are residents of a foreign country, and said persons are located outside the United States. As a result, it may be difficult or impossible for holders of iAnthus securities in the United States to effect service of process within the United States upon iAnthus, most of its subsidiaries and their officers and directors and the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities Laws of the United States or any applicable securities Laws of any state within the United States. In addition, holders of iAnthus' securities in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities Laws of the United States or any applicable securities Laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities Laws of the United States or any applicable securities Laws of any state within the United States. See "*Risk Factors – Risks Relating to the Recapitalization Transaction*".

NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This Circular includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, and therefore are, or may be deemed to be, *"forward-looking information" or "forward-looking statements"* within the meaning of applicable securities Laws (collectively, "**forward-looking statements**"). These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "seeks", "projects", "intends", "plans", "may", "will", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Circular and the documents incorporated by reference herein and include statements regarding our intentions, beliefs or current expectations concerning, among other things, the Arrangement and the Company's future financial and operational situation after the implementation of the Plan of Arrangement, our results of operations, financial condition, liquidity, prospects, growth, strategies, expenditures, costs and the industry in which we operate. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections or other characterizations of future events or circumstances that constitute forward-looking statements will not occur. Such forward-looking statements in this Circular speak only as of the date of this Circular. Forward-looking statements in this Circular include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the timing of, and matters to be considered at, the meetings of Securityholders as well as with respect to voting at such meetings;
- the Company's future liquidity and financial capacity;
- the Company's ability to satisfy its financial obligations in future periods;
- expectations regarding the Company's ability to restructure its capital structure;
- the Company's intention to reduce its debt and annual interest payments;
- the Company's intention to realign its capital structure and the timing thereof;
- the Company's filings with the Court and the ability to obtain the Final Order;
- failure to timely satisfy the conditions of the Arrangement or to otherwise implement the Plan of Arrangement;
- the timing of the implementation of the Plan of Arrangement;
- the expected process for implementing the Recapitalization Transaction, including with respect to the CCAA Proceedings;
- the effect of the Recapitalization Transaction; and
- the Company's future business plans and strategy.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements,

including, without limitation, those listed in the "*Risk Factors*" section of this Circular or in the "*Risk Factors*" section in the 2019 Annual MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Circular. Such risks include, but are not limited to:

- the consummation of the Arrangement and/or Recapitalization Transaction may not occur;
- even if the Recapitalization Transaction is completed, it may not improve the financial condition of the Company as anticipated;
- the ability of the Company to significantly reduce its debt and annual interest payments and the terms of any such reduction;
- the ability of the Company to realign its capital structure and the timing thereof;
- third parties respecting the Interim Order or not taking steps to violate or contest such order;
- the ability of the Company to maintain its listings on the CSE and/or OTCQX;
- alternatives available to the Company to strengthen the Company's capital structure;
- the ability of the Company to create a financial foundation for the Company that will be able to support its long-term growth;
- the ability of the Company to achieve its financial goals including with respect to the nature of any agreement with its lenders;
- the ability of the Company to operate in the ordinary course during the Arrangement Proceedings, including with respect to satisfying obligations to service providers, suppliers, contractors and employees;
- the Arrangement Proceedings enabling the Company to stay defaults under its and its subsidiaries' agreements, including debt agreements;
- the ability of the Company to continue as a going concern;
- the ability of the Company to continue to realize its assets and discharge its liabilities and commitments;
- the Company's future liquidity position, and access to capital, to fund ongoing operations and obligations (including debt obligations);
- the ability of the Company to stabilize its business and financial condition;
- the ability of the Company to implement and successfully achieve its business priorities;
- the ability of the Company to execute its long-term growth strategy in a timely manner or at all;
- the ability of the Company to comply with its contractual obligations, including, without limitation, its obligations under debt arrangements;
- the tax treatment of the Company and its subsidiaries;
- the materiality of legal and regulatory proceedings;

- the timely receipt of any required regulatory, court, third-party and stakeholder approvals, including in respect of the Recapitalization Transaction;

- the general economic, financial, market and political conditions impacting the industry and countries in which the Company operates;

- the ability of the Company to sustain or increase profitability, fund its operations with existing capital and/or raise additional capital to fund its operations;

- the ability of the Company to meet its financial forecasts and projections over the next twelve months and beyond;

- the ability of the Company to obtain necessary approvals for commercialization of the Company's products from applicable regulatory authorities;

- the ability of the Company to generate sufficient cash flow from operations;

- the impact of competition;

- the impact of the entry of competitive products, including the timing of the entry of such products in the marketplace;

- the ability of the Company to obtain and retain qualified staff, equipment and services in a timely and efficient manner (particularly in light of the Company's efforts to restructure its debt obligations);

- the ability of the Company to maintain and enforce the protection afforded by any patents or other intellectual property rights;

- the ability of the Company to conduct operations in a safe, efficient and effective manner;

- the results of continuing and future safety and efficacy studies by industry and government agencies related to the Company's products;

- the ability of the Company to retain members of the senior management team, including but not limited to, the officers of the Company;

- the ability of the Company to successfully market its products and services; and

- risks relating to COVID-19.

See the section entitled "*Risk Factors*" in this Circular and in the 2019 Annual MD&A which is incorporated by reference herein and available on SEDAR at www.sedar.com, for a complete description of risks relating to the Company or ICM and the Recapitalization Transaction. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risk factors should not be construed as exhaustive and should be read with the other cautionary statements in this Circular and with the risk factors described in this Circular and in the 2019 Annual MD&A.

These risk factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Although the Company bases its forward-looking statements on assumptions that it believes were reasonable when made, which assumptions include, but are not limited to, the completion and benefits of the Recapitalization Transaction, the Company's future growth potential, results of operations, future prospects and opportunities, execution of the Company's business strategy, a stable workforce, no material variations in the current tax and regulatory environments, future levels of indebtedness and the ability to achieve future cost savings, the Company cautions the reader that forward-looking statements are not guarantees of future performance and that the

Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Circular. In addition, even if the Company's results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements which are made in this Circular speak only as of the date of such statement, and the Company does not undertake, and specifically declines, except as required by applicable Law, any obligation to update such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. All of the forward-looking statements made in this Circular are qualified by these cautionary statements.

NOTICE TO SECURITYHOLDERS IN THE UNITED STATES

THE SECURITIES ISSUABLE IN CONNECTION WITH THE RECAPITALIZATION TRANSACTION HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE OF THE UNITED STATES; NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH STATE REGULATORY AUTHORITY PASSED UPON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The issuance and distribution of Debt Exchange Common Shares, New Unsecured Notes, and New Secured Notes under the Plan of Arrangement have not been and will not be registered under the 1933 Act or any applicable securities Laws of any state of the United States and are being issued and distributed in reliance on the exemption from registration set forth in Section 3(a)(10) thereof (and similar exemptions under applicable state securities Laws) on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to the Persons affected.

Section 3(a)(10) exempts from the general requirement of registration under the 1933 Act securities issued in exchange for one or more bona fide outstanding securities, or partly in such exchange and partly for cash, where the terms and conditions of the issuance and exchange are approved by a court of competent jurisdiction that is expressly authorized by Law to grant such approval, after a hearing upon the fairness of such terms and conditions of such issuance and exchange at which all Persons to whom the securities will be issued in such exchange have the right to appear and receive timely notice thereof.

The Court will conduct a hearing to determine the fairness of the terms and conditions of the Plan of Arrangement, including the proposed issuance of the Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes in exchange for the outstanding Unsecured Debentures and Secured Notes. The Court entered the Interim Order on August 6, 2020 and, subject to the approval of the Arrangement by Securityholders, a hearing on the fairness of the Plan of Arrangement will be held by the Court on September 25, 2020 at 2:00 p.m. (Vancouver time), or such other time and/or date as the Court will advise, at the courthouse at 800 Smithe Street, Vancouver, British Columbia, Canada. All Securityholders are entitled to appear and be heard at this hearing.

The Final Order will constitute the basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof with respect to the Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes to be issued and distributed to Secured Lenders and Unsecured Debentureholders pursuant to the Plan of Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the 1934 Act. This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Accordingly, the solicitation and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate Laws and securities Laws, and this Circular has been prepared solely in accordance with the disclosure requirements of Canada. Securityholders in the United States should be aware that

these requirements may be different from those under United States corporate and securities Laws relating to U.S. corporations.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards. IFRS differs from United States generally accepted accounting principles in certain material respects, and thus the financial statements included or incorporated by reference herein may not be comparable to financial statements of U.S. companies.

Securityholders should be aware that the purchase or sale of the securities described herein may have tax consequences both in Canada and the United States. See "*Income Tax Considerations*" elsewhere in this Circular. Each prospective investor should consult its own tax advisor concerning the securities described herein.

EXCHANGE RATES

The following table sets forth, for each of the periods indicated, the period-end noon exchange rate, the average noon exchange rate and the high and low noon exchange rates of one Canadian dollar in exchange for U.S. dollars using information provided by the Bank of Canada. The daily average exchange rate on August 13, 2020, using information provided by the Bank of Canada for the conversion of Canadian dollars into United States dollars, was C$1.00 equals $1.3217.

	Year Ended December 31,		**3 Months Ended March 31,**	
	2019	**2018**	**2020**	**2019**
High ……	$0.7699	$0.8138	$0.7710	$0.7637
Low ……	$0.7353	$0.7721	$0.6898	$0.7353
Average ……	$0.7537	$0.7330	$0.7443	$0.7522
End of Period ……	$0.7699	$0.7330	$0.7049	$0.7438

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been publicly filed on SEDAR at www.sedar.com or with the securities commission or similar regulatory authority in each of the provinces of Canada, are specifically incorporated by reference into, and form an integral part of this Circular:

(a) the management information circular dated October 21, 2019 in respect of the Company's annual meeting of shareholders held on December 5, 2019 (the "**2019 AGM Circular**");

(b) the consolidated financial statements of the Company for the fiscal years ended December 31, 2019 and 2018 and the auditor's report thereon (the "**2019 Annual Financial Statements**");

(c) the management's discussion and analysis of the Company for the fiscal years ended December 31, 2019 and 2018 (the "**2019 Annual MD&A**");

(d) the consolidated financial statements of the Company for the three months ended March 31, 2020 (the "**2020 Q1 Financial Statements**");

(e) the management's discussion and analysis of the Company for the three months ended March 31, 2020 (the "**2020 Interim MD&A**");

(f) the material change report issued by the Company on April 13, 2020 with respect to certain defaults under the Secured Notes and Unsecured Debentures and the formation of the Special Committee; and

(g) the material change report issued by the Company on May 6, 2020 with respect to the resignation of Mr. Hadley Ford as Chief Executive Officer of the Company and from the Board of Directors; and

(h) the material change report issued by the Company on July 20, 2020 with respect to the Recapitalization Transaction.

Any annual information form, annual report, annual or interim financial statement and related management's discussion and analysis, material change report (excluding confidential material change reports), business acquisition report, information circular, news releases containing financial information for financial periods more recent than the most recent annual or interim financial statements, or disclosure document filed pursuant to an undertaking to a Canadian securities regulatory authority by iAnthus with any securities commission or similar regulatory authority in Canada, which is filed by the iAnthus subsequent to the date of this Circular and prior to the Effective Time shall be deemed to be incorporated by reference in this Circular, as well as any document so filed by iAnthus which expressly states it is to be incorporated by reference in this Circular. These documents will be available under iAnthus' profile on SEDAR at www.sedar.com.

Financial information in respect of the Company's most recently completed annual and interim periods is provided in the 2019 Annual Financial Statements, 2019 Annual MD&A, 2020 Q1 Financial Statements and 2020 Interim MD&A, which are incorporated by reference herein and available on iAnthus' SEDAR profile at www.sedar.com.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not constitute a part of this Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Copies of documents incorporated herein by reference may be obtained upon request without charge from the Corporate Secretary of iAnthus at 505 Fifth Avenue, 23rd Floor, New York, New York, USA 10017, or Telephone: (416) 591-1525 and are also available electronically on SEDAR at www.sedar.com.

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Circular the following terms shall have the meanings set forth below. Words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.

"**$**" or "**US$**" or "**U.S. dollars**" means the lawful currency of the United States of America.

"**1933 Act**" means the *United States Securities Act of 1933*, as amended and now in effect and as it may be further amended from time to time prior to the Effective Date.

"**1934 Act**" means the *United States Securities Exchange Act of 1934*, as amended and now in effect and as it may be further amended from time to time prior to the Effective Date.

"**2019 AGM Circular**" has the meaning ascribed thereto under the heading "*Documents Incorporated by Reference*".

"**2019 Annual Financial Statements**" has the meaning ascribed thereto under the heading "*Documents Incorporated by Reference*".

"**2019 Annual MD&A**" has the meaning ascribed thereto under the heading "*Documents Incorporated by Reference*".

"**2020 Interim MD&A**" has the meaning ascribed thereto under the heading "*Documents Incorporated by Reference*".

"**2020 Q1 Financial Statements**" has the meaning ascribed thereto under the heading "*Documents Incorporated by Reference*".

"**Affected Equity**" means all Existing Equity other than the Existing Common Shares.

"**Affected Equity Claim**" means an equity claim (as defined in Section 2(1) of the CCAA) in respect of any iAnthus Party.

"**Affected Equityholders**" means the holders of any Affected Equity (including, for greater certainty, the holders of Options and Warrants).

"**Amended and Restated Secured Note Purchase Agreement**" means the third amended and restated secured note purchase agreement to be entered into between ICM, the New Secured Note Guarantors, the New Secured Noteholders and the Collateral Agent, each acting reasonably, and shall govern the issue of the New Secured Notes with an aggregate principal amount equal to the New Secured Notes Aggregate Principal Amount, and become effective upon the Plan of Arrangement becoming effective on the Effective Date.

"**Arrangement**" means an arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Interim Order or the Final Order and with the consent of the Petitioners and the Requisite Consenting Parties, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated August 6, 2020, among iAnthus and ICM, as amended, modified and/or supplemented from time to time in accordance with its terms, the full text of which is set out as Appendix E to this Circular.

"**Arrangement Proceedings**" means the proceedings commenced by the Petitioners under the BCBCA in connection with the Plan of Arrangement.

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Effective Date.

"**Board of Directors**" or "**Board**" means the board of directors of iAnthus.

"**Broadridge**" means Broadridge Financial Solutions, Inc.

"**Business Day**" means any day, other than a Saturday, or a Sunday or a statutory or civic holiday, on which banks are generally open for business in Toronto, Ontario or Vancouver, British Columbia or New York, New York.

"**C$**" or "**Canadian dollar**" means lawful currency of Canada.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada).

"**CCAA Proceedings**" means a proceeding commenced under the CCAA.

"**CDS**" means CDS Clearing and Depository Services Inc. and its successors and assigns.

"**Circular**" means this management information circular of iAnthus dated August 14, 2020, including all schedules, appendices and exhibits to, and information incorporated by reference herein.

"**Claim**" means any right or claim of any Person that may be asserted or made in whole or in part against the iAnthus Parties, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any claim made or asserted against the iAnthus Parties through any affiliate, subsidiary, associated or related person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future.

"**Closing Certificate**" means a certificate in the form attached as Appendix "A" to the Plan of Arrangement which, when signed by an authorized representative of the Petitioners, each of the Initial Supporting Unsecured Debentureholders and the Collateral Agent (for and on behalf of the Secured Lenders), will constitute acknowledgment by such persons that the Plan of Arrangement has been implemented to their respective satisfaction.

"**Code**" means the United States Internal Revenue Code of 1986, as now in effect and as it may be amended from time to time prior to the Effective Date.

"**Collateral**" the collateral granted securing the amounts due and payable under the Secured Notes and New Secured Notes.

"**Collateral Agent**" means the collateral agent for the Secured Notes or New Secured Notes, as the context requires, being Gotham Green Admin 1, LLC, or its successors or assigns.

"**Common Shares**" means the common shares in the capital of iAnthus.

"**Competition Act**" means the *Competition Act* (Canada), as amended and now in effect and as it may be further amended from time to time prior to the Effective Date.

"**Court**" means the Supreme Court of British Columbia.

"**COVID-19**" means the novel coronavirus disease 2019, known as COVID-19.

"**CSE**" means the Canadian Securities Exchange.

"**Debt Exchange Common Shares**" means the 6,072,579,698 Common Shares to be issued to the Secured Lenders and Unsecured Debentureholders pursuant to the Plan of Arrangement.

"**Debtholder Record Date**" means a date to be mutually determined by iAnthus and the Requisite Consenting Parties for purposes of distributions under the Plan of Arrangement.

"**Debtholders**" means, collectively, the Secured Lenders and the Unsecured Debentureholders.

"**DTC**" means The Depository Trust & Clearing Corporation and its successors and assigns.

"**Effective Date**" means the date shown on the Closing Certificate.

"**Effective Time**" means the time on the Effective Date specified as the "Effective Time" on the Closing Certificate.

"**Equityholders**" means the Shareholders, the Optionholders and the Warrantholders.

"**Equityholders' Arrangement Resolution**" means the resolution of the Equityholders to approve the Arrangement, the full text of which is set out as Appendix C to this Circular.

"**Equityholders' Meeting**" means the meeting of Equityholders to be held on September 14, 2020 to consider the matters set out in the Equityholders' Notice.

"**Equityholders' Notice**" means the notice of the Equityholders' Meeting.

"**Existing Common Shareholders**" means, as the context requires, Registered Shareholders or Non-Registered Shareholders, in their capacities as such.

"**Existing Common Shares**" means all Common Shares that are issued and outstanding prior to the Effective Time.

"**Existing Equity**" means all of the equity of iAnthus and any other interest in or entitlement to shares or units in the capital of iAnthus existing immediately prior to the Effective Time, including, without limitation, any and all Existing Common Shares, Options, Warrants, preferred shares, conversion privileges, calls, subscriptions, exchangeable securities or other rights, plans (including stock option plans, restricted share unit plans and deferred share unit plans), agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating iAnthus to issue or sell shares in the capital of iAnthus or any securities or obligations of any kind convertible into or exchangeable from such shares.

"**Fairness Opinion**" means the fairness opinion dated July 28, 2020 provided by PricewaterhouseCoopers LLP as set forth in Appendix H to this Circular.

"**Final Order**" means the Order of the Court approving the Arrangement under Section 291 of the BCBCA, which shall include such terms as may be necessary or appropriate to give effect to the Arrangement and the Plan of Arrangement, in form and substance acceptable to the Petitioners and the Requisite Consenting Parties, each acting reasonably.

"**Gotham Green**" means, collectively, Gotham Green Partners, LLC and each of its affiliates and subsidiaries.

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state, municipality or any other geographic or political subdivision of any of them; or (b)

exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"**Guarantors**" means the guarantors under the Secured Note Purchase Agreement, being collectively, iAnthus, S8 Rental Services, LLC, MPX Bioceutical ULC, Bergamot Properties, LLC, iAnthus Holdings Florida, LLC, GrowHealthy Properties, LLC, Fall River Development Company, LLC, CGX Life Sciences Inc., GTL Holdings, LLC, iAnthus Empire Holdings, LLC, Ambary, LLC, Pakalolo, LLC, iAnthus Arizona, LLC, S8 Management, LLC, Scarlet Globemallow, LLC, GHHIA Management, Inc., McCrory's Sunny Hill Nursery, LLC, iA IT, LLC, Pilgrim Rock Management, LLC, Mayflower Medicinals, Inc., IMT, LLC, GreenMart of Nevada NLV, LLC, iAnthus New Jersey, LLC, iA CBD, LLC, Citiva Medical, LLC, Grassroots Vermont Management Services, LLC, and FWR, Inc.

"**Hadron**" means, collectively, Hadron Healthcare and Consumer Special Opportunities Master Fund and Hadron Alpha PLC-Hadron Alpha Select Fund.

"**HSR Act**" means *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended and now in effect and as it may be further amended from time to time prior to the Effective Date.

"**iAnthus**" or "**Company**" means iAnthus Capital Holdings, Inc.

"**iAnthus Parties**" means, collectively, iAnthus and all of its direct and indirect subsidiaries.

"**ICM**" means iAnthus Capital Management, LLC, a wholly-owned subsidiary of iAnthus.

"**ICM Membership Interests**" means the membership interests of ICM.

"**Initial Supporting Unsecured Debentureholders**" means those Unsecured Debentureholders who were initial signatories to the Support Agreement, being Oasis Investments II Master Fund Ltd, Senvest Global (KY), LP and Senvest Master Fund, LP., Hadron Healthcare and Consumer Special Opportunities Master Fund and Hadron Alpha PLC-Hadron Alpha Select Fund, which holders collectively hold in aggregate not less than 75% of the aggregate principal amount of Unsecured Debentures held by all Unsecured Debentureholders.

"**Interim Financing**" means the secured non-revolving credit facility provided by the Interim Lenders to ICM pursuant to the Secured Note Purchase Agreement and the issuance of the Interim Financing Secured Notes with an initial principal amount equal to the Interim Financing Principal Amount.

"**Interim Financing Principal Amount**" means $14,736,842.11.

"**Interim Financing Secured Notes**" means the 8.0% senior secured notes, due July 13, 2025 issued under the Secured Note Purchase Agreement.

"**Interim Lender Claims**" means any Claim of the Interim Lenders for amounts payable to it under the Secured Note Purchase Agreement, including all principal, accrued interest, make-whole premium and other amounts owing under the Secured Note Purchase Agreement.

"**Interim Lenders**" means Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P. and Gotham Green Partners SPV V, L.P. and their permitted successors and assigns.

"**Interim Order**" means the interim order of the Court in respect of the Petitioners pursuant to the BCBCA, in form and substance acceptable to the Requisite Consenting Parties, which, among other things, calls and sets the date for the Meetings, as such order may be amended from time to time in a manner acceptable to the Requisite Consenting Parties, a copy of which is appended as Appendix I to this Circular.

"**Intermediary**" means a broker, custodian, investment dealer, nominee, bank, trust company or other intermediary.

"**IRS**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations".

"**Investor Rights Agreement**" means the investor rights agreement to be entered into among iAnthus, ICM and the Secured Lenders and Initial Supporting Unsecured Debenture Holders, in form and substance acceptable to each of the parties thereto.

"**Law**" means any law, statute, order, decree, consent decree, judgment, rule regulation, ordinance or other pronouncement having the effect of law whether in Canada, the United States, or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity but excluding all U.S. federal and Canadian federal, provincial or territorial laws, statutes, codes, ordinances, decrees, rules and regulations which apply to the production, trafficking, distribution, processing, extraction, sale or any transactions promoting the business or involving the proceeds of marijuana (cannabis) and related substances (collectively, the "**Excluded Laws**"), provided, however, that Excluded Laws shall not include any provision of the U.S. Internal Revenue Code, as amended (the "**Code**"), including, without limitation, Section 280E of the Code.

"**Material Adverse Change**" means any event, change, circumstance or effect occurring up to and including the closing of the Recapitalization Transaction that would reasonably be expected to be or become, individually or in the aggregate, materially adverse to the Company and its subsidiaries (taken as a whole), or which would materially impair the ability of the Company or any other iAnthus Party to perform its obligations under the Support Agreement or have a materially adverse effect on or prevent or materially delay the consummation of the transactions contemplated by the Support Agreement, provided that none of the following shall constitute a Material Adverse Change: (a) any change in applicable accounting standards; (b) any change in global, national or regional political conditions (including, pandemics, the outbreak of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial or capital markets; (c) any change affecting any of the industries in which the Company operates, including changes in exchange rates or commodity prices; (d) any natural disaster; (e) any change resulting from the execution, announcement, or performance of the Term Sheet, the Support Agreement, the Plan of Arrangement or any other related agreement and the consummation of the Recapitalization Transaction; (f) any change in the market price or trading volume of any securities of the Company or any suspension of trading in securities generally on any securities exchange on which any securities of the Company trade including, but not limited to, the cease trade order issued by the Ontario Securities Commission on June 22, 2020, or the failure, in and of itself, of the Company to meet any internal or public projections, forecasts or estimates of revenues or earnings (it being understood that the underlying facts giving rise to or contributing to such change or failure may be taken into account in determining whether there has been a Material Adverse Change); or (g) any action taken by the Company in accordance with the Arrangement Proceedings, Term Sheet, the Support Agreement or the Plan of Arrangement except in the cases of clauses (b), (c) or (d), to the extent that the Company, taken as a whole, is disproportionately affected as compared with other participants in the industries in which the Company operates.

"**Meeting Date**" means September 14, 2020.

"**Meetings**" means, collectively, (i) the Secured Noteholders' Meeting, (ii) the Unsecured Debentureholders' Meeting and (iii) the Equityholders' Meeting.

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, as amended or replaced from time to time.

"**New Board**" means the reconstituted board of directors of iAnthus at the Effective Time, which shall be comprised of the New Directors.

"**New Directors**" means seven (7) directors, comprised as follow: (i) three (3) nominees selected by Gotham Green; (ii) (a) one (1) nominee selected by Oasis, (b) one (1) nominee selected by Senvest, and (c) one (1) nominee selected by Hadron; and (iii) the Chief Executive Officer of iAnthus who shall be agreed upon by Gotham Green and Initial Supporting Unsecured Debentureholders and then appointed by the New Board.

"**New Secured Note Guarantors**" means the guarantors under the Amended and Restated Secured Note Purchase Agreement, being collectively, the Guarantors.

"**New Secured Noteholders**" means the holders of New Secured Notes after giving effect to the Plan of Arrangement and shall include the Interim Lenders and the Secured Noteholders.

"**New Secured Notes**" means the 8.0% senior secured notes, as amended and restated, due on the date that is five years following the Effective Date, to be issued by ICM under the Amended and Restated Secured Note Purchase Agreement on the Effective Date pursuant to and in accordance with the Plan of Arrangement in the aggregate principal amount equal to the New Secured Notes Aggregate Principal Amount.

"**New Secured Notes Aggregate Principal Amount**" means $99,736.842.11, being the aggregate of the New Secured Notes Base Principal Amount and the Interim Financing Principal Amount.

"**New Secured Notes Base Principal Amount**" means $85,000,000.

"**New Unsecured Notes**" means the 8% unsecured non-convertible debentures, due on the date that is five years following the Effective Date, to be issued by ICM to the Secured Lenders and the Unsecured Debentureholders pursuant to the Plan of Arrangement in the aggregate principal amount of $20,000,000.

"**NI 51-102**" means National Instrument 51-102 *Continuous Disclosure Obligation*s, as amended or replaced from time to time.

"**Non-Registered Shareholder**" means a beneficial holder of Common Shares.

"**Notices of Meeting**" means, collectively, the Secured Noteholders' Notice, the Unsecured Debentureholders' Notice and the Equityholders' Notice.

"**Oasis**" means Oasis Investments II Master Fund Ltd.

"**OID**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations".

"**Optionholders**" means the holders of Options.

"**Options**" means options to purchase Common Shares issued and outstanding under the Stock Option Plan up to and including the Effective Date.

"**Order**" means any order of the Court in the Arrangement Proceedings.

"**Outside Date**" means (i) in respect of the Arrangement Proceedings, June 30, 2021, and (ii) in respect of the CCAA Proceedings, August 31, 2021, or such other date as iAnthus and the Requisite Consenting Parties may agree, each acting reasonably.

"**Person**" is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, Government Entity or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled, and whether or not having legal status.

"**Petitioners**" means, collectively, iAnthus and ICM.

"**Plan of Arrangement**" means the plan of arrangement substantially in the form of Appendix F to this Circular and any amendments, modifications or supplements hereto made in accordance with the terms thereof or made at the direction of the Court in the Interim Order or Final Order and with the consent of the Petitioners and the Requisite Consenting Parties, each acting reasonably.

"**Proxy Deadline**" means, on September 10, 2020, 9:00 a.m. (Vancouver time) for the Secured Noteholders' Meeting, 10:00 a.m. (Vancouver time) for the Unsecured Debentureholders' Meeting, or 11:00 a.m. (Vancouver time) for the Equityholders' Meeting, or, if any of the Meetings are adjourned or postponed, proxies must be received at least 48 (excluding Saturdays, Sundays and holidays in the Province of British Columbia) the adjourned or postponed Meeting.

"**Proxy Solicitation Agent**" means Laurel Hill Advisory Group.

"**Recapitalization Transaction**" means the transactions undertaken to recapitalize the Company, as contemplated in the Support Agreement, which may occur by way of the Arrangement Proceedings, or, if the necessary approvals are not obtained, the CCAA Proceedings.

"**Record Date**" means 5:00 p.m. on August 6, 2020.

"**Registered Shareholder**" means the holder of such Common Shares as recorded on the books and records of iAnthus or the Transfer Agent.

"**Requisite Consenting Parties**" means, collectively, each of the Initial Supporting Unsecured Debentureholders and the Secured Noteholders.

"**SEC**" means the United States Securities and Exchange Commission.

"**Secured Lender**" means each Secured Noteholder and each Interim Lender.

"**Secured Lender Pro Rata Share**" means, for a Secured Lender, the percentage that (i) the aggregate of the principal amount of Secured Notes (plus accrued and unpaid interest and fees) and the principal amount of Interim Financing Secured Notes (plus accrued and unpaid interest) held by the Secured Lender, bears to (ii) the aggregate principal amount of all Secured Notes (plus accrued and unpaid interest and fees) and the Interim Financing Principal Amount (plus accrued and unpaid interest), in each case as at the Debtholder Record Date.

"**Secured Note Amendments**" means the amendments to the Secured Note Purchase Agreement to be effected pursuant to the Amended and Restated Secured Note Purchase Agreement, including those amendments described in this Circular and/or as may otherwise be agreed to by the Petitioners and the Requisite Consenting Parties, each acting reasonably.

"**Secured Note Documents**" means, collectively, (i) the Secured Note Purchase Agreement; and (ii) all related documentation, including, without limitation, all guarantee and security documentation, certificates and other instruments, related to the foregoing.

"**Secured Note Purchase Agreement**" means the second amended and restated secured debenture purchase agreement for the Secured Notes, dated July 10, 2020, by and among iAnthus, ICM, the other Guarantors, the Secured Noteholders and the Collateral Agent, as amended, modified and/or supplemented from time to time as of the date hereof.

"**Secured Noteholder Claim**" means any Claim of a Secured Noteholder for amounts payable to it under the Secured Notes and the Secured Note Purchase Agreement, including all principal, accrued interest, make-whole, premium and other amounts owing under the Secured Notes and the Secured Note Documents.

"**Secured Noteholders**" means the holders of Secured Notes and their permitted successors and assigns.

"**Secured Noteholders' Arrangement Resolution**" means the resolution of the Secured Noteholders relating to the Arrangement to be considered at the Secured Noteholders' Meeting, the full text of which is set out as Appendix A to this Circular.

"**Secured Noteholders' Meeting**" means the meeting of Secured Noteholders to be held on September 14, 2020 to consider the matters set out in the Secured Noteholders' Notice.

"**Secured Noteholders' Notice**" means the notice of the Secured Noteholders' Meeting.

"**Secured Notes**" means the 13.0% senior secured notes, due May 2021 issued by ICM under the Secured Note Purchase Agreement.

"**Securityholders**" means, collectively, the Secured Noteholders, the Interim Lenders, the Unsecured Debentureholders, Shareholders, Optionholders and Warrantholders.

"**Senvest**" means, collectively, Senvest Global (KY), LP and Senvest Master Fund, LP.

"**Shareholders**" means the holders of Common Shares.

"**Special Committee**" means the independent special committee of the Board of Directors.

"**Stock Option Plan**" means iAnthus' equity compensation plan effective as of November 2015, as amended and restated on October 15, 2018, and as may be further amended from time to time.

"**Strategic Review Process**" has the meaning ascribed thereto under the heading "Background To And Reasons For The Recapitalization".

"**Support Agreement**" means the restructuring support agreement among the iAnthus Parties, the Secured Lenders and the Initial Supporting Unsecured Debentureholders dated July 10, 2020 (including, for certainty, the Term Sheet appended thereto), as may be amended or supplemented from time to time pursuant to its terms.

"**Tax Act**" means the *Income Tax Act* (Canada) as now in effect and as it may be amended from time to time.

"**Term Sheet**" means the restructuring term sheet attached as Schedule C to the Support Agreement, which describes the general terms of the Recapitalization Transaction.

"**Transfer Agent**" or "**Computershare**" means Computershare Investor Services Inc., the registrar and transfer agent of the Common Shares.

"**Treasury Regulations**" has the meaning ascribed thereto under the heading "Certain United States Federal Income Tax Considerations".

"**Unsecured Debenture Documents**" means, collectively, (i) Unsecured Debenture Purchase Agreements; and (ii) all related documentation, including, without limitation, all certificates and other instruments, related to the foregoing.

"**Unsecured Debenture Purchase Agreements**" means the debenture purchase agreements for the Unsecured Debentures, dated March 15, 2019 or April 29, 2019, as applicable, by and among iAnthus and each Unsecured Debentureholder, as amended, modified and/or supplemented from time to time as of the date hereof.

"**Unsecured Debentureholder Claim**" means any Claim of an Unsecured Debentureholder for amounts payable to it under the Unsecured Debentures and the Unsecured Debenture Purchase Agreements, including all principal, accrued interest, make-whole, premium and other amounts owing under the Unsecured Debentures and the Unsecured Debenture Documents.

"**Unsecured Debentureholder Pro Rata Share**" means the percentage that the principal amount of Unsecured Debentures held by an Unsecured Debentureholder bears to the aggregate principal amount of all Unsecured Debentures as at the Debtholder Record Date.

"**Unsecured Debentureholders**" means the holders of Unsecured Debentures.

"**Unsecured Debentureholders' Arrangement Resolution**" means the resolution of the Unsecured Debentureholders to approve the Arrangement, the full text of which is set out as Appendix B to this Circular.

"**Unsecured Debentureholders' Meeting**" means the meeting of Unsecured Debentureholders to be held on September 14, 2020 to consider the matters set out in the Unsecured Debentureholders' Notice.

"**Unsecured Debentureholders' Notice**" means the notice of the Unsecured Debentureholders' Meeting.

"**Unsecured Debenture**s" means the 8.0% unsecured convertible debentures maturing on March 15, 2023 issued pursuant to one or more Unsecured Debenture Purchase Agreements between each of the Unsecured Debentureholders and iAnthus.

"**Warrantholders**" means the holders of Warrants.

"**Warrants**" means all of the issued and outstanding warrants to purchase Common Shares.

SUMMARY

This summary highlights selected information from this Circular to help Securityholders understand the Arrangement. Securityholders should read this Circular carefully in its entirety to understand the terms of the Arrangement as well as tax and other considerations that may be important to them in deciding whether to approve the Arrangement and certain related matters. Securityholders should pay special attention to the "*Risk Factors*" section of this Circular. The following summary is qualified in its entirety by reference to the detailed information contained or incorporated by reference in this Circular. Capitalized terms used herein, and not otherwise defined, have the meanings ascribed to them in "*Glossary of Terms*".

IANTHUS CAPITAL HOLDINGS, INC.

iAnthus is a holding company incorporated under the Laws of the Province of British Columbia, which conducts its business through its wholly-owned subsidiaries, including ICM. The Common Shares of iAnthus are listed on the CSE and the OTCQX under the symbol IAN and ITHUF, respectively. iAnthus' head office is located at 505 Fifth Avenue, 23rd Floor, New York, New York, USA 10017 and its registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

IANTHUS CAPITAL MANAGEMENT, LLC

ICM is a company formed under the Laws of the State of Delaware and is a wholly-owned subsidiary of iAnthus. ICM is the issuer of the Secured Notes and Interim Financing Secured Notes. ICM's head and registered office is located at 505 Fifth Avenue, 23rd Floor, New York, New York, USA 10017.

Additional information in respect of ICM is attached as Appendix K to this Circular.

BACKGROUND TO AND REASONS FOR THE RECAPITALIZATION TRANSACTION

Although the global cannabis industry experienced explosive growth over the past several years, investor enthusiasm for the industry faded through 2019 as public market valuations dropped significantly. The drop in public market valuations, in turn, created a difficult environment for cannabis-industry participants seeking additional financing. The drop in the public market valuations of cannabis companies was the result of numerous factors, including the underperformance of certain Canadian cannabis companies that were considered bellwethers for the global sector and a perceived cash crunch compounded by the fact that valuations were dropping.

As a result of the above-noted issues, by March of 2020 iAnthus faced liquidity challenges and was confronted with a difficult decision. It had sufficient cash only to either continue funding operations, which included providing cannabis to its medical patients, or to make then-upcoming interest payments falling due on March 31, 2020 (the "**March Interest Payments**") under the Secured Notes and Unsecured Debentures. Without a reliable source of funding, iAnthus faced material challenges to its continued operations. In order to ensure that iAnthus had sufficient cash to fund its operational needs and maintain the inherent value of its business operations through this process, the Board of Directors elected not to make the March Interest Payments on March 31, 2020. As a result, as of April 3, 2020, iAnthus was in default of its obligations under the Secured Notes and, through applicable cross-default provisions in the Unsecured Debenture Purchase Documents, the Unsecured Debentures. iAnthus was also directly in default of its obligations under the Unsecured Debentures on April 14, 2020.

Although iAnthus has made significant progress in improving its business and financial condition, faced with continued deteriorating business conditions as a result of COVID-19 and a highly leveraged balance sheet, on April 6, 2020 iAnthus announced that it was reviewing strategic alternatives available in light of iAnthus' prospective liquidity requirements, the condition of the capital markets affecting companies in the cannabis industry, and the rapid change in the state of the economy and capital markets generally caused by COVID-19. The review was undertaken by iAnthus' management and overseen by the Special Committee. Canaccord Genuity Corp. was hired as financial advisor to iAnthus to, among other things, consider and review with the Company potential strategic options and alternatives related to iAnthus' capital structure and liquidity and provide advice on and assist with a potential transaction (the "**Strategic Review Process**"). As part of the Strategic Review Process, iAnthus contacted more than

100 parties, including approximately 50 parties regarding sale and/or merger alternatives and approximately 50 parties regarding financing alternatives. iAnthus also signed confidentiality agreements with and provided confidential evaluation materials to more than 50 parties, and conducted detailed follow-up diligence responses to over a dozen parties.

Management and the Special Committee, with the assistance of its legal and financial advisors, considered a number of alternatives resulting from the Strategic Review Process, including non-core asset sales, cost reductions, revenue enhancements and initiatives, refinancing or repayment of debt and the issuance of new debt or equity and other strategic alternatives including the sale of iAnthus. The Special Committee, supported by its legal and financial advisors, worked expeditiously to complete the review of a range of strategic alternatives. In the course of its deliberations, the Special Committee determined that many of the potential alternatives were not available or did not achieve the desired objective of reducing debt while leaving iAnthus in a position to build value for its Shareholders and other stakeholders. After an extensive review and consultation process with its legal and financial advisors, the Board of Directors concluded that the Recapitalization Transaction represents the best available alternative to improve iAnthus' capital structure and to maximize and preserve value for iAnthus and its stakeholders. Two meetings were held on July 10, 2020, the first where the Special Committee recommended to the Board of Directors that it resolve in favour of executing the Support Agreement and the Recapitalization Transaction contemplated thereby, and another where the Board of Directors accepted the Special Committee's recommendation and voted unanimously to approve the Recapitalization Transaction.

The Arrangement provides the following key benefits to iAnthus and its stakeholders:

- improving the Company's financial strength and reducing the Company's financial risk by reducing outstanding indebtedness by approximately $54.7 million, as of March 31, 2020, through the:
  - exchange of the Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes; and
  - restructuring the Secured Notes to, among other things, reduce the principal amount by over $10 million; and
  - forgiveness of accrued but unpaid interest and fees on the Secured Notes and Unsecured Debentures;
- eliminating the Company's annual cash interest expenses associated with the Secured Notes and Unsecured Debentures;
- reducing the interest rate under the Secured Notes by 5% per annum;
- extending the maturity date of the Secured Notes by over four years;
- raising $14 million in new cash for the Company through the Interim Financing; and
- allowing Existing Common Shareholders to retain their Common Shares, subject to significant dilution resulting from the issuance of Debt Exchange Common Shares (and subject to further dilution for equity that may be issued to directors, officers or employees of iAnthus, as may be determined from time to time by the New Board following implementation of the Plan of Arrangement).

If the Recapitalization Transaction is not implemented pursuant to the Plan of Arrangement, the Company will effectuate the Recapitalization Transaction by way of the CCAA Proceedings. In this respect, the Company has secured the commitment of the Secured Noteholders and the Initial Supporting Unsecured Debentureholders to support such alternative. In such circumstances, the Existing Common Shareholders will not receive any recovery or retain ownership of any Common Shares and the Common Shareholder Interest will instead be allocated equally as among the Secured Lenders and Unsecured Debentureholders. See "Support Agreement – Alternative Implementation Process".

See "*Risk Factors – Risks Relating to the Non-Implementation of the Recapitalization Transaction*".

DESCRIPTION OF THE RECAPITALIZATION TRANSACTION

This Circular describes the proposed Arrangement. The Arrangement and certain related matters will be considered by the Securityholders at their respective Meetings called for those purposes. If completed as contemplated, the Arrangement will effect a number of significant changes to the capital structure of the Company, as more particularly described below and elsewhere in this Circular.

See "*Description of the Recapitalization Transaction*".

Effect of the Recapitalization Transaction

Plan of Arrangement

The Arrangement contemplates a series of steps effected through the Plan of Arrangement leading to a restructuring of iAnthus' capital structure. These steps include, among other things:

(a) all Affected Equity shall be cancelled and extinguished for no consideration;

(b) the Secured Notes in the aggregate principal amount of approximately $97.5 million plus accrued and unpaid interest, and the Interim Financing Secured Notes, in aggregate principal amount of approximately $14.7 million plus accrued and unpaid interest, will be exchanged for:

  (i) New Secured Notes in the aggregate principal amount equal to the New Secured Notes Base Aggregate Principal Amount;

  (ii) 25% of the aggregate principal amount of New Unsecured Notes; and

  (iii) 50% of the Debt Exchange Common Shares;

(c) the Unsecured Debentures in the aggregate principal amount of $60 million, plus accrued and unpaid interest and all other amounts (including fees, costs and expenses), will be exchanged for:

  (i) 75% of the aggregate principal amount of New Unsecured Notes; and

  (ii) 50% of the Debt Exchange Common Shares.

See *"Description of the Recapitalization Transaction – Plan of Arrangement"*.

Affected Equity

Under the Plan of Arrangement, other than the Existing Common Shares, all other Existing Equity in iAnthus, including all Options, Warrants, rights or similar instruments derived from, relating to, or exercisable, convertible or exchangeable therefor, shall be terminated and cancelled, and shall be deemed to be terminated and cancelled without the need for any repayment of capital thereof or any other liability, payment or compensation therefor and, for greater certainty, no holder of Affected Equity shall be entitled to receive any interest, dividends, premium or other payment in connection therewith. All Affected Equity Claims shall constitute Released Claims (as defined in the Plan of Arrangement).

See *"Description of the Recapitalization Transaction – Affected Equity"*.

Effect on Secured Lenders

Under the Plan of Arrangement, the principal amount of the outstanding Secured Notes will be reduced from approximately $97.5 million to $85 million (the "**Restructured Senior Debt**"). The principal amount of this Restructured Senior Debt will be increased by the Interim Financing Principal Amount of$14,736,842.11. The Restructured Senior Debt will continue to have a first lien, senior secured position over all of the assets of iAnthus and its subsidiaries, and will carry an 8% payment in kind annual interest rate, compounding quarterly. The Restructured Senior Debt will be non-convertible, will mature five years after the Effective Date and will be non-callable for a period of three years.

The Secured Note Purchase Agreement will be amended and restated pursuant to the Amended and Restated Secured Note Purchase Agreement to effect the Secured Note Amendments. A summary of the terms of the New Secured Notes to be issued pursuant to the Amended and Restated Secured Note Purchase Agreement are set forth in Appendix G to this Circular. A copy of the Amended and Restated Secured Note Purchase Agreement in substantially final form will be made available for review under the Company's SEDAR profile at www.sedar.com. iAnthus will issue a press release once the document has been posted for viewing.

Each Secured Lender will receive New Secured Notes in proportion to their Secured Lender Pro Rata Share of the New Secured Notes Aggregate Principal Amount, which New Secured Notes shall be amended and restated, pursuant to, and thereafter governed by, the Amended and Restated Secured Note Purchase Agreement and shall be a continuation of the Secured Notes and Interim Financing Secured Notes, as so amended and restated, without novation.

As consideration for the Restructured Senior Debt, the Secured Lenders will also receive, in the aggregate, (i) 25% ($5 million) of the aggregate principal amount of New Unsecured Notes, on substantially the terms described in Appendix D to this Circular, and (ii) 50% of the Debt Exchange Common Shares to be issued pursuant to the Plan of Arrangement, being 3,036,289,849 Debt Exchange Common Shares or such other number as is equivalent to 48.625% of the issued and outstanding Common Shares immediately after giving effect to the Plan of Arrangement, subject to dilution for equity that may be issued to directors, officers or employees of iAnthus as may be determined from time to time by the New Board following implementation of the Plan of Arrangement.

The Debt Exchange Common Shares and New Unsecured Notes issued to Secured Lenders will be allocated to the Secured Lenders based on their Secured Lender Pro Rata Share.

See "*Description of the Recapitalization Transaction – Treatment of Securityholders – Secured Lenders*".

Effect on Unsecured Debentureholders

Under the Plan of Arrangement, all of the issued and outstanding Unsecured Debentures will be terminated. As consideration therefor, the Unsecured Debentureholders will receive, in the aggregate, (i) 75% ($15 million) of the aggregate principal amount of New Unsecured Notes on terms identical to the New Unsecured Notes issued to Secured Lenders and described above, and (ii) 50% of the Debt Exchange Common Shares to be issued pursuant to the Plan of Arrangement, being 3,036,289,849 Debt Exchange Common Shares or such other number as is equivalent to 48.625% of the issued and outstanding Common Shares immediately after giving effect to the Plan of Arrangement, subject to dilution for equity that may be issued to directors, officers or employees of iAnthus as may be determined from time to time by the New Board following implementation of the Plan of Arrangement.

The Debt Exchange Common Shares and New Unsecured Notes issued to Unsecured Debentureholders will be allocated to the Unsecured Debentureholders based on their Unsecured Debentureholder Pro Rata Share.

See "*Description of the Recapitalization Transaction – Treatment of Securityholders – Unsecured Debentureholders"*.

Effect on Shareholders

Pursuant to the Plan of Arrangement, Shareholders will retain their Common Shares, subject to significant dilution resulting from the issuance of the Debt Exchange Common Shares. Immediately following the issuance of the Debt

Exchange Common Shares pursuant to the Plan of Arrangement, Shareholders immediately prior to implementation of the Plan of Arrangement will own 2.75% of the outstanding Common Shares, subject to further dilution for equity that may be issued to directors, officers or employees of iAnthus as may be determined from time to time by the New Board following implementation of the Plan of Arrangement. Shareholders would not retain any ownership of Common Shares or receive any recovery in the event that the Company effectuates the Recapitalization Transaction by way of the CCAA Proceedings. See "*Support Agreement - Alternative Implementation Process*".

See *"Description of the Recapitalization Transaction – Treatment of Shareholders"*.

Effect on Optionholders, Warrantholders and Other Stakeholders

Pursuant to the Plan of Arrangement, all outstanding Options, Warrants and other rights to acquire Common Shares will be terminated. The Stock Option Plan will not be terminated and will remain in place following implementation of the Plan of Arrangement and the New Board will have the ability to issue new awards under it in accordance with its terms.

Other than as set forth in the foregoing paragraphs, the Plan of Arrangement will not affect iAnthus' obligations to employees, customers, suppliers and governmental authorities, which will continue to be satisfied in the ordinary course.

See "*Description of the Recapitalization Transaction – Treatment of Securityholders – Optionholders, Warrantholders and Other Stakeholders*".

U.S. Debtholders and Transfer Restrictions

The Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes have not been and will not be registered under the 1933 Act, or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the 1933 Act.

The Debt Exchange Common Shares, the New Unsecured Notes and New Secured Notes issuable to the Secured Lenders and Unsecured Debentureholders, as applicable, in each case pursuant to the Plan of Arrangement, will be issued in reliance upon the exemption from registration under the 1933 Act provided by Section 3(a)(10) thereunder, upon the Court's approval of the Arrangement. The Final Order, if granted, will constitute the basis for the exemption from the registration requirements of the 1933 Act pursuant to Section 3(a)(10) thereof, with respect to the offer and sale of the Debt Exchange Common Share, the New Unsecured Notes and the New Secured Notes, in each case pursuant to the Plan of Arrangement. In order to rely on the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof, the Court must determine, prior to approving the Final Order, that the terms and conditions of the conversion and exchange (as the case may be) of the Debt Exchange Common Shares, the New Unsecured Notes and the New Secured Notes is fair to the applicable Secured Lenders and Unsecured Debentureholders.

See *"Description of the Recapitalization Transaction – U.S. Debtholders and Transfer Restrictions"*, *"Certain U.S. Securities Laws Matters*" and *"Certain Regulatory and Other Matters Relating to the Recapitalization Transaction – United States"*.

Releases and Waivers

The Plan of Arrangement includes releases in connection with the implementation of the Recapitalization Transaction in favour of the iAnthus Parties, the Secured Lenders, the Unsecured Debentureholders, the Initial Supporting Unsecured Debentureholders, the Collateral Agent, and each of the foregoing persons' respective current and former officers, directors, employees, current and former shareholders, auditors, financial advisors, legal counsel and agents.

See *"Description of the Recapitalization Transaction – Releases and Waivers"*.

Investor Rights Agreement

At the Effective Time, iAnthus, the Secured Lenders and the Initial Supporting Unsecured Debentureholders will enter into the Investor Rights Agreement setting forth corporate governance matters including but not limited to the following:

- Gotham Green will have the right to nominate three directors to the New Board;
- the Initial Supporting Unsecured Debentureholders will have the right to nominate three directors to the New Board (with Oasis, Senvest and Hadron each having the right to nominate one director);
- the nominees of Gotham Green and Initial Supporting Unsecured Debentureholders will have the right to nominate a 7th member of the New Board, who shall be the chief executive officer of iAnthus;
- any decision of iAnthus involving (i) the issuance of voting equity securities, (ii) any related party transactions, or (iii) amendments to the New Secured Notes or New Unsecured Notes shall at all times require the approval of five of the seven New Directors; and
- for a period of three years following completion of the Recapitalization Transaction, (i) the Debt Exchange Common Shares issued to the Secured Lenders may not be used to vote more than 35.78% of the issued and outstanding Common Shares (the shares excluded from voting are also removed from the total amount of issued and outstanding Common Shares for the purpose of determining voting percentage), and (ii) the Secured Noteholders in the aggregate shall not hold more than 49% of the outstanding Common Shares without approval from the New Board.

A copy of the Investor Rights Agreement in substantially final form will be made available for review under the Company's SEDAR profile at www.sedar.com. iAnthus will issue a press release once the document has been posted for viewing.

Board Nomination Rights

Upon completion of the Recapitalization Transaction, the Board of Directors will be reconstituted through the staggered resignations of all of the existing members of the Board of Directors, and the New Directors shall be deemed to fill the vacancies created by such resignations without the necessity of holding a further meeting of Equityholders.

Pursuant to the Voting Agreement, following the Effective Date, the Secured Noteholders and Initial Supporting Unsecured Debentureholders will have the following nomination rights:

(a) Gotham Green will have the right to nominate three directors to the New Board;

(b) each of Oasis, Senvest and Hadron will have the right to nominate one director to the New Board; and

(c) the nominees of Gotham Green and Initial Supporting Unsecured Debentureholders will have the right to nominate a 7th member of the New Board, who shall be the chief executive officer of iAnthus.

The re-election of each of the members of the New Board shall, in all circumstances, be put to a shareholder vote at each annual general meeting of iAnthus. Any such vote shall pass with the support of a simple majority of the shares cast at the annual general meeting.

Conditions Precedent to the Implementation of the Plan of Arrangement

The implementation of the Plan of Arrangement is conditional upon the fulfilment, satisfaction or waiver of a number of conditions precedent.

See *"Conditions Precedent to Implementation of the Plan of Arrangement"*.

SUPPORT AGREEMENT

All of the Secured Noteholders and the Initial Supporting Unsecured Debentureholders, who hold approximately 91% of the outstanding Unsecured Debentures, have entered into the Support Agreement in which they have agreed to support the Recapitalization Transaction and will vote their Secured Notes, Unsecured Debentures, and Existing Equity in favour of the various resolutions required to implement the Recapitalization Transaction at the Secured Noteholders' Meeting, the Unsecured Debentureholders' Meeting and the Equityholders' Meeting, respectively.

The principal terms of the Recapitalization Transaction are set out in the Support Agreement and will be implemented pursuant to various agreements and related documents. Such agreements and related documents must be in form and substance acceptable to iAnthus, the Secured Noteholders and the Initial Supporting Unsecured Debentureholders, each acting reasonably.

As a result of the voting commitments contained in the Support Agreement, the Secured Noteholders' Arrangement Resolution and the Unsecured Debentureholders' Arrangement Resolution are each expected to be approved at the Secured Noteholders' Meeting and Unsecured Debentureholders' Meeting, respectively.

See "*Support Agreement*".

THE MEETINGS

Pursuant to the Interim Order, (i) ICM has called the Secured Noteholders' Meeting to consider and, if deemed advisable, to pass the Secured Noteholders' Arrangement Resolution and (ii) iAnthus has called (a) the Unsecured Debentureholders' Meeting to consider and, if deemed advisable, to pass the Unsecured Debentureholders' Arrangement Resolution and (b) the Equityholders' Meeting to consider and, if deemed advisable, to pass the Equityholders' Arrangement Resolution. The Meetings will be held at the following places, dates and times:

Meeting	Time and Date	Place
Secured Noteholders' Meeting	9:00 a.m. (Vancouver time), September 14, 2020	Live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/402960192
Unsecured Debentureholders' Meeting	10:00 a.m. (Vancouver time), September 14, 2020	Live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/462611187
Equityholders' Meeting	11:00 a.m. (Vancouver time), September 14, 2020	Live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/431892474

Subject to any further order of the Court, the Court has set the quorum for the Secured Noteholders' Meeting as the presence, virtually or by proxy, of two or more persons entitled to vote at the Secured Noteholders' Meeting.

Subject to any further order of the Court, the Court has set the quorum for the Unsecured Debentureholders' Meeting as the presence, virtually or by proxy, of two or more persons entitled to vote at the Unsecured Debentureholders' Meeting.

Subject to any further order of the Court, the quorum for the Equityholders' Meeting as the presence, virtually or by proxy, of one or more persons holding not less than 5% of the outstanding Common Shares entitled to vote at the Equityholders' Meeting.

Procedures for Voting at the Meetings

Those persons who are Secured Noteholders on the Record Date are entitled to attend and vote at the Secured Noteholders' Meeting or to submit a proxy in respect thereof. Secured Noteholders entitled to vote at the Secured Noteholders' Meeting will be entitled to one vote for each $1,000 principal amount of Secured Notes held by such Secured Noteholder as of the Record Date in respect of the Secured Noteholders' Arrangement Resolution and any other matters to be considered at the Secured Noteholders' Meeting.

Those persons who are Unsecured Debentureholders on the Record Date are entitled to attend and vote at the Unsecured Debentureholders' Meeting or to submit a proxy in respect thereof. Unsecured Debentureholders entitled to vote at the Unsecured Debentureholders' Meeting will be entitled to one vote for each $1,000 principal amount of Unsecured Debentures held by such Unsecured Debentureholder as of the Record Date in respect of the Unsecured Debentureholders' Arrangement Resolution and any other matters to be considered at the Unsecured Debentureholders' Meeting.

Those persons who are Registered Shareholders, Optionholders or Warrantholders on the Record Date are entitled to attend and vote at the Equityholders' Meeting or to submit a proxy in respect thereof. Shareholders will be entitled to one vote for each Common Share held as at the Record Date. Optionholders and Warrantholders will be entitled to one vote for each Common Share they are eligible to receive upon exercise of the Options or Warrants, as applicable, held as at the Record Date.

Non-Registered Shareholders who hold their Common Shares in the name of an Intermediary or in the name of a depositary such as DTC or CDS will receive either a voting information form or, less frequently, a form of proxy. The Non-Registered Shareholder must complete and sign the voting information form and return it in accordance with the directions set out on such form. Non-Registered Shareholders are not permitted to vote their Common Shares directly at the Equityholders' Meeting. If a Non-Registered Shareholder desires to attend and vote at the Equityholders' Meeting virtually, it must follow the procedures set out in "Information Concerning the Meetings – Non-Registered Shareholders".

Secured Noteholders and Unsecured Debentureholders who have questions or require further information on how to submit their vote at the Secured Noteholders' Meetings or Unsecured Debentureholders' Meeting, as applicable, are encouraged to contact Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com. Shareholders, Optionholders or Warrantholders who have questions or require further information on how to submit their vote at the Equityholders' Meeting are also encouraged to speak with their brokers and Intermediaries, as applicable, or to contact Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com.

Securityholder Approvals

The Interim Order specifies that all Secured Noteholders as of the Record Date shall vote as one class for the purposes of voting on the Secured Noteholders' Arrangement Resolution. The Interim Order also provides that, subject to any further order of the Court, in order for the Secured Noteholders' Arrangement Resolution to be passed by the Secured Noteholders at the Secured Noteholders' Meeting, an affirmative vote must be cast by a majority in number of the Secured Noteholders who represent at least 75% in value of the Secured Notes, in each case present virtually or by proxy at the Secured Noteholders' Meeting, on the basis of one vote for each $1,000 of principal amount of Secured Notes.

The Interim Order specifies that all Unsecured Debentureholders as of the Record Date shall vote as one class for the purposes of voting on the Unsecured Debentureholders' Arrangement Resolution. The Interim Order also provides that, subject to any further order of the Court, in order for the Unsecured Debentureholders' Arrangement Resolution to be passed by the Unsecured Debentureholders at the Unsecured Debentureholders' Meeting, an affirmative vote must be cast by a majority in number of the Unsecured Debentureholders who represent at least 75% in value of the Unsecured Debentures, in each case present virtually or by proxy at the Unsecured Debentureholders' Meeting, on the basis of one vote for each $1,000 of principal amount of Unsecured Debentures.

The Interim Order specifies that: (i) all Shareholders shall vote as one class; and (ii) all Equityholders shall vote together as a single class, for the purposes of voting on the Equityholders' Arrangement Resolution. The Interim Order also provides that, subject to any further order of the Court, in order for the Equityholders' Arrangement Resolution to be passed at the Equityholders Meeting, an affirmative vote is required from: (y) a majority (at least 50% +1) of the votes cast by Shareholders present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution, on the basis of one vote for each Common Share held, excluding, in accordance with the requirements of MI 61-101, Shareholders that are "interested parties", "related parties" of any interested parties and "joint actors" of the foregoing (as such terms are defined in MI 61-101); and (z) a majority (at least 50% +1) of the votes cast by Equityholders, voting together as a single class, present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution, on the basis of one vote for each Common Share held or eligible to be received upon exercise of the Options or Warrants held, as applicable. By voting in favour of the Equityholders' Arrangement Resolution, Equityholders will also be voting in favour of the issuance of the Debt Exchange Common Shares, which will materially affect control of the Company by issuing Common Shares to the Secured Lenders and Unsecured Debentureholders equivalent to a 97.25% equity ownership of the Company, after giving effect to the Plan of Arrangement.

If the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, the Recapitalization Transaction will be implemented pursuant to the CCAA Proceedings. If implementation of the Recapitalization Transaction occurs through the CCAA Proceedings, Existing Common Shareholders will not retain any ownership of Common Shares (as applicable) or receive any recovery.

As a result of the voting commitments contained in the Support Agreement, the Secured Noteholders' Arrangement Resolution and the Unsecured Debentureholders' Arrangement Resolution are each expected to be approved at the Meetings.

See "*Information Concerning the Meetings – Quorum and Voting Requirement*s".

Court Approval of Plan of Arrangement

The Arrangement and implementation of the Plan of Arrangement is subject to, among other things, approval of the Court. Prior to the mailing of this Circular, iAnthus filed an application for approval of the Arrangement and obtained the Interim Order providing for the calling and holding of the Meetings and other procedural matters. A copy of the Interim Order is attached hereto as Appendix I to this Circular.

Following the Meetings, iAnthus intends to apply for the Final Order. A copy of the Petition for the Final Order is attached as part of Appendix J to this Circular. The hearing in respect of the Final Order is scheduled to take place on September 25, 2020 at 2:00 p.m. (Vancouver time) (or such other time and/or date as the Court will advise) at the courthouse, at 800 Smithe Street, Vancouver, British Columbia, Canada. At the hearing, any Securityholder or other interested party who wishes to participate, or to be represented, or to present evidence or argument, may do so, subject to filing with the Court and serving upon the solicitors for iAnthus a Notice of Appearance and satisfying any other requirements of the Court as provided in the Interim Order or otherwise. At the hearing for the Final Order, the Court will consider, among other things, the fairness and reasonableness of the Arrangement, the approval of the Secured Noteholders' Arrangement Resolution by the Secured Noteholders at the Secured Noteholders' Meeting, the approval of the Unsecured Debentureholders' Arrangement Resolution by the Unsecured Debentureholders at the Unsecured Debentureholders' Meeting and the approval of the Equityholders' Arrangement Resolution by the Equityholders at the Equityholders' Meeting.

If the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, the Recapitalization Transaction will be implemented pursuant to the CCAA Proceedings. If implementation of the Recapitalization Transaction occurs through the CCAA Proceedings, Existing Common Shareholders will not retain any ownership of Common Shares (as applicable) or receive any recovery.

The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

CONDITIONS TO THE RECAPITALIZATION BECOMING EFFECTIVE

The implementation of the Plan of Arrangement is conditional upon the fulfillment, satisfaction or waiver of a number of conditions precedent.

See "*Description of the Recapitalization Transaction – Conditions to the Recapitalization Transaction Becoming Effective*".

FAIRNESS OPINION

PricewaterhouseCoopers LLP ("**PwC**") was engaged by iAnthus to provide an opinion (the "**Fairness Opinion**") to the Board of Directors, and its Special Committee, as to the fairness of the Recapitalization Transaction, from a financial point of view, to the Existing Common Shareholders. On July 28, 2020, PwC rendered its Fairness Opinion that, as of such date, based upon and subject to the various considerations set forth in the Fairness Opinion, including the scope of review, limitations and assumptions, the proposed Recapitalization Transaction is fair, from a financial point of view, to the Existing Common Shareholders.

The full text of the Fairness Opinion is attached as Schedule H to this Circular and Existing Common Shareholders are encouraged to read the Fairness Opinion carefully and in its entirety. The Fairness Opinion describes the scope of the review undertaken by PwC, the assumptions made by PwC, the limitations on the use of the Fairness Opinion, and the basis of PwC's analyses for the purposes of the Fairness Opinion, among other matters. The summary of the Fairness Opinion set forth in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion. PwC has provided its written consent to the inclusion of the Fairness Opinion in this Circular. The Fairness Opinion states that it may not be used, or relied upon, by any person other than the Board and Special Committee. The Fairness Opinion cannot be relied upon by any other party.

The Fairness Opinion is subject to various assumptions and limitations and is based upon the scope of review described in the Fairness Opinion. In addition, the basis of how fairness was determined for the purpose of the Fairness Opinion is summarized in the Fairness Opinion. The Fairness Opinion is expressly limited to these matters. The full text of the Fairness Opinion is attached as Appendix H to this Circular and should be read carefully in its entirety for a description of the assumptions made, matters considered and limitations on the review undertaken by PwC in providing its opinion.

See "*Description of the Recapitalization Transaction – Fairness Opinion*".

RECOMMENDATION OF THE BOARD OF DIRECTORS

After careful consideration and based on a number of factors, including the Fairness Opinion and the recommendation of the Special Committee, and upon consultation with its financial advisors and outside legal counsel, the Board of Directors has unanimously: (a) approved the Recapitalization Transaction; (b) authorized the submission of the Arrangement to the Securityholders and the Court for their respective approvals; and (c) determined that the Recapitalization Transaction is in the best interests of iAnthus and its stakeholders.

The Board of Directors unanimously recommends that the Secured Noteholders, Unsecured Debentureholders, Existing Common Shareholders, Optionholders and Warrantholders vote in favour of the Secured Noteholders' Arrangement Resolution, the Unsecured Debentureholders' Arrangement Resolution, the Equityholders' Arrangement Resolution, as applicable, at the Meetings.

Future liquidity and operations of the Company are dependent on the ability of the Company to restructure its debt obligations and to generate sufficient operating cash flows to fund its on-going operations. If the Recapitalization Transaction is not implemented pursuant to the Plan of Arrangement, the Company will effectuate the Recapitalization Transaction by way of the CCAA Proceedings. See "*Support Agreement – Alternative Implementation Process*". The Board of Directors also considered various factors discussed in the "Background To and Reasons For the Recapitalization Transaction". Further, the Board of Directors took note of the fact that it had received the Support Agreement from Debtholders holding all of the outstanding principal amount of the Secured Notes and over 91% of

the outstanding principal amount of the Unsecured Debentures and the fact that Shareholders would retain their Common Shares, subject to the dilution described herein. Finally, the Board of Directors considered the fact that the Existing Common Shareholders would likely receive no recovery at all in the event that the Company is required to pursue or implement the Recapitalization Transaction by way of the CCAA Proceedings.

See "*Description of the Recapitalization Transaction – Recommendation of the Board of Directors*".

INCOME TAX CONSIDERATIONS

Canadian Income Tax Considerations

For a detailed description of certain of the principal Canadian income tax consequences resulting from the Recapitalization Transaction, please refer to "*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*".

United States Income Tax Considerations

For a detailed description of certain of the United States federal income tax consequences resulting from the Recapitalization Transaction, please refer to "*Income Tax Considerations — Certain United States Federal Income Tax Considerations*".

RISK FACTORS

Securityholders should carefully consider the risk factors concerning, among other things, implementation and non-implementation, respectively, of the Recapitalization Transaction and the business of iAnthus described under "*Risk Factors*".

INFORMATION CONCERNING THE MEETINGS

General

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of iAnthus and its Board of Directors and management and the sole member and manager of ICM in respect of the Secured Noteholders' Meeting. No person has been authorized to give any information or to make any representations in connection with the Recapitalization Transaction other than those contained in this Circular and, if given or made, any such other information or representation should be considered as not having been authorized.

Meetings

The Secured Noteholders' Meeting will be held at 9:00 a.m. (Vancouver time) on September 14, 2020 virtually via live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/402960192, as set forth in the Secured Noteholders' Notice.

The Unsecured Debentureholders' Meeting will be held at 10:00 a.m. (Vancouver time) on September 14, 2020 virtually via live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/462611187, as set forth in the Unsecured Debentureholders' Notice.

The Equityholders' Meeting will be held at 11:00 a.m. (Vancouver time) on September 14, 2020 virtually via live audio webcast available online using the LUMI meeting platform at https://web.lumiagm.com/431892474, as set forth in the Equityholders' Notice.

SOLICITATION OF PROXIES

The management and Board of Directors of iAnthus and management and the sole member and manager of ICM, as applicable, are soliciting proxies for use at the Meetings and have designated the individuals named on the enclosed forms of proxy or voting information forms, as applicable, as persons whom Securityholders may appoint as their proxyholders. A Securityholder has the right to appoint a person or entity (who need not be a Securityholder) to attend and act for him/her on his/her behalf at the meetings other than the persons named in the enclosed instrument of proxy. If a Securityholder wishes to appoint an individual not named on the enclosed form of proxy or voting information form, as applicable, to represent him or her at a Meeting such Securityholder is entitled to attend, the Securityholder may do so either (i) by inserting the name of that other individual in the blank space provided on the enclosed form of proxy or (ii) by completing another valid form of proxy or voting information form, as applicable. A proxyholder need not be a Securityholder. If the Securityholder is a corporation, its proxy or voting information form, as applicable, must be executed by a duly authorized officer or properly appointed attorney.

iAnthus is paying for this solicitation, which is being made by mail, with possible supplemental telephone or other personal solicitations by employees or agents of iAnthus. In addition, iAnthus has retained Laurel Hill Advisory Group to act as Proxy Solicitation Agent for the Meetings and has agreed to pay a fee of C$35,000 for proxy solicitation services plus certain additional fees for other services provided. A Debtholder or Shareholder with any questions with regard to the procedures for voting or making elections, or completing a proxy form, a voting instruction form or other form provided in connection with the Meetings or Arrangement should contact the Proxy Solicitation Agent, toll-free in North America at 1-877-452-7184 or collect call outside North America at 1-416-304-0211, or by email at assistance@laurelhill.com.

iAnthus has requested Intermediaries who hold Common Shares in their names to furnish the Circular and accompanying materials to the beneficial holders of the Common Shares and to request authority to deliver a proxy. iAnthus will reimburse the Intermediaries for the reasonable costs incurred in obtaining authorization to execute forms of proxy from their principals or beneficial owners.

Secured Noteholder Proxies

Whether or not Secured Noteholders are able to be present at the Secured Noteholders' Meeting, you are requested to vote following the instructions provided on the form of proxy using one of the available methods. In order to be effective, proxies must be received by Computershare prior to the Proxy Deadline at the following address:

By Hand, by Courier or by Registered Mail:

Computershare Investor Services Inc.
8th Floor, 100 University Avenue
Proxy Department
Toronto, Ontario M5J 2Y1

The time limit for deposit of proxies may be waived or extended by the Chair of the Secured Noteholders' Meeting at his or her discretion, without notice. If Secured Noteholders have any questions about obtaining and completing proxies they should contact Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com.

Unsecured Debentureholder Proxies

Whether or not Unsecured Debentureholders are able to be present at the Unsecured Debentureholders' Meeting, you are requested to vote following the instructions provided on the form of proxy using one of the available methods. In order to be effective, proxies must be received by Computershare prior to the Proxy Deadline at the following address:

By Hand, by Courier or by Registered Mail:

Computershare Investor Services Inc.
8th Floor, 100 University Avenue
Proxy Department
Toronto, Ontario M5J 2Y1

The time limit for deposit of proxies may be waived or extended by the Chair of the Unsecured Debentureholders' Meeting at his or her discretion, without notice. If Unsecured Debentureholders have any questions about obtaining and completing proxies they should contact Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com.

Equityholder Proxies

Whether or not Equityholders are able to be present at the Equityholders' Meeting, you are requested to vote following the instructions provided on the appropriate voting information form or proxy using one of the available methods. In order to be effective, proxies must be received by Computershare prior to the Proxy Deadline at the following address:

By Hand, by Courier or by Registered Mail:

Computershare Investor Services Inc.

8th Floor, 100 University Avenue
Proxy Department
Toronto, Ontario M5J 2Y1

The time limit for deposit of proxies may be waived or extended by the Chair of the Equityholders' Meeting at his or her discretion, without notice. If Shareholders, Optionholders or Warrantholders have any questions about obtaining and completing proxies, they should contact Laurel Hill Advisory Group at 1-877-452-7184 (toll-free within Canada

or the United States) or 1-416-304-0211 (for calls outside Canada and the United States) or email at assistance@laurelhill.com.

Registered Shareholders, Optionholders and Warrantholders may also vote in the following ways:

- Internet Vote – www.investorvote.com (enter the 15-digit control number provided on your form of proxy to vote)

- Telephone Vote – Equityholders who wish to vote by phone should call 1-866-732-8683 (toll-free in North America) and enter the 15-digit control number printed on your form of proxy. Follow the interactive voice recording instructions to vote.

- By Hand, by Courier or by Registered Mail:

  Computershare Investor Services Inc.
  8th Floor, 100 University Avenue
  Proxy Department
  Toronto, Ontario M5J 2Y1

- Online at the virtual Equityholders' Meeting

If you want to vote online at the Equityholders' Meeting:

- **DO NOT COMPLETE THE PROXY**. Instead:
  - log in at https://web.lumiagm.com/431892474 at least 15 minutes before the Equityholders' Meeting starts;
  - click on "I have a control number";
  - enter your 15-digit control number from your proxy;
  - enter the password: "ianthus2020" (case sensitive); and
  - vote

Non-registered Shareholders may vote in the following ways:

- Internet Vote – www.proxyvote.com (enter the 16-digit control number provided on your voting information form to vote).

- Telephone Vote – As provided by financial intermediaries

- Online at the virtual Equityholders' Meeting, if they have appointed themselves as proxyholder

ENTITLEMENT TO VOTE AND ATTEND THE MEETINGS

Secured Noteholders' Meeting

Pursuant to the Interim Order, those persons who are Secured Noteholders on the Record Date are entitled to attend and vote at the Secured Noteholders' Meeting. Secured Noteholders will be entitled to one vote at the Secured Noteholders' Meeting for each $1,000 principal amount of Secured Notes held.

A Secured Noteholder or a third-party proxyholder appointed to represent them at the Secured Noteholders' Meeting, will appear on a list of Secured Noteholders prepared by iAnthus for the Secured Noteholders' Meeting. To have their Secured Notes voted at the Secured Noteholders' Meeting, each Secured Noteholder or proxyholder will be required to enter their control number or Username provided by Computershare at https://web.lumiagm.com/402960192 prior

to the start of the Secured Noteholders' Meeting if attending virtually. If a third-party proxyholder is attending the Secured Noteholders' Meeting virtually, you DO NOT need to register the appointment.

Unsecured Debentureholders' Meeting

Pursuant to the Interim Order, those persons who are Unsecured Debentureholders on the Record Date are entitled to attend and vote at the Unsecured Debentureholders' Meeting. Unsecured Debentureholders will be entitled to one vote at the Unsecured Debentureholders' Meeting for each $1,000 principal amount of Unsecured Debentures held.

An Unsecured Debentureholder or a third-party proxyholder appointed to represent them at the Unsecured Debentureholders' Meeting, will appear on a list of Unsecured Debentureholder prepared by iAnthus for the Unsecured Debentureholders' Meeting. To have their Unsecured Debentures voted at the Unsecured Debentureholders' Meeting, each Unsecured Debentureholder or proxyholder will be required to enter their control number or Username provided by Computershare at https://web.lumiagm.com/462611187 prior to the start of the Unsecured Debentureholders' Meeting, if attending virtually. If a third-party proxyholder is attending the Unsecured Debentureholders' Meeting, virtually, you DO NOT need to register the appointment.

Equityholders' Meeting

Those persons who are Shareholders, Optionholders or Warrantholders on the Record Date are entitled to attend and vote at the Equityholders' Meeting. Each Common Share, Option and Warrant entitles the holder thereof to one vote on each item of business identified in the Equityholders' Notice.

A Registered Shareholder, or a Non-Registered Shareholder who has appointed themselves or a third-party proxyholder to represent them at the Meeting, Optionholder or Warrantholder will appear on a list of securityholders prepared by Computershare, the transfer agent and registrar for the Equityholders' Meeting. To have their Common Shares, Options and Warrants, as applicable, voted at the Equityholders' Meeting, each Registered Shareholder, Optionholder, Warrantholder or proxyholder will be required to enter their control number or Username provided by Computershare at https://web.lumiagm.com/431892474 prior to the start of the Equityholders' Meeting if attending virtually. In order to vote, Non-Registered Shareholders who appoint themselves as a proxyholder **MUST** register with Computershare at http://www.computershare.com/Ianthus3 after submitting their voting instruction form in order to receive a Username. If a third-party proxyholder is attending the Equityholders' Meeting virtually, you DO NOT need to register the appointment.

PARTICIPATION AT THE VIRTUAL MEETINGS

Each of the Meetings will be hosted online by way of a live audio webcast. A summary of the information Securityholders will need to attend the applicable Meetings is provided below. The Secured Noteholders' Meeting, Unsecured Debentureholders' Meeting and Equityholders' Meeting will begin at 9:00 a.m., 10:00 a.m. and 11:00 a.m. (Vancouver time), respectively, on September 14, 2020, as set forth in the Secured Noteholders' Notice, Unsecured Debentureholders' Notice and Equityholders' Notice respectively.

- Registered Securityholders that have a 15-digit control number, along with duly appointed proxyholders who were assigned a Username by Computershare will be able to vote and submit questions during the applicable Meeting. To do so, please follow the following instructions.:

  Secured Noteholders

  - Please go to https://web.lumiagm.com/402960192 prior to the start of the Secured Noteholders' Meeting to login. Click on "I have a login" and enter your 15-digit control number or Username along with the password "ianthus2020" (case specific). A user guide prepared by Computershare with additional information regarding attending the Secured Noteholders' Meeting is attached as Appendix L to this Circular.

  Unsecured Debentureholders

- Please go to https://web.lumiagm.com/462611187 prior to the start of the Unsecured Debentureholders' Meeting to login. Click on "I have a login" and enter your 15-digit control number or Username along with the password "ianthus2020" (case specific). A user guide prepared by Computershare with additional information regarding attending the Unsecured Debentureholders' Meeting is attached as Appendix M to this Circular.

Equityholders

- Please go to https://web.lumiagm.com/431892474 prior to the start of the applicable Meeting to login. Click on "I have a login" and enter your 15-digit control number or Username along with the password "ianthus2020" (case specific). Non-Registered Shareholders who have not appointed themselves to vote at the Equityholders' Meeting, may login as a guest by clicking on "I am a Guest" and complete the online form. A user guide prepared by Computershare with additional information regarding attending the Equityholders' Meeting is attached as Appendix N to this Circular.

- United States beneficial holders: To attend and vote at the Equityholders' Meeting virtually, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Equityholders' Meeting. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Equityholders' Meeting, you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed to:

  Computershare Investor Services Inc.
  100 University Avenue
  8th Floor
  Toronto, Ontario
  M5J 2Y1

  OR

  Email: USLegalProxy@computershare.com

  Requests for registration must be labeled as "Legal Proxy" and be received no later than 10:00 a.m. (Vancouver time) on September 10, 2020. You will receive a confirmation of your registration by email after we receive your registration materials. You may attend the Equityholders' Meeting and vote your Common Shares at https://web.lumiagm.com/431892474 during the Equityholders' Meeting. Please note that you are required to register your appointment with Computershare at http://www.computershare.com/Ianthus3.
- Non-Registered Shareholders can vote online at the Meeting if they have appointed themselves as proxyholders or they are a duly appointed proxyholder. In order to be appointed as a proxyholder to be able to vote at the meeting, Non-Registered Shareholders should insert their name in the blank space provided on the proxy or voting instruction form they received and return it as per the instruction therein. Additionally, Non-Registered Shareholders are required to register with Computershare at http://www.computershare.com/Ianthus3, prior to 12:00 p.m. (Vancouver time) on September 10, 2020. Non-Registered Shareholders do not have a 15-digit control number or Username will only be able attend as a guest which allows them to listen to the Equityholders' Meeting; however, they will not be able to vote or submit questions. Please see the information under the heading "Non-Registered Shareholders" for an explanation of why certain Shareholders may not receive a form of proxy.

- If you are using a 15-digit control number to login to the Equityholders' Meeting and you accept the terms and conditions, you will be provided the opportunity to vote by poll on the matters put forth at the Equityholders' Meeting. However, if you cast a vote at the Equityholders' Meeting, you will be revoking all previously submitted proxies. If you have submitted a proxy and do not wish to revoke all previously submitted proxies, do not cast a vote at the Equityholders' Meeting.

- If you are eligible to vote at the Equityholders' Meeting, it is important that you are connected to the internet at all times during the Equityholders' Meeting in order to vote when polling commences. It is your responsibility to ensure connectivity for the duration of the Equityholders' Meeting.

REVOCATION OF PROXIES

Subject to the Support Agreement, any Debtholder giving a proxy has the right to revoke it at any time before it is acted upon (i) by depositing an instrument in writing executed by such Debtholder or by an attorney authorized in writing, or, if the Debtholder is a corporation, by a duly authorized officer or properly appointed attorney thereof, with Computershare at any time up to 12:00 p.m. (Vancouver time) on the last Business Day preceding the date of the Secured Noteholders' Meeting or Unsecured Debentureholders' Meeting, as applicable, or any adjournment or postponement thereof, (ii) with the Secretary of the Meeting on the day of the applicable Meeting; or (iii) in any other manner permitted by Law.

Any Equityholder giving a proxy has the right to revoke it at any time before it is acted upon (i) by depositing an instrument in writing executed by such Equityholder or by an attorney authorized in writing, or, if the Equityholder is a corporation, by a duly authorized officer or properly appointed attorney thereof, (a) at iAnthus' principal executive office located at Suite 2740, 22 Adelaide Street West, Toronto, Ontario M5H 4E3, at any time up to and including the last Business Day preceding the applicable Meeting, (b) with the Computershare at any time up to 12:00 p.m. (Vancouver time) on the last Business Day preceding the date of the Equityholders' Meeting or any adjournment or postponement thereof, or (c) with the Secretary of the Meeting on the day of the applicable Meeting; or (ii) in any other manner permitted by Law.

VOTING OF PROXIES

On any matter, the individuals named as proxyholders in the enclosed forms of proxy or voting information forms, as applicable, will vote the securities represented by a proxy in accordance with the instructions of the Securityholder who appointed them. **If there are no instructions or the instructions are not certain on any poll, the individuals named as proxyholders will vote the Secured Notes, Unsecured Debentures, Common Shares, Options and Warrants, as applicable, IN FAVOUR of each resolution. The enclosed forms of proxy, when properly completed and signed, confer discretionary authority on the appointed individuals to vote as they see fit on any amendment or variation to any of the matters identified in the Notices of Meeting and on any other matter that may properly be brought before the relevant Meetings. At the date hereof, neither the Board of Directors, nor the management of iAnthus are aware of any variation, amendment or other matter to be presented for a vote at any Meeting.**

NON-REGISTERED SHAREHOLDERS

Subject to the remainder of this section, only registered holders of Common Shares on the Record Date or the persons they appoint as their proxies, are permitted to attend and vote at the applicable Equityholders' Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "**Non-Registered Shareholder**") are registered either:

- in the name of an Intermediary that the Non-Registered Shareholder deals with, in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or

- in the name of a depository such as DTC or CDS.

In accordance with Canadian securities Laws and the Interim Order, iAnthus has caused to be distributed copies of the notice of meeting, this management information circular and the forms of proxy or voting information forms, as applicable (collectively, the "**Meeting Materials**") to DTC, CDS and Intermediaries for onward distribution to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

(a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "VIF") which the Intermediary must follow. Typically, the VIF will consist of a one-page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge in Canada and in the United States. Broadridge typically prepares a machine-readable VIF, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Additionally, iAnthus may utilize Broadridge's QuickVoteTM service to assist eligible iAnthus Shareholders with voting their shares directly over the phone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the iAnthus Shares to be represented at the Meeting. Sometimes, instead of the one-page pre-printed form, the VIF will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

(b) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of iAnthus Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders of iAnthus to direct the voting of their iAnthus Shares. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote virtually (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. In either case, Non-Registered Shareholder should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the proxy is to be delivered and contact their broker or Intermediaries promptly if they need assistance.

QUORUM AND VOTING REQUIREMENTS

Secured Noteholders' Meeting

As at July 10, 2020, the aggregate principal amount of Secured Notes outstanding was $97,507,777.78. Subject to any further order of the Court, pursuant to the Interim Order, each Secured Note carries one vote at the Secured Noteholders' Meeting for each $1,000 of principal amount.

Other than as set out in "*Related Party Transactions and MI 61-101 - Additional Information Required Under MI 61-101"*, to the knowledge of the directors and executive officers of iAnthus, no person owns, directly or indirectly, or exercises control or direction over, securities of ICM carrying more than 10% of the voting rights attached to the Secured Notes as at the Record Date.

Subject to any further order of the Court, pursuant to the Interim Order, the presence, virtually or by proxy of two or more persons entitled to vote at the Secured Noteholders' Meeting, is necessary for a quorum at the Secured Noteholders' Meeting.

Subject to any further order of the Court, the Secured Noteholders' Arrangement Resolution must be approved by the affirmative vote of a majority in number of the Secured Noteholders who represent at least 75% in value of the Secured Notes, in each case present virtually or by proxy at the Secured Noteholders' Meeting and entitled to vote on the Secured Noteholders' Arrangement Resolution.

As a result of the voting commitments contained in the Support Agreement, the Secured Noteholders' Arrangement Resolution is expected to be approved at the Secured Noteholders' Meeting.

The Arrangement is also subject to the approval of a majority in number of the Interim Lenders who represent at least 75% in value of the Interim Financing Secured Notes. In accordance with section 289(f) of the BCBCA, the Company intends to seek such approval of the Interim Lenders by way of consent resolutions signed by all the Interim Lenders. As a result of the voting commitments contained in the Support Agreement, it is expected that the consent resolutions of the Interim Lenders will be obtained before the Effective Date.

Unsecured Debentureholders' Meeting

As at July 10, 2020, the aggregate principal amount of Unsecured Debentures outstanding was $60,000,000. Subject to any further order of the Court, pursuant to the Interim Order, each Unsecured Debenture carries one vote at the Unsecured Debentureholders' Meeting for each $1,000 of principal amount.

Other than as set out in "*Related Party Transactions and MI 61-101 - Additional Information Required Under MI 61-101"*, to the knowledge of the directors and executive officers of iAnthus, no person owns, directly or indirectly, or exercises control or direction over, securities of iAnthus carrying more than 10% of the voting rights attached to the Unsecured Debentures as at the Record Date.

Subject to any further order of the Court, pursuant to the Interim Order, the presence, virtually or by proxy of two or more persons entitled to vote at the Unsecured Debentureholders' Meeting, is necessary for a quorum at the Unsecured Debentureholders' Meeting.

Subject to any further order of the Court, the Unsecured Debentureholders' Arrangement Resolution must be approved by the affirmative vote of a majority in number of the Unsecured Debentureholders who represent at least 75% in value of the Unsecured Debentures, in each case present virtually or by proxy at the Unsecured Debentureholders' Meeting and entitled to vote on the Unsecured Debentureholders' Arrangement Resolution.

As a result of the voting commitments contained in the Support Agreement, the Unsecured Debentureholders' Arrangement Resolution is expected to be approved at the Unsecured Debentureholders' Meeting.

Equityholders' Meeting

On August 13, 2020, there were 171,718,192 Common Shares, 16,128,708 Options and 49,236,082 Warrants issued and outstanding. Subject to any further order of the Court, the quorum for the Equityholders' Meeting as the presence, virtually or by proxy, of one or more persons holding not less than 5% of the outstanding Common Shares entitled to vote at the Equityholders' Meeting.

Other than as set out in "*Related Party Transactions and MI 61-101 - Additional Information Required Under MI 61-101"*, to the knowledge of the directors and executive officers of iAnthus, no person owns, directly or indirectly, or exercises control or direction over, securities of iAnthus carrying more than 10% of the voting rights attached to the Existing Equity as at the Record Date.

The Interim Order specifies that: (i) all Shareholders shall vote as one class; and (ii) all Equityholders shall vote together as a single class, for the purposes of voting on the Equityholders' Arrangement Resolution. The Interim Order also provides that, subject to any further order of the Court, in order for the Equityholders' Arrangement Resolution to be passed at the Equityholders Meeting, an affirmative vote is required from: (y) a majority (at least 50% +1) of the votes cast by Shareholders present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution, on the basis of one vote for each Common Share held, excluding, in accordance with the requirements of MI 61-101, Shareholders that are "interested parties", "related parties" of any interested parties and "joint actors" of the foregoing (as such terms are defined in MI 61-101); and (z) a majority (at least 50% +1) of the votes cast by Equityholders, voting together as a single class, present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution, on the basis of one vote for each Common Share held or eligible to be receive upon exercise of the Options or Warrants held, as applicable.

By voting in favour of the Equityholders' Arrangement Resolution, Equityholders will also be voting in favour of the issuance of the Debt Exchange Common Shares, which will materially affect control of the Company by issuing Common Shares to the Secured Lenders and Unsecured Debentureholders equivalent to a 97.25% equity ownership of the Company, in the aggregate, giving effect to the Plan of Arrangement.

If the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, the Recapitalization Transaction will be implemented pursuant to the CCAA Proceedings. If implementation of the Recapitalization Transaction occurs through the CCAA Proceedings, Existing Common Shareholders will not retain any ownership of Common Shares (as applicable) or receive any recovery.

Pursuant to the Support Agreement, the holders of all of the outstanding Secured Notes and the Initial Supporting Unsecured Debentureholders have agreed to vote their 4,116,051 Common Shares and 29,851,530 Warrants in favour of the Equityholders' Arrangement Resolution. See "*Support Agreement*".

INTEREST OF MANAGEMENT AND OTHERS

Except as otherwise described in this Circular, management is unaware of any material interest, direct or indirect, of any "informed person" (as defined in NI 51-102), any associate or affiliate of any such informed person, or of iAnthus in any transaction since the beginning of the last completed financial year of iAnthus or in any proposed transaction or in connection with the Recapitalization Transaction that has materially affected or will materially affect iAnthus or any of its affiliates. Except as otherwise described in this Circular, there are no agreements or arrangements between iAnthus and any director, officer or employee of iAnthus and its subsidiaries in respect of the Recapitalization Transaction.

BACKGROUND TO AND REASONS FOR THE RECAPITALIZATION

Although the global cannabis industry experienced explosive growth over the past several years, investor enthusiasm for the industry faded through 2019 as public market valuations dropped significantly. The drop in public market valuations, in turn, created a difficult environment for cannabis-industry participants seeking additional financing. The drop in the public market valuations of cannabis companies was the result of numerous factors, including the underperformance of certain Canadian cannabis companies that were considered bellwethers for the global sector and a perceived cash crunch compounded by the fact that valuations were dropping.

As a result of the above-noted issues, by March of 2020 iAnthus faced liquidity challenges and was confronted with a difficult decision. It had sufficient cash only to either continue funding operations, which included providing cannabis to its medical patients, or to make then-upcoming interest payments falling due on March 31, 2020 (the "**March Interest Payments**") under the Secured Notes and Unsecured Debentures. Without a reliable source of funding, iAnthus faced material challenges to its continued operations. In order to ensure that iAnthus had sufficient cash to fund its operational needs and maintain the inherent value of its business operations through this process, the Board of Directors elected not to make the March Interest Payments on March 31, 2020. As a result, as of April 3, 2020, iAnthus was in default of its obligations under the Secured Notes and, through applicable cross-default provisions in the Unsecured Debenture Purchase Documents, the Unsecured Debentures. iAnthus was also directly in default of its obligations under the Unsecured Debentures on April 14, 2020.

Although iAnthus has made significant progress in improving its business and financial condition, faced with continued deteriorating business conditions as a result of COVID-19 and a highly leveraged balance sheet, on April 6, 2020 iAnthus announced that it was reviewing strategic alternatives available in light of iAnthus' prospective liquidity requirements, the condition of the capital markets affecting companies in the cannabis industry, and the rapid change in the state of the economy and capital markets generally caused by COVID-19. The review was undertaken by iAnthus' management and overseen by the Special Committee. Canaccord Genuity Corp. was hired as financial advisor to iAnthus to, among other things, consider and review with the Company potential strategic options and alternatives related to iAnthus' capital structure and liquidity and provide advice on and assist with a potential transaction (the "**Strategic Review Process**"). As part of the Strategic Review Process, iAnthus contacted more than 100 parties, including approximately 50 parties regarding sale and/or merger alternatives and approximately 50 parties regarding financing alternatives. iAnthus also signed confidentiality agreements with and provided confidential

evaluation materials to more than 50 parties, and conducted detailed follow-up diligence responses to over a dozen parties.

Management and the Special Committee, with the assistance of its legal and financial advisors, considered a number of alternatives resulting from the Strategic Review Process, including non-core asset sales, cost reductions, revenue enhancements and initiatives, refinancing or repayment of debt and the issuance of new debt or equity and other strategic alternatives including the sale of iAnthus. The Special Committee, supported by its legal and financial advisors, worked expeditiously to complete the review of a range of strategic alternatives. The strategic review process yielded several potential transactions for iAnthus to consider. iAnthus pursued two transactions in particular, each with a different strategic bidder. In the course of its deliberations, the Special Committee determined that many of the potential alternatives were not available or did not achieve the desired objective of reducing debt while leaving iAnthus in a position to build value for its Shareholders and other stakeholders. After an extensive review and consultation process with its legal and financial advisors, the Board of Directors concluded that the Recapitalization Transaction represents the best available alternative to improve iAnthus' capital structure and to maximize and preserve value for iAnthus and its stakeholders. Two meetings were held on July 10, 2020, the first where the Special Committee recommended to the Board of Directors that it resolve in favour of executing the Support Agreement and the Recapitalization Transaction contemplated thereby, and another where the Board of Directors accepted the Special Committee's recommendation and voted unanimously to approve the Recapitalization Transaction.

The following is a summary of certain factors, among others, which the Board reviewed and considered in relation to the Recapitalization Transaction:

- iAnthus' current financial situation, including the iAnthus unsustainable debt levels and significant interest cost;
- the Special Committee's extensive review of potential alternatives;
- the terms of the proposed Recapitalization Transaction;
- Secured Noteholders and Unsecured Debentureholders holding, on an aggregate basis, over 91% of the Unsecured Debentures having entered into the Support Agreement;
- iAnthus' goals of enhancing its capital structure to enable it to implement its long-term growth strategy, maintaining stability and preserving value for iAnthus' stakeholders; and
- the Fairness Opinion.

Management and the Board of Directors, which have taken into consideration the advice of the Company's financial and legal advisors, believe that the Arrangement is in the best interest of all Securityholders, providing the following key benefits to iAnthus:

- improving the Company's financial strength and reducing the Company's financial risk by reducing outstanding indebtedness by approximately $54.7 million, as of March 31, 2020, through the:
  - exchange of the Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes; and
  - restructuring the Secured Notes to, among other things, reduce the principal amount by over $10 million; and
  - forgiveness of accrued but unpaid interest and fees on the Secured Notes and Unsecured Debentures;
- eliminating annual cash interest expenses associated with the Secured Notes and Unsecured Debentures;
- reducing interest rate under the Secured Notes by 5% per annum;

- extending the maturity date of the Secured Notes by over four years;
- raising $14 million in new cash through the Interim Financing; and
- Existing Common Shareholders will retain their Common Shares, subject to significant dilution resulting from the issuance of Debt Exchange Common Shares (subject to further dilution for equity that may be issued to directors, officers or employees of iAnthus, as may be determined from time to time by the New Board).

If the Recapitalization Transaction is not implemented pursuant to the Plan of Arrangement, the Company will effectuate the Recapitalization Transaction by way of the CCAA Proceedings. In this respect, the Company has secured the commitment of the Secured Noteholders and the Initial Supporting Unsecured Debentureholders to support such alternative. In such circumstances, the Existing Common Shareholders will not retain ownership of any Common Shares and the Common Shareholder Interest will instead be allocated equally as among the Secured Lenders and the Unsecured Debentureholders. See "*Support Agreement – Alternative Implementation Process*".

See "*Risk Factors – Risks Relating to the Non-Implementation of the Recapitalization Transaction*".

IMPACT OF THE RECAPITALIZATION

The Arrangement will materially affect the capital structure of iAnthus from its capital structure as at March 31, 2020. On March 31, 2020, iAnthus (on a consolidated basis) had approximately $176.1 million of outstanding indebtedness, including approximately $113.2 million of Secured Notes, approximately $61.2 million of Unsecured Debentures and approximately $1.7 million of other indebtedness. After giving effect to the implementation of the Plan of Arrangement, iAnthus (on a consolidated basis) will have approximately $121.4 million of outstanding indebtedness, including approximately $99.7 million of New Secured Notes, $20 million of New Unsecured Notes and approximately $1.7 million of other indebtedness.

On March 31, 2020, iAnthus had 296,103,419 Common Shares issued and outstanding on a fully-diluted basis. Immediately after giving effect to the implementation of the Plan of Arrangement, it is expected that iAnthus will have approximately 6,244,297,890 Common Shares issued and outstanding on a fully-diluted basis, subject to the allocation of equity incentives to management, employees, and directors of iAnthus, as determined by the New Board from time to time, following implementation of the Plan of Arrangement. The market price of the Common Shares on March 31, 2020 was C$0.75.

As at July 15, 2020 (being the date on which the Interim Financing was fully advanced), (i) the total principal amount plus accrued and unpaid interest and fees outstanding under the Secured Notes was approximately $118.3 million and the total principal amount outstanding under the Interim Financing was approximately $14.7 million for total indebtedness of approximately $132.9 million owed to the Secured Lenders; and (ii) the total principal amount plus accrued and unpaid interest and fees outstanding under the Unsecured Debentures was approximately $62.6 million.

DESCRIPTION OF THE RECAPITALIZATION TRANSACTION

Plan of Arrangement

The Recapitalization Transaction contemplates a series of steps effected through the Plan of Arrangement leading to an overall capital reorganization of iAnthus. These steps include, among other things:

- the Secured Notes will be amended to: (i) reduce the principal balance from approximately $97.5 million, plus accrued and unpaid interest and fees, to $85 million; (ii) reduce the interest rate by 5% per annum; (iii) eliminate cash pay interest; (iv) extend the original maturity date by over four years; (v) remove the conversion feature; and (vi) effect the other amendments summarized in Appendix G to this Circular. The principal amount of the Restructured Senior Debt has increased by the principal amount of an interim cash financing in the amount of approximately $14.7 million provided by certain of the Secured Lenders to ICM on substantially the same terms as the Restructured Senior Debt resulting in an aggregate principal amount of approximately $99.7 million;

- the principal amount of Unsecured Debentures, plus accrued and unpaid interest and fees, will be exchanged for the Debt Exchange Common Shares and New Unsecured Notes (as defined below) and will no longer be outstanding;

- ICM will issue an aggregate principal amount of $20 million New Unsecured Notes to the Unsecured Debentureholders ($15 million) and the Secured Lenders ($5 million), and will be allocated amongst such persons on a *pro rata* basis. The New Unsecured Notes will be subordinate to the New Secured Notes, but will have priority over the Common Shares, and will carry an 8% payment in kind annual interest rate, compounding quarterly. The New Unsecured Notes will be non-convertible, will mature five years after the implementation of the Plan of Arrangement and will be non-callable for a period of three years, all as more particularly described in Appendix D to this Circular;

- the Secured Lenders, on the one hand, and the Unsecured Debentureholders, on the other hand, will each be issued an equal amount of Debt Exchange Common Shares such that each will own 48.625% of the Common Shares upon implementation of the Plan of Arrangement (50% each if the Recapitalization Transaction is completed through the CCAA Proceedings (as defined in the Circular)), allocated to the holders thereof in accordance with their Secured Lender Pro Rata Share or Unsecured Debentureholder Pro Rata Share, as applicable;

- only if the Recapitalization Transaction is consummated through the Arrangement Proceedings, the Existing Common Shareholders will retain ownership of Common Shares representing 2.75% of the issued and outstanding Common Shares following completion of the Recapitalization Transaction. If the Recapitalization Transaction is not consummated through the Arrangement Proceedings, including if requisite approvals are not obtained, it is anticipated that the Recapitalization Transaction will be pursued by way of the CCAA Proceedings. If the Recapitalization Transaction is completed through the CCAA Proceedings, the Existing Common Shareholders will not retain ownership of any Common Shares and the Common Shareholder Interest will instead be allocated equally as among the Secured Lenders and Unsecured Debentureholders; and

- all existing Options and Warrants will be cancelled upon implementation of the Plan of Arrangement, and the Company anticipates allocating an amount of equity to be made available for management, employee, and director incentives, as may be determined from time to time by the New Board (as defined in the Circular) following implementation of the Plan of Arrangement.

The Recapitalization Transaction will reduce the Company's total consolidated debt, as of March 31, 2020, by approximately $54.7 million, and its annual cash interest expense will be eliminated.

Obligations to employees, customers, suppliers and governmental authorities are not expected to be affected by the Plan of Arrangement and will continue to be satisfied in the ordinary course.

Following implementation of the Plan of Arrangement, the Common Shares may be consolidated pursuant to a yet-to-be decided consolidation ratio. Such consolidation, if implemented, would be subject to applicable corporate approval along with applicable CSE filings and applicable CSE approval. Under iAnthus' articles, iAnthus may subdivide or consolidate all or any of Common Shares by a resolution of the New Board.

If the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, the Recapitalization Transaction will be implemented pursuant to the CCAA Proceedings (as defined in the Circular). If implementation of the Recapitalization Transaction occurs through the CCAA Proceedings, Existing Common Shareholders will not retain any ownership of Common Shares (as applicable) or receive any recovery.

Affected Equity

Under the Plan of Arrangement, other than the Existing Common Shares, all other Existing Equity, including all Options, Warrants, rights or similar instruments derived from, relating to, or exercisable, convertible or exchangeable

therefor, shall be terminated and cancelled, and shall be deemed to be terminated and cancelled without the need for any repayment of capital thereof or any other liability, payment or compensation therefor and, for greater certainty, no holder of Affected Equity shall be entitled to receive any interest, dividends, premium or other payment in connection therewith.

The Stock Option Plan will not be terminated and will remain in place following implementation of the Plan of Arrangement and the New Board will have the ability to issue new awards under these plans in accordance with their terms.

Treatment of Securityholders

Secured Lenders

Under the Plan of Arrangement, the principal amount of the outstanding Secured Notes will be reduced from approximately $97.5 million to $85 million (the "**Restructured Senior Debt**"). The principal amount of this Restructured Senior Debt will be increased by the Interim Financing Principal Amount ($14,736,842.11). The Restructured Senior Debt will continue to have a first lien, senior secured position over all of the assets of iAnthus and its subsidiaries, and will carry an 8% payment in kind annual interest rate, compounding quarterly. The Restructured Senior Debt will be non-convertible, will mature five years after the Effective Date and will be non-callable for a period of three years.

The Secured Note Purchase Agreement will be amended and restated pursuant to the Amended and Restated Secured Note Purchase Agreement to effect the Secured Note Amendments. A summary of the New Secured Notes to be issued pursuant to the Amended and Restated Secured Note Purchase Agreement are set forth in Appendix G to this Circular. A copy of the Amended and Restated Secured Note Purchase Agreement in substantially final form will be made available for review under the Company's SEDAR profile at www.sedar.com. iAnthus will issue a press release once the document has been posted for viewing.

Each Secured Lender will receive New Secured Notes in proportion to their Secured Lender Pro Rata Share of the New Secured Notes Aggregate Principal Amount, which New Secured Notes shall be amended and restated, pursuant to, and thereafter governed by, the Amended and Restated Secured Note Purchase Agreement and shall be a continuation of the Secured Notes and Interim Financing Secured Notes, as so amended and restated, without novation.

As consideration for the Restructured Senior Debt, the Secured Lenders will also receive, in the aggregate, (i) their Secured Lender Pro Rata share of 25% (US$5 million) of the aggregate principal amount of New Unsecured Notes, on substantially the terms described in Appendix D to this Circular, and (ii) their Secured Lender Pro Rata Share of 50% of the Debt Exchange Common Shares to be issued pursuant to the Plan of Arrangement, being 3,036,289,849 Debt Exchange Common Shares or such other number as is equivalent to 48.625% of the issued and outstanding Common Shares after giving effect to the Plan of Arrangement, subject to dilution for equity that may be issued to directors, officers or employees of iAnthus as may be determined from time to time by the New Board following implementation of the Plan of Arrangement.

The Debt Exchange Common Shares and New Unsecured Notes issued to Secured Lenders will be allocated to the Secured Lenders based on their Secured Lender Pro Rata Share. No fractional Debt Exchange Common Shares will be issued under the Plan of Arrangement and fractional share interests will not entitle the owner thereof to vote or to any rights of a holder of Common Shares. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any person with respect to fractional Common Shares pursuant to the Plan of Arrangement will be rounded up to the nearest whole number of Common Shares without compensation therefor.

Unsecured Debentureholders

Under the Plan of Arrangement, all of the issued and outstanding Unsecured Debentures will be terminated. As consideration therefore, the Unsecured Debentureholders will receive, in the aggregate, (i) 75% ($15 million) of the aggregate principal amount of New Unsecured Notes on terms identical to the New Unsecured Notes issued to Secured Lenders and described above, and (ii) 50% of the Debt Exchange Common Shares to be issued pursuant to the Plan of Arrangement, being 3,036,289,849 Debt Exchange Common Shares or such other number as is equivalent to 48.625% of the issued and outstanding Common Shares after giving effect to the Plan of Arrangement, subject to dilution for equity that may be issued to directors, officers or employees of iAnthus as may be determined from time to time by the New Board following implementation of the Plan of Arrangement.

The Debt Exchange Common Shares and New Unsecured Notes issued to Unsecured Debentureholders will be allocated to the Unsecured Debentureholders based on their Unsecured Debentureholder Pro Rata Share. No fractional Debt Exchange Common Shares will be issued under the Plan of Arrangement and fractional share interests will not entitle the owner thereof to vote or to any rights of a holder of Common Shares. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any person with respect to fractional Common Shares pursuant to the Plan of Arrangement will be rounded up to the nearest whole number of Common Shares without compensation therefor.

Shareholders

Pursuant to the Plan of Arrangement, Existing Common Shareholders will retain their Common Shares, subject to significant dilution resulting from the issuance of the Debt Exchange Common Shares. Following the issuance of the Debt Exchange Common Shares pursuant to the Plan of Arrangement, Existing Common Shareholders immediately prior to implementation of the Plan of Arrangement will own 2.75% of the outstanding Common Shares, subject to further dilution for equity that may be issued to directors, officers or employees of iAnthus as may be determined from time to time by the New Board following implementation of the Plan of Arrangement. Existing Common Shareholders will not retain their Common Shares or receive any recovery in the event that the Company effectuates the Recapitalization Transaction by way of the CCAA Proceedings.

See "*Support Agreement – Alternative Implementation Process*".

Optionholders, Warrantholders and Other Stakeholders

Pursuant to the Plan of Arrangement, all outstanding Options, Warrants and other rights to acquire Common Shares will be terminated. The Stock Option Plan will not be terminated and will remain in place following implementation of the Plan of Arrangement and the New Board will have the ability to issue new awards under these plans in accordance with their terms.

The Plan of Arrangement is not expected to affect iAnthus' obligations to employees, customers, suppliers and governmental authorities, which will continue to be satisfied in the ordinary course.

U.S. Debtholders and Transfer Restrictions

The Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes have not been and will not be registered under the 1933 Act, or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the 1933 Act.

The Debt Exchange Common Shares, the New Unsecured Notes and New Secured Notes issuable to the Secured Lenders and Unsecured Debentureholders, as applicable, in each case pursuant to the Plan of Arrangement, will be issued in reliance upon the exemption from registration under the 1933 Act provided by Section 3(a)(10) thereunder, upon the Court's approval of the Arrangement. The Final Order, if granted, will constitute the basis for the exemption from the registration requirements of the 1933 Act pursuant to Section 3(a)(10) thereof, with respect to the offer and sale of the Debt Exchange Common Share, the New Unsecured Notes and the New Secured Notes, in each case pursuant to the Plan of Arrangement. In order to rely on the exemption from the registration requirements of the 1933

Act provided by Section 3(a)(10) thereof, the Court must determine, prior to approving the Final Order, that the terms and conditions of the conversion and exchange (as the case may be) of the Debt Exchange Common Shares, the New Unsecured Notes and the New Secured Notes is fair to the applicable Secured Lenders and Unsecured Debentureholders.

See "*Certain U.S. Securities Laws Matters*" and "*Certain Regulatory and Other Matters Relating to the Recapitalization Transaction – United States*".

Releases and Waivers

The Plan of Arrangement includes releases in connection with the implementation of the Recapitalization Transactions in favour of the iAnthus Parties, the Secured Lenders, the Unsecured Debentureholders, the Initial Supporting Unsecured Debentureholders, the Collateral Agent, and each of the foregoing persons' respective current and former officers, directors, employees, current and former shareholders, auditors, financial advisors, legal counsel and agents (collectively, the "**Released Parties**").

Pursuant to the Plan of Arrangement, the Released Parties will be released and discharged from all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims (as defined in the Plan of Arrangement) of any kind or nature whatsoever (other than liabilities or claims attributable to any Released Party's gross negligence, fraud or wilful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction) arising on or prior to the Effective Date in connection with the Secured Notes, the Interim Financing Secured Notes, the Secured Note Documents, the Unsecured Debentures, the Unsecured Debenture Documents, Affected Equity, the Affected Equity Claims (as defined in the Plan of Arrangement), the Support Agreement, the Plan of Arrangement, the Arrangement Proceedings, the transactions contemplated under the Plan of Arrangement and any proceedings commenced with respect to or in connection with the Plan of Arrangement, and any other actions or matters related directly or indirectly to the foregoing, provided that the Released Parties shall not be released or discharged from or in respect of its obligations under the Plan of Arrangement, the Support Agreement, and the Amended and Restated Secured Note Purchase Agreement.

Other than the Existing Common Shares, all other Existing Equity in iAnthus, including all Options, Warrants, rights or similar instruments and claims that may be advanced against iAnthus in respect of any such equity claims and interests in the future, shall be terminated, cancelled, dismissed or enjoined on the Effective Date, or otherwise dealt with in a manner acceptable to iAnthus and the Requisite Consenting Parties.

Pursuant to the Plan of Arrangement, all Persons will be permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Date, with respect to any and all Released Claims, from (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Released Parties, as applicable; (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (c) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (d) taking any actions to interfere with the implementation or consummation of the Plan of Arrangement; provided, however, that the foregoing shall not apply to the enforcement of any obligations under the Plan of Arrangement.

The Plan of Arrangement provides that, from and after the Effective Time, all Persons shall be deemed to have consented and agreed to all of the provisions of the Plan of Arrangement in its entirety. Without limiting the foregoing, pursuant to the Plan of Arrangement, all Persons shall be deemed to have waived any and all defaults or events of default or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, lease, licence, guarantee, agreement for sale or other agreement, written or oral, in each case relating to, arising out of, or in connection with, the Secured Notes, the Interim Financing Secured Notes, the Secured Note Documents, the Unsecured Debentures, the Unsecured Debenture Documents, the Support Agreement, the Arrangement, the Arrangement Agreement, the Plan of Arrangement, the transactions contemplated under the Plan of Arrangement and any proceedings commenced with respect to or in connection with the Plan of Arrangement and any and all amendments or supplements thereto. Any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection with any of the foregoing shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be

deemed to excuse the iAnthus Parties and their respective successors from performing their obligations under the Plan of Arrangement. Furthermore, the Plan of Arrangement provides that all Persons shall be deemed to have agreed that, if there is any conflict between the provisions of any agreement or other arrangement, written or oral, existing between such Person and the iAnthus Parties and the provisions of the Plan of Arrangement, then the provisions of the Plan of Arrangement take precedence and priority and the provisions of such agreement or other arrangement are deemed to be amended accordingly.

Investor Rights Agreement

At the Effective Time, iAnthus, the Secured Lenders and the Initial Supporting Unsecured Debentureholders will enter into the Investor Rights Agreement setting forth corporate governance matters including but not limited to the following:

- Gotham Green will have the right to nominate three directors to the New Board;
- the Initial Supporting Unsecured Debentureholders will have the right to nominate three directors to the New Board (with Oasis, Senvest and Hadron each having the right to nominate one director);
- the nominees of the Gotham Green and the Initial Supporting Unsecured Debentureholders will have the right to nominate a 7th member of the New Board, who shall be the chief executive officer of iAnthus;
- any decision of iAnthus involving (i) the issuance of voting equity securities, (ii) any related party transactions, or (iii) amendments to the New Secured Notes or New Unsecured Notes shall at all times require the approval of five of the seven New Directors; and
- for a period of three years following completion of the Recapitalization Transaction, (i) the Debt Exchange Common Shares issued to the Secured Noteholders may not be used to vote more than 35.78% of the issued and outstanding Common Shares (the shares excluded from voting are also removed from the total amount of issued and outstanding Common Shares for the purpose of determining voting percentage), and (ii) the Secured Noteholders in the aggregate shall not hold more than 49% of the outstanding Common Shares without approval from the New Board.

A copy of the Investor Rights Agreement in substantially final form will be made available for review under the Company's SEDAR profile at www.sedar.com. iAnthus will issue a press release once the document has been posted for viewing.

Board Nomination Rights

Upon completion of the Recapitalization Transaction, the Board of Directors will be reconstituted through the staggered resignations of all of the existing members of the Board of Directors, and the New Directors shall be deemed to fill the vacancies created by such resignations without the necessity of holding a further meeting of Equityholders.

Pursuant to the Investor Rights Agreement, following the Effective Date, Gotham Green and Unsecured Debentureholders will have the following nomination rights:

(a) Gotham Green will have the right to nominate three directors to the New Board;

(b) each of Oasis, Senvest and Hadron will have the right to nominate one director to the New Board; and

(c) the nominees of Gotham Green and Initial Supporting Unsecured Debentureholders will have the right to nominate a 7th member of the New Board, who shall be the chief executive officer of iAnthus.

The re-election of each of the members of the New Board shall, in all circumstances, be put to a shareholder vote at each annual general meeting of iAnthus. Any such vote shall pass with the support of a simple majority of the shares cast at the annual general meeting.

Biographies of the New Directors

As of the date of this Circular, Gotham Green has nominated Scott Cohen and Mich Mathews-Spradlin as directors of the New Board and the Initial Supporting Unsecured Debentureholders have nominated Alexander Shoghi as a director of the New Board, each to be appointed on the Effective Date in accordance with the Plan of Arrangement. The remaining members of the New Board may be nominated by Gotham Green and Initial Supporting Unsecured Debentureholders, as applicable, prior to the Effective Date, in which case they will be appointed as of the Effective Date, or after the Effective Date, in which case they will be appointed in accordance with the terms of the Investor Rights Agreement.

Scott Cohen

Scott Cohen has over 25 years of professional investment experience, including public and private debt and equity securities. Mr. Cohen is currently a consultant to financially troubled companies and stakeholders, and an active investor in turnaround opportunities. Until 2017 Mr. Cohen was with Silver Rock Financial, a large family office, investing in debt and equity investments. Responsibilities included sourcing of both public and private debt, structuring debt securities and loans, and leading activist and restructuring transactions. Prior to Silver Rock Financial, Mr. Cohen was Managing Director and Portfolio Manager at Cerberus Capital Management. At Cerberus, Mr. Cohen's responsibilities included analyzing, investing, and managing of a portfolio of primarily distressed assets. Most of these investments involved activist or control roles, from leading creditor committees to initiating negotiations with borrowers in restructurings. Mr. Cohen also worked closely with the private equity team at Cerberus on several large transactions, focusing on liability management within portfolio companies. Prior to joining Cerberus, Mr. Cohen worked in Merrill Lynch's distressed debt trading group from 1992 to 1998, analyzing and investing in distressed corporate situations. From 1990 to 1992 he was an investment banker in Merrill's High Yield Finance and Restructuring Group. Mr. Cohen is a 1990 graduate of Tufts University.

Mich Mathews-Spradlin

From 1993 until her retirement in 2011, Ms. Mathews-Spradlin worked at Microsoft Corporation, where she served as Chief Marketing Officer and previously held several other key leadership positions. Prior to her employment with Microsoft, Ms. Mathews-Spradlin worked in the United Kingdom as a communications consultant for Microsoft from 1989 to 1993. She also held various roles at General Motors Co. from 1986 to 1989.

As the CMO and SVP of Microsoft, Ms. Mathews-Spradlin oversaw the company's global marketing function, including the household brands of Windows, Office, Xbox, Internet Explorer and Bing. Mathews-Spradlin led Microsoft's consumer and business-to-business marketing to hundreds of millions of global customers. She was instrumental in driving the growth of Microsoft's global business by building several of the world's leading technology brands. As the most senior woman at Microsoft, she was also a strong advocate for female advancement and personally spearheaded the company's network and mentoring program for female progression at the company. She retired from Microsoft in 2011, after 22 years.

Ms. Mathews-Spradlin currently serves on the board of The Wendy's Company and in addition serves as a board member of several private companies, including Jacana Holdings Inc., The Bouqs Company and You & Mr Jones. She is also a digital advisory board member for Unilever PLC, a member of the board of trustees of the California Institute of Technology and a member of the executive board of the UCLA School of Theater, Film and Television.

Alexander Shoghi

Alexander Shoghi Mr. Shoghi is a Portfolio Manager at Oasis Management, a private investment management firm headquartered in Hong Kong. Mr. Shoghi joined Oasis in 2005, first based in Hong Kong, and subsequently relocating to the U.S. as the founder and manager of Oasis Capital in Austin, Texas in early 2012. From 2004 to 2005, Mr. Shoghi worked at Lehman Brothers in New York City. Mr. Shoghi holds a Bachelor of Science of Business Administration in Finance and International Business degree from Georgetown University.

Calculations

All cash payment amounts will be calculated to the nearest 1¢ ($0.01). Calculations and determinations made in accordance with the Recapitalization Transaction are final and binding.

Fractional Interests

No fractional Debt Exchange Common Shares will be issued in connection with the Recapitalization Transaction. With respect to fractional Debt Exchange Common Shares that would otherwise be issuable to a Secured Lender or Unsecured Debentureholder, the entitlement of such holder will be rounded up to the nearest whole number of Debt Exchange Common Shares.

The principal amount of New Secured Notes that each Secured Lender is to be issued by ICM pursuant to the Plan of Arrangement shall be rounded down to the nearest $0.01 without compensation therefor.

The principal amount of New Unsecured Notes that each Secured Lender and each Unsecured Debentureholder is to be issued by ICM pursuant to the Plan of Arrangement shall be rounded down to the nearest $0.01 without compensation therefor.

Court Approval and Completion of the Arrangement

The Arrangement requires approval by the Court. Prior to the mailing of this Circular, iAnthus obtained the Interim Order providing for the calling and holding of the Secured Noteholders' Meeting, the Unsecured Debentureholders' Meeting and the Equityholders' Meeting and other procedural matters. A copy of the Interim Order is attached hereto as Appendix I to this Circular. The Petition for the Final Order also appears in Appendix J to this Circular.

iAnthus has advised the Court that the Debt Exchange Common Shares, the New Unsecured Notes and New Secured Notes issuable to the Secured Lenders and Unsecured Debentureholders, as applicable, in each case pursuant to the Plan of Arrangement, will be issued in reliance upon the exemption from registration under the 1933 Act provided by Section 3(a)(10) thereunder, upon the Court's approval of the Arrangement. The Final Order, if granted, will constitute the basis for the exemption from the registration requirements of the 1933 Act pursuant to Section 3(a)(10) thereof, with respect to the offer and sale of the Debt Exchange Common Shares, the New Unsecured Notes and the New Secured Notes, in each case pursuant to the Plan of Arrangement. In order to rely on the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof, the Court must determine, prior to approving the Final Order, that the terms and conditions of the conversion and exchange (as the case may be) of the Debt Exchange Common Shares, the New Unsecured Notes and the New Secured Notes is fair to the applicable Secured Lender or Unsecured Debentureholder. See "*Certain U.S. Securities Laws Matters*" and "*Certain Regulatory and Other Matters Relating to the Recapitalization Transaction – United States*".

Subject to the approval of the Arrangement by Securityholders, the hearing in respect of the Final Order is scheduled to take place on September 25, 2020 at 2:00 p.m. (Vancouver time) (or such other time and/or date as the Court will advise) at the courthouse, at 800 Smithe Street, Vancouver, British Columbia, Canada. At the hearing, any Securityholder or other interested party who wishes to participate, or to be represented, or to present evidence or argument, may do so, subject to filing with the Court and serving upon the solicitors for iAnthus a Notice of Appearance and satisfying any other requirements of the Court as provided in the Interim Order or otherwise. The Court will consider, among other things, the fairness and reasonableness of the Arrangement, the approval of the Secured Noteholders' Arrangement Resolution, the Secured Noteholders' Meeting and the approval of the Unsecured Debentureholders' Arrangement Resolution at the Unsecured Debentureholders' Meeting and the approval of the Equityholders' Arrangement Resolution at the Equityholders' Meeting.

The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

In addition to obtaining the Final Order, the Arrangement will only be completed (including the implementation of all steps set out in the Plan of Arrangement) upon satisfaction or waiver of all of the conditions to the Arrangement,

including the receipt of all necessary regulatory approvals. While iAnthus expects the Arrangement to become effective in the fourth quarter of 2020, there are no assurances that all required regulatory approvals will be obtained by such date and implementation of the Plan of Arrangement may occur at any time on or before the Outside Date.

Assuming the Final Order is granted and the other conditions contained in the Plan of Arrangement are satisfied or waived, it is anticipated that the following will occur substantially simultaneously: (a) the various documents necessary to consummate the Recapitalization Transaction, including the Plan of Arrangement, will be executed and delivered; (b) the Closing Certificate will be delivered to give effect to the Arrangement; and (c) the transactions provided for in the Plan of Arrangement will occur in the order indicated. See "*Conditions to the Recapitalization Transaction Becoming Effective*".

Certain U.S. Securities Laws Matters

It is intended that the Arrangement shall be carried out such that the issuance and distribution of the Debt Exchange Common Shares, the New Unsecured Notes and New Secured Notes to the applicable Secured Lender or Unsecured Debentureholder under the Plan of Arrangement qualifies in the United States for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) and applicable state securities Laws in reliance upon similar exemptions under applicable state securities Laws. In order to ensure the availability of the Section 3(a)(10) exemption, the Arrangement will be carried out on the following basis:

(a) the Arrangement (including the exchange of Secured Notes, Interim Financing Secured Notes and Unsecured Debentures for applicable Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes) will be subject to the approval of the Court;

(b) the Court will be advised as to the intention to rely on the Section 3(a)(10) exemption prior to the Court hearing at which the Final Order will be sought;

(c) the Court will be required to satisfy itself as to the fairness of the Arrangement;

(d) the Final Order will address the Arrangement being approved by the Court as being fair to the Secured Lenders and the Unsecured Debentureholders;

(e) each Person to whom Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes shall be issued pursuant to the Arrangement shall be advised that such Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes have not been registered under the 1933 Act and shall be issued by iAnthus in reliance upon Section 3(a)(10) of the 1933 Act and, in the case of "affiliates" of iAnthus, shall be subject to certain restrictions on resale under U.S. securities Laws, including Rule 144 under the 1933 Act;

(f) the Final Order shall include a statement in the preamble to substantially the following effect:

> "This Order is granted by the Court upon being advised that the Order shall serve as the basis for reliance on the exemption provided by Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of common shares and secured notes of the Company pursuant to the Plan of Arrangement.";

(g) each Secured Noteholder and Unsecured Debentureholder will be given adequate notice advising them of their right to attend the Court hearing and providing them with sufficient information necessary for them to exercise that right;

(h) there will be no improper impediments to the appearance by the Secured Noteholders and Unsecured Debentureholders at the Court hearing; and

(i) the Interim Order specifies that each Secured Noteholder and Unsecured Debentureholder will have the right to appear before the Court at the hearing on the Final Order so long as such Secured Noteholder and Unsecured Debentureholder, as applicable, files and delivers a Notice of Appearance and satisfies the other requirements of the Court as provided in the Interim Order or otherwise.

Conditions to the Recapitalization Transaction Becoming Effective

The conditions to the Recapitalization Transaction becoming effective include, among others, the following:

(a) approval of the Plan of Arrangement by the Court and by the requisite majority of Securityholders by not later than December 31, 2020, provided that if the Plan of Arrangement is approved by the requisite majority of Debtholders, but not Equityholders or by the Court, the Recapitalization Transaction will be implemented pursuant to the CCAA Proceedings;

(b) iAnthus having achieved all milestones for the Recapitalization Transaction set in the Support Agreement within the times set forth therein;

(c) each of iAnthus, the Secured Lenders and the Initial Supporting Unsecured Debentureholders, as applicable, having complied in all material respects with their covenants and obligations in the Support Agreement that are to be performed on or before the Effective Date;

(d) all required stakeholder, regulatory and Court approvals, consents, waivers and filings having been obtained or made on terms satisfactory to iAnthus, the Secured Lenders and the Initial Supporting Unsecured Debentureholders, each acting reasonably;

(e) the Plan of Arrangement shall provide that, effective at the Effective Time, each of the Secured Lenders and the Initial Supporting Unsecured Debentureholders shall have irrevocably waived all defaults under the Secured Note Documents and Unsecured Debenture Documents, as applicable, and the Secured Noteholders shall have taken all steps required to withdraw, revoke and/or terminate the foreclosure sale process run by the Collateral Agent or its representatives with or on behalf of the Secured Noteholders under Article 9 of the applicable Uniform Commercial Code following one or more events of default under the Secured Notes;

(f) the absence of any Material Adverse Change from and after the date of the Support Agreement;

(g) iAnthus (i) shall have taken all such actions as are commercially reasonable, subject to iAnthus being able to satisfy listing and applicable public float and public holder requirements, to maintain a listing of its common shares on the CSE, or on such other recognized stock exchange acceptable to the Secured Lenders, the Initial Supporting Unsecured Debentureholders and iAnthus, and (ii) shall be in compliance with all applicable securities Laws in Canada and the United States and not subject to any cease trade orders;

(h) the absence of any (i) decisions, orders or decrees by any Governmental Entity, (ii) applications to any Governmental Entity and (iii) announced, threatened or commences actions or investigations by any Governmental Entity that restrains, impedes or prohibits (or would restrain, impeded or prohibit) the Recapitalization Transaction or any material part thereof or require any material variation of the Recapitalization Transaction;

(i) all of the documented fees and expenses of iAnthus' advisors and the advisors to the Requisite Consenting Parties up to and including the Effective Date shall have been paid in full;

(j) in the event of the CCAA Proceedings, the treatment of claims against and contracts with iAnthus shall be consistent with the terms of the Term Sheet or otherwise reasonably acceptable to iAnthus,

the Secured Lenders and the Initial Supporting Unsecured Debentureholders, each acting reasonably; and

(k) the Effective Date shall occur by no later than the Outside Date.

Procedures

Existing Common Shareholders

Assuming the Recapitalization Transaction is implemented pursuant to the Arrangement Proceedings, Existing Common Shareholders will continue to hold the Common Shares they held prior to the Effective Date. If the Recapitalization Transaction is implemented pursuant to the CCAA Proceedings, all Existing Common Shares are expected to be cancelled and extinguished for no consideration. Such cancellations, if required, will be recorded on the books and records of iAnthus and the Transfer Agent. Accordingly, no action is required to be taken by Existing Common Shareholders.

Optionholders and Warrantholders

In connection with the implementation of the Plan of Arrangement, all Affected Equity is expected to be cancelled and extinguished for no consideration. Such cancellations will be recorded on the books and records of iAnthus and the Transfer Agent. Accordingly, no action is required to be taken by Optionholders and Warrantholders.

Secured Lenders

Each Secured Lenders will surrender for cancellation certificates representing the Secured Notes and Interim Financing Secured Notes to iAnthus. Delivery of the New Secured Notes and New Unsecured Notes issuable to the Secured Lenders as consideration for the exchange and cancellation of the Secured Notes and Interim Financing Secured Notes will be made by iAnthus by way of directly registered certificates as soon as practicable following the consummation of the Recapitalization Transaction. Delivery of the Debt Exchange Common Shares issuable to the Secured Lenders will be made, at the recipients option, by the Transfer Agent: (i) through the facilities of CDS or DTC to Intermediaries, who will in turn will make delivery of the Debt Exchange Common Shares to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of CDS or DTC, as applicable; or (ii) by providing Direct Registration System advices or confirmations in the name of the recipient thereof.

Unsecured Debentureholders

Each Unsecured Debentureholder will surrender for cancellation certificates representing the Unsecured Debentures to iAnthus. Delivery of the New Unsecured Notes issuable to the Unsecured Debentureholders as consideration for the exchange and cancellation of the Unsecured Debentures will be made by iAnthus by way of directly registered certificates as soon as practicable following the consummation of the Recapitalization Transaction. Delivery of the Debt Exchange Common Shares issuable to the Unsecured Debentureholders will be made, at the recipients option, by the Transfer Agent: (i) through the facilities of CDS or DTC to Intermediaries, who will in turn will make delivery of the Debt Exchange Common Shares to the ultimate beneficial recipients thereof pursuant to standing instructions and customary practices of CDS or DTC, as applicable; or (ii) by providing Direct Registration System advices or confirmations in the name of the recipient thereof.

General

Any use of the mail to transmit a certificate representing Secured Notes, Interim Financing Secured Notes or Unsecured Debentures is at the risk of the Securityholder. If these documents are mailed, it is recommended that registered mail, with (if applicable) return receipt requested, properly insured, be used. If the Arrangement is not completed, the certificates representing Secured Notes, Interim Financing Secured Notes and Unsecured Debentures, as applicable, received by iAnthus will be returned to the appropriate Securityholders.

Strict compliance with the requirements set forth above concerning deposit and delivery of securities and related required documents will be necessary.

Fairness Opinion

PricewaterhouseCoopers LLP ("**PwC**") was engaged by iAnthus to provide an opinion (the "**Fairness Opinion**") to the Board of Directors, and its Special Committee, as to the fairness of the Recapitalization Transaction, from a financial point of view the Existing Common Shareholders. On July 28, 2020, PwC rendered its Fairness Opinion that, as of such date, based upon and subject to the various considerations set forth in the Fairness Opinion, including the scope of review, limitations and assumptions, the proposed Recapitalization Transaction is fair, from a financial point of view, to the Existing Common Shareholders.

The full text of the Fairness Opinion is attached as Schedule H to this Circular and Existing Common Shareholders are encouraged to read the Fairness Opinion carefully and in its entirety. The Fairness Opinion describes the scope of the review undertaken by PwC, the assumptions made by PwC, the limitations on the use of the Fairness Opinion, and the basis of PwC's analyses for the purposes of the Fairness Opinion, among other matters. The summary of the Fairness Opinion set forth in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion. PwC has provided its written consent to the inclusion of the Fairness Opinion in this Circular. The Fairness Opinion states that it may not be used, or relied upon, by any person other than the Board and Special Committee. The Fairness Opinion cannot be relied upon by any other party.

Assumptions

The Fairness Opinion provides various assumptions, including but not limited to:

- the Recapitalization Transaction will be completed substantially on the terms presented to PwC, consistent with the documents and agreements presented to and reviewed by PwC;
- all contracts and agreements presented to and reviewed by PwC will be executed and enforceable in accordance with their terms and that all parties thereto will comply with the terms therein;
- there have been no material changes in the operations or financial position of iAnthus from the information presented to PwC as part of its review;
- PwC's conclusions are based on the latest financial and operational information available for iAnthus as of the date of the Fairness Opinion;
- management of iAnthus has made available to PwC all information they believe is relevant to the preparation of the Fairness Opinion;
- iAnthus' contingent liability associated with outstanding litigation cannot be meaningfully quantified at the date of the Fairness Opinion;
- iAnthus has no material unrecorded assets or unaccrued liabilities, unless otherwise noted herein positive or negative; and
- iAnthus can obtain or renew all required licenses from applicable government or other organizations that are relevant to PwC's analysis.

Limitations

The Fairness Opinion is subject to various limitations, including but not limited to:

- PwC has relied, without independent verification, upon the accuracy, completeness and fair presentation of all financial and other information that was obtained by PwC from public sources of that was provided to PwC by management of iAnthus and any of its affiliates, associates, advisors or otherwise;

- PwC has relied upon a written letter of representation from management of iAnthus stating that: (i) all information provided to PwC is complete, true and correct in all material respects and does not contain any untrue statement of a material fact in respect of iAnthus, its operating assets of the Recapitalization Transaction; (ii) since the time that information was provided to PwC, there have been, no material changes in such information or in factors surrounding the Recapitalization Transaction which would have a material effect on the conclusions in the Fairness Opinion; and (iii) having reviewed the Fairness Opinion, they are not aware of any errors, omissions or misrepresentations of facts therein which might significantly impact the conclusions therein;

- the Fairness Opinion is based on the securities markets, economic, general business and financial conditions prevailing as of the date of the Fairness Opinion and the conditions and prospects of iAnthus as reflected in the information provided to PwC. In preparing the Fairness Opinion, PwC made numerous assumptions with respect to financial performance, general business, economic and market conditions, and other matters, the outcome of which are beyond the control of PwC or any party involved in the Recapitalization Transaction;

- PwC had not conducted an audit or review of the financial affairs of iAnthus, nor had PwC sough external verification of the information provided to PwC of extracted from public sources;

- the Fairness Opinion is limited to the fairness of the Recapitalization Transaction, from a financial point of view and not the strategic or legal merits of the Recapitalization Transaction;

- the Fairness Opinion has been provided for the use of the Board of Directors and the Special Committee and should not be construed as a recommendation to vote in favour of the Recapitalization Transaction. The Fairness Opinion will be one factor, among others, that the Board and/or the Special Committee will consider in determining whether to approve and recommend the Recapitalization Transaction;

- the Fairness Opinion is given only as of the date of the Fairness Opinion and PwC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to its attention after the date of the Fairness Opinion. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date of the Fairness Opinion, PwC reserves the right to change, modify or withdraw the Fairness Opinion;

- fair market value, and hence fairness from a financial point of view, changes from time to time not only as a result of internal factors, but also because of external factors such as changes in the economy, competition and changes in consumer/investor preferences;

- PwC has not provided any legal interpretation, opinion on any contract or document, or a recommendation to invest or divest;

- The reader must consider the Fairness Opinion in its entirety, as selecting and relying on only a specific portion of the analysis or factors considered by PwC, without considering all factors and analyses together, could create a misleading view of the processes underlying the Fairness Opinion; and

- PwC has not provided a calculation, estimate or comprehensive valuation of the Recapitalization Transaction.

Scope of Work

In preparing the Fairness Opinion, PwC relied upon financial and other information, including prospective financial information, obtained from management, iAnthus' advisors and from various public, financial and industry sources. Principal information included discussions with management, the Board and Company advisors, iAnthus financial statements, budgets, forecasts and tax returns, the Support Agreement, Canaccord market solicitation materials, iAnthus share trading information, analyst and industry reports. PwC has not, to the best of its knowledge, been denied access by Management to any information requested by PwC.

Approach to Fairness

For the purposes of the Fairness Opinion, PwC considered that the Recapitalization Transaction would be fair, from a financial point of view, to iAnthus if the transaction provides the Existing Common Shareholders with a per share value that is greater than or equal to the fair market value per share, as determined by PwC's valuation approach, among other financial considerations.

In addition, PwC considered, among other things, the following matters:

- the Board of Directors engaged Canaccord Genuity Corp. who conducted an extensive market solicitation process as part of its review of strategic alternatives;
- iAnthus is in default of its secured and unsecured obligations;
- iAnthus was unable to cure the interest payment defaults under its secured and unsecured debt within the prescribed timeframe and was unable to refinance the debt during a period of reduced investment in the cannabis industry;
- liquidation of iAnthus' assets would likely not result in any recovery for Existing Common Shareholders;
- if the Recapitalization Transaction is not approved, iAnthus has no option but to stay enforcement via CCAA proceedings;
- sale of individual state-level assets is infeasible and does not solve liquidity constraints of iAnthus;
- en-bloc share sale was not viable having consideration for closing risk and conditions and the lack of support from Unsecured Debentures;
- the Recapitalization Transaction would permit continued participation by Existing Common Shareholders in iAnthus' growth and/or future strategic initiatives while improving iAnthus' solvency and liquidity to execute its business plan;
- Existing Common Shareholders are treated equally under the Recapitalization Transaction;
- PwC and iAnthus are not aware of any other feasible alternatives that are better than the Recapitalization Transaction;
- Existing Common Shareholders are treated equally under the proposed Recapitalization Transaction; and
- the Recapitalization Transaction is supported by advisors and key stakeholders, including the Secured Lenders and the Initial Supporting Unsecured Debentureholders.

Independence of PwC

PwC has confirmed that it is not the current auditor of iAnthus and is not an associated or affiliated entity or insider of iAnthus. PwC has also confirmed that it has no material ownership position in iAnthus. None of the fees received by PwC were contingent upon the outcome of the Recapitalization Transaction.

PwC Conclusion

As of July 28, 2020, the date of the Fairness Opinion, based on PwC's scope of review, assumptions and limitations, the proposed Recapitalization Transaction is fair, from a financial point of view, to the Existing Common Shareholders.

Recommendation of the Board of Directors

After careful consideration and based on a number of factors, including the Fairness Opinion and the recommendation of the Special Committee, and upon consultation with its financial advisors and outside legal counsel, the Board of Directors has unanimously: (a) approved the Recapitalization Transaction; (b) authorized the submission of the Arrangement to the Securityholders and the Court for their respective approvals; and (c) determined that the Recapitalization Transaction is in the best interests of iAnthus and its stakeholders. The Board of Directors also considered various factors discussed in the foregoing section entitled "Background To and Reasons For the Recapitalization Transaction".

The Board of Directors unanimously recommend that the Secured Noteholders, Unsecured Debentureholders, Existing Common Shareholders, Optionholders and Warrantholders vote in favour of the Secured Noteholders' Arrangement Resolution, the Unsecured Debentureholders' Arrangement Resolution, the Equityholders' Arrangement Resolution, as applicable, at the Meetings.

ARRANGEMENT STEPS

Pursuant to the Plan of Arrangement, and subject to the satisfaction of all required consents and approvals, commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected, in the following order in five minute increments (unless otherwise indicated) and at the times set out in the Plan of Arrangement (or in such other manner or order or at such other time or times as the Petitioners and the Requisite Consenting Parties may agree, each acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided in the Plan of Arrangement:

(a) All Affected Equity shall be cancelled and extinguished for no consideration.

(b) The following shall occur concurrently (unless otherwise indicated):

(i) the aggregate outstanding principal amount of each Secured Lender's Secured Notes and Interim Financing Secured Notes, plus all accrued and unpaid interest on such principal amount, shall be forgiven, settled and extinguished to the extent such amount exceeds the aggregate of: (A) the principal amount of the New Secured Notes to be issued to it in accordance with Section 4.3(c)(ii)(A) of the Plan of Arrangement; (B) the principal amount of its Secured Lender Pro Rata Share of 25% of the New Unsecured Notes to be issued to it in accordance with Section 4.3(c)(ii)(B) of the Plan of Arrangement; and (C) the fair market value on the Effective Date of its Secured Lender Pro Rata Share of 50% of the Debt Exchange Common Shares to be issued to it in accordance with Section 4.3(c)(ii)(C) of the Plan of Arrangement (the remaining principal amount of each Secured Lender's Secured Notes and Interim Financing Secured Notes following such forgiveness, settlement and extinguishment being, collectively, the "**Remaining Secured Notes**"); and

(ii) the outstanding principal amount of each Unsecured Debentureholder's Unsecured Debentures, plus all accrued and unpaid interest on such principal amount, shall be

forgiven, settled and extinguished to the extent such amount exceeds the aggregate of (A) the principal amount of its Unsecured Debentureholder Pro Rata Share of 75% of the New Unsecured Notes to be issued to it in accordance with Section 4.3(d)(i) of the Plan of Arrangement; and (B) the fair market value on the Effective Date of its Unsecured Debentureholder Pro Rata share of 50% of the Debt Exchange Common Shares to be issued to it in accordance with Section 4.3(d)(ii) of the Plan of Arrangement (the remaining principal amount of each Unsecured Debentureholder's Unsecured Debentures following such forgiveness, settlement and extinguishment being the "**Remaining Unsecured Debentures**").

(c) The following shall occur consecutively:

(i) ICM, the New Secured Note Guarantors, the New Secured Noteholders and the Collateral Agent shall enter into the Amended and Restated Secured Note Purchase Agreement together with all related documentation as agreed by ICM, the New Secured Note Guarantors, the New Secured Noteholders, the Collateral Agent, and the Initial Supporting Unsecured Debentureholders, each acting reasonably, which shall amend and restate the Secured Note Purchase Agreement;

(ii) in exchange for, and in full and final settlement of, the Remaining Secured Notes, iAnthus or ICM, as applicable, shall pay to each Secured Lender:

(A) its New Secured Notes in an aggregate principal amount equal to its Secured Lender Pro Rata Share of the New Secured Notes Aggregate Principal Amount, which New Secured Notes shall be distributed in the manner described in Section 3.1 of the Plan of Arrangement;

(B) its Secured Lender Pro Rata Share of 25% of the New Unsecured Notes to be issued pursuant to the Plan of Arrangement, which New Unsecured Notes shall be distributed in the manner described in Section 3.1 of the Plan of Arrangement; and

(C) its Secured Lender Pro Rata Share of 50% of the Debt Exchange Common Shares to be issued pursuant to the Plan of Arrangement, which Debt Exchange Common Shares shall be distributed in the manner described in Section 3.2 of the Plan of Arrangement; and

(d) Concurrently with the steps set forth in Section 4.3(c) of the Plan of Arrangement, in exchange for, and in full and final settlement of, the Remaining Unsecured Debentures, iAnthus or ICM, as applicable, shall pay to each Unsecured Debentureholder:

(i) its Unsecured Debentureholder Pro Rata Share of 75% of the New Unsecured Notes to be issued pursuant to the Plan of Arrangement, which New Unsecured Notes shall be distributed in the manner described in Section 3.1 of the Plan of Arrangement; and

(ii) its Unsecured Debentureholder Pro Rata Share of 50% of the Debt Exchange Common Shares to be issued pursuant to the Plan of Arrangement, which Debt Exchange Common Shares shall be distributed in the manner described in Section 3.2 of the Plan of Arrangement.

(e) Concurrently with the delivery of the New Unsecured Notes and the Debt Exchange Common Shares to be issued to the Unsecured Debentureholders in accordance with Section 4.3(d) of the Plan of Arrangement:

(i) the Unsecured Debentureholder Claims shall, and shall be deemed to be, irrevocably and finally extinguished and such Unsecured Debentureholder shall have no further right, title or interest in and to the Unsecured Debentures or its Unsecured Debentureholder Claim; and

(ii) the Unsecured Debentures and the Unsecured Debenture Documents shall be cancelled, provided that the Unsecured Debenture Documents shall remain in effect solely to allow the applicable persons, as necessary, to make the distributions set forth in the Plan of Arrangement.

(f) Concurrently with the steps set forth in Section 4.3(c)(ii) of the Plan of Arrangement, as consideration for iAnthus issuing the Debt Exchange Common Shares to the Secured Lenders pursuant to Section 4.3(c)(ii)(C) of the Plan of Arrangement, ICM shall issue to iAnthus such number of ICM Membership Interests as is equal in value to the fair market value on the Effective Date of the Debt Exchange Common Shares issued to the Secured Lenders pursuant to Section 4.3(c)(ii)(C) of the Plan of Arrangement.

(g) Immediately following the issuance of the ICM Membership Interests provided for in Section 4.3(f) of the Plan of Arrangement, the number of ICM Membership Interests shall be consolidated such that the number of issued and outstanding ICM Membership Interests will equal the number of ICM Membership Interests that were issued and outstanding immediately prior to the issuances provided for in Section 4.3(f) of the Plan of Arrangement.

(h) iAnthus shall pay in full in cash the outstanding reasonable and documented fees and expenses of the advisors to the Secured Lenders and the Initial Supporting Unsecured Debentureholders pursuant to the terms and conditions of set out in the Support Agreement (except as such terms relate to the timing for payment of such reasonable and documented outstanding fees and expenses).

(i) iAnthus shall pay in full in cash the outstanding reasonable and documented fees and expenses of the Company Advisors pursuant to the terms and conditions of applicable fee arrangements entered into by iAnthus with such advisors (except as such terms relate to the timing for payment of such reasonable and documented outstanding fees and expenses).

(j) The releases referred to in Section 5.1 of the Plan of Arrangement shall become effective. See "*Description of the Recapitalization Transaction – Releases and Waivers*".

(k) The Investor Rights Agreement shall become effective.

(l) The Board of Directors shall be reconstituted through the staggered resignations of all directors of the Board of Directors, and the New Directors shall be deemed to fill the vacancies created by such resignations without the necessity of the holding of a further iAnthus shareholders' meeting.

The foregoing is qualified in its entirety by the full text of the Plan of Arrangement attached as Appendix F to this Circular.

CONDITIONS PRECEDENT TO THE IMPLEMENTATION OF THE PLAN OF ARRANGEMENT

The implementation of the Plan of Arrangement is conditional upon the fulfillment, satisfaction or waiver (to the extent permitted under the Plan of Arrangement) of the following conditions precedent, in each case in accordance with the terms thereof:

(a) The Court shall have granted the Final Order, the operation and effect of which shall not have been stayed, reversed or amended, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(b) If determined necessary by iAnthus and the Requisite Consenting Parties, each acting reasonably, the Final Order shall have been recognized in recognition proceedings pursuant to applicable Law in the United States and all court materials (including any recognition order granted) in connection with the recognition proceedings shall be in form and substance acceptable to the Requisite Consenting Parties;

(c) No Law shall have been passed and become effective, the effect of which makes the consummation of the Plan of Arrangement illegal or otherwise prohibited;

(d) All conditions to implementation of the Plan of Arrangement set out in the Support Agreement shall have been satisfied or waived in accordance with their terms and the Support Agreement shall not have been terminated and the iAnthus Parties and Requisite Consenting Parties shall have delivered a Closing Certificate respecting same;

(e) iAnthus shall be a public company following the implementation of the Plan of Arrangement and the Common Shares shall be approved for trading on the CSE, or if necessary, the NEO Exchange Inc. or on another stock exchange acceptable to the Secured Lenders and the Initial Supporting Unsecured Debentureholders, subject only to receipt of customary final documentation; and

(a) The Petitioners shall have paid the reasonable and documented fees and expenses of the Company Advisors, the advisors to the Secured Lenders and the Initial Supporting Unsecured Debentureholders up to and including the Effective Date.

THE SUPPORT AGREEMENT

All of the Secured Noteholders and the Initial Supporting Unsecured Debentureholders, who hold approximately 91% of the outstanding Unsecured Debentures, have entered into the Support Agreement in which they have agreed to support the Recapitalization Transaction and will vote their Secured Notes, Unsecured Debentures, and Existing Equity in favour of the various resolutions required to implement the Recapitalization Transaction at the Secured Noteholders' Meeting, the Unsecured Debentureholders' Meeting and the Equityholders' Meeting, respectively.

The principal terms of the Recapitalization Transaction are set out in the Support Agreement and will be implemented pursuant to various agreements and related documents. Such agreements and related documents must be in form and substance acceptable to iAnthus, the Secured Lenders and the Initial Supporting Unsecured Debentureholders, each acting reasonably.

As a result of the voting commitments contained in the Support Agreement, the Secured Noteholders' Arrangement Resolution and the Unsecured Debentureholders' Arrangement Resolution are each expected to be approved at the Secured Noteholders' Meeting and Unsecured Debentureholders' Meeting, respectively.

The following is a summary of the principal terms of the Support Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the Support Agreement, a copy of which is available under iAnthus' SEDAR profile at www.sedar.com.

Covenants

Pursuant to the Support Agreement, the Secured Lenders and the Initial Supporting Unsecured Debentureholders have agreed, subject to the terms and conditions of the Support Agreement, among other things:

- to consent to and support the Recapitalization Transaction and the implementation of same pursuant to the Plan of Arrangement in accordance with the terms set out in the Term Sheet;

- subject to certain exceptions, not to directly or indirectly sell or transfer any of their Secured Notes, Unsecured Debentures or Existing Equity;

- as it relates to the Interim Lenders, advance the Interim Financing Principal Amount (subject to a 5% original issue discount) to ICM within three Business Days of executing the Support Agreement pursuant to the terms of the Secured Note Purchase Agreement;

- except as contemplated by the Support Agreement, not to deposit any of their Secured Notes, Unsecured Debentures or Existing Equity into a voting trust, or grant (or permit to be granted) any proxies or powers of attorney or attorney in fact, or enter into a voting agreement, understanding or arrangement with respect to any of their any of their Secured Notes, Unsecured Debentures or Existing Equity that would in any manner restrict their ability to comply with the Support Agreement;

- to act in good faith and take all commercially reasonable actions that are reasonably necessary or appropriate to promptly consummate the Recapitalization Transaction in accordance with the Term Sheet and use its reasonable best efforts to support the Recapitalization Transaction, including, without limitation, assisting with applicable regulatory approvals and license transfers;

- not to take any action that is inconsistent, in any material respect, with its obligations under the Support Agreement or that would frustrate, hinder or delay the consummation of the Recapitalization Transaction and the Plan of Arrangement, provided that nothing in the Support Agreement shall restrict, limit, prohibit, or preclude, in any manner not inconsistent with its obligations under the Support Agreement, any of the Secured Lenders or Initial Supporting Unsecured Debentureholders from, (A) enforcing any rights under the Support Agreement, including any consent or approval rights, or (B) contesting whether any matter, fact, or thing is a breach of, or is inconsistent with, the Support Agreement, or exercising any rights or remedies reserved therein;

- as it relates to Oasis, not to take any steps to advance towards trial the claim and counterclaim proceeding under Ontario Superior Court of Justice Court File Number CV-20-00637038-0000 (the "**Oasis Litigation**");

- to vote (or cause to be voted) all of their Secured Notes, Unsecured Debentures and Common Shares (if any) in favour of the Recapitalization Transaction and the Plan of Arrangement in accordance with the terms of the Support Agreement and the Term Sheet and against any other matter or transaction that could reasonably be expected to delay, challenge, frustrate or hinder the consummation of the Recapitalization Transaction or the Plan of Arrangement;

- not to withdraw, amend, or revoke, its tender, consent, or vote with respect to the Plan of Arrangement; provided, however, that such vote may be revoked by such Secured Lender or such Initial Supporting Unsecured Debentureholder at any time if the Support Agreement is terminated with respect to such person;

- not to propose, file, solicit, vote for or otherwise support any alternative offer, restructuring, liquidation, workout or plan of compromise or arrangement or reorganization of or for iAnthus that is inconsistent with the Recapitalization Transaction and the Plan of Arrangement, except with the prior written consent of the Company, the Secured Lenders and the Unsecured Debentureholders, as applicable;

- to support all motions filed by iAnthus in the Arrangement Proceedings that are consistent with and in furtherance of the Recapitalization Transaction and, if requested by iAnthus, provide commercially reasonable assistance to iAnthus in obtaining any required regulatory approvals and/or required material third party approvals to effect the Recapitalization Transaction, in each case at the expense of iAnthus;

- not to take any other action that is materially inconsistent with its obligations under the Support Agreement and the Term Sheet; and

- forbear from further exercising any rights or remedies in connection with any events of default that now exist or may in the future arise under any Secured Note Document or Unsecured Debenture Document and to take such steps as are necessary to stop any current or pending enforcement efforts related thereto.

The iAnthus Parties have agreed, subject to the terms of the Support Agreement, among other things:

- to pursue completion of the Recapitalization Transaction in good faith by way of the Plan of Arrangement and not to take any action that is inconsistent with the terms of the Support Agreement or that it would be prohibited from doing directly or indirectly under the Support Agreement;

- to file the Plan of Arrangement on a timely basis consistent with the terms and conditions of the Support Agreement, to recommend to any person entitled to vote on the Plan of Arrangement that they vote to approve the Plan of Arrangement and to take all reasonable actions necessary to obtain any regulatory approvals for the Recapitalization Transaction and to achieve the following timeline:

  - file the application in the Arrangement Proceedings seeking the Interim Order by no later than July 30, 2020;

  - obtain approval of the Court for the Interim Order by not later than August 7, 2020;

  - commence solicitation procedures with respect to the Plan of Arrangement on or before August 17, 2020;

  - hold the Meetings by no later than September 21, 2020;

  - obtain approval of the Court for the Final Order by no later than September 28, 2020;

  - implement the Recapitalization Transaction pursuant to the Plan of Arrangement on or prior to the Outside Date; and

  - if applicable, comply with the timelines described in "*Support Agreement - Alternative Implementation Process*" with respect to the CCAA Proceedings;

- not to, without the prior written consent of the Secured Lenders and the Initial Supporting Unsecured Debentureholders, amend, modify, replace, terminate, repudiate, disclaim or waive any rights under or in respect of (i) its material contracts (other than as expressly required by such material contracts, by the Support Agreement or in the ordinary course of performing their obligations under such material contracts) in any manner that would reasonably be expected to be material, or (ii) the Support Agreement (except as permitted by the terms thereof);

- to promptly notify each of the Secured Lenders and each of the Initial Supporting Unsecured Debentureholders of any claims threatened or brought against it which may impede or delay the consummation of the Recapitalization Transaction or the Plan of Arrangement;

- to timely file a formal written response in opposition to or to take all appropriate actions to oppose any objection filed with the Court by any person which objection is inconsistent with the Plan of Arrangement and the Recapitalization Transaction;

- to take all appropriate actions to oppose any insolvency or other proceeding brought against iAnthus or any of its subsidiaries;

- to operate their business in the ordinary course of business, having regard to iAnthus' current financial condition and the COVID-19 pandemic;

- subject to certain exceptions, not to not to undertake certain actions, except as contemplated by the Support Agreement, the Plan of Arrangement or without the prior written consent of the Secured Lenders and the Initial Supporting Unsecured Debentureholders, including among others, incurring any indebtedness or liens, prepaying or redeeming any non-revolving indebtedness, settling any material claims, or entering into any agreement for any acquisition or divestiture by the Company or any of its direct or indirect subsidiaries or affiliates of any of its assets or business;

- to promptly notify the Secured Lenders and the Initial Supporting Unsecured Debentureholders upon becoming aware of any new claims threatened in writing or brought against it in excess of $250,000 in the aggregate;

- to promptly notify the Secured Lenders and the Initial Supporting Unsecured Debentureholders of any event, condition, or development that has resulted in the inaccuracy or breach of any representation or warranty, covenant or agreement contained in the Support Agreement made by or to be complied with by any iAnthus Party in any material respect;

- to take all steps reasonably in control of the iAnthus Parties to be in compliance with all applicable securities Laws in Canada and the United States, including having the cease trade order issued by the Ontario Securities Commission on June 22, 2020 lifted by filing all financial statements and other continuous disclosure that is required to be filed under applicable securities laws in Canada;

- to not, except (i) as permitted by the Support Agreement; or (ii) with the prior written consent of the Secured Lenders and the Initial Supporting Unsecured Debentureholders, commence, consummate an agreement to commence, make, solicit, assist, initiate, encourage, facilitate, propose, file, initiate any discussions or negotiations regarding any alternative offer, restructuring, liquidation, workout or plan of compromise or arrangement, reorganization under the CCAA, BCBCA, other legislation or otherwise;

- to pay in full upon the advance of the Interim Financing all reasonable and documented accrued but unpaid fees and expenses for the period prior to and including the date of the Support Agreement of advisors to the Requisite Consenting Parties;

- from and after the date of the advance of the Interim Financing, and regardless of whether or not the Recapitalization Transaction is consummated, to pay all documented fees and expenses of advisors to the Requisite Consenting Parties on a current basis;

- to serve and file a notice of discontinuance on a "with prejudice" basis in respect of the statement of claim issued by iAnthus against Oasis in respect of the Oasis Litigation; and

- to use reasonable best efforts to cause its controlled affiliates, directors, officers, employees, advisors, and any other persons acting under the direction of any of them, and the representatives of any of the foregoing, without the express written knowledge and consent of the Secured Lenders and the Initial Supporting Unsecured Debentureholders, to not initiate, solicit, encourage or otherwise request inquiries or proposals with respect to, or engage or participate in any negotiations concerning, or provide any confidential or non-public information or data to, any person or entity relating to, or approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, or other agreement related to, any offer, proposal, or inquiry relating to, or any third-party indication of interest in (i) any proposal for an alternative refinancing, recapitalization or other extraordinary transaction other than the Recapitalization Transaction or any purchase, sale ,or other disposition of all or a material portion of iAnthus' business or assets, except for the sale of assets in the ordinary course of business, (ii) any issuance, sale, or other disposition of any equity interest (including, without limitation, securities or instruments directly or indirectly convertible or exchangeable into equity but excluding any intercompany transactions necessary or desirable in connection with the Recapitalization Transaction) in iAnthus (by iAnthus) or any subsidiaries, (iii) any merger, acquisition, consolidation or similar business combination transaction, involving iAnthus or any subsidiary (excluding any intercompany transaction necessary or desirable in connection with the Recapitalization Transaction) or (iv) any other transaction the purpose or effect of which would be reasonably expected to, or which would prevent or render impractical, or otherwise frustrate or impede in any material respect, the Recapitalization Transaction.

Representations and Warranties

In the Support Agreement, the iAnthus Parties, on the one hand, and the Secured Lenders or the Initial Supporting Unsecured Debentureholders, as applicable, on the other hand, make a number of customary representations and warranties to each other regarding themselves, the Support Agreement and the Recapitalization Transaction.

Alternative Implementation Process

In the event that either: (i) the Equityholders do not pass the Equityholders' Arrangement Resolution at the Equityholders' Meeting; or (ii) iAnthus, the Secured Noteholders and the Initial Supporting Unsecured Debentureholders agree to seek the approval of the Plan of Arrangement by the Court notwithstanding a failure, if any, to obtain Shareholder approval for the Recapitalization Transaction and the Court does not approve the Plan of Arrangement and enter the Final Order by September 28, 2020, iAnthus is required to immediately commence an application in the Court for an initial order under the CCAA and an amended and restated initial order (collectively, the "**Initial CCAA Order**") in accordance with the following terms and timeline (collectively, the "**CCAA Proceedings**"):

- the Recapitalization Transaction shall be implemented on substantially the same terms as set forth in the Support Agreement and the Plan of Arrangement, provided that the holders of the Existing Common Shares shall, after implementation of the Recapitalization Transaction, be entitled to no recovery;

- the Initial CCAA Order shall include, among other things: (a) the appointment of FTI Consulting Canada Inc. as CCAA Monitor (the "**CCAA Monitor**"); (b) a super-priority Administration Charge in the amount of $5,500,000 that ranks ahead of the Secured Notes and the Interim Financing and shall secure the fees and expenses of iAnthus' advisors and the advisors of the Requisite Consenting Parties, (c) a super-priority Directors and Officers Charge in the amount of $3,000,000 that ranks ahead of the Secured Notes, (d) provisions confirming that the votes cast in favour of the Plan of Arrangement in the Arrangement Proceedings shall stand as votes in favour of the plan filed in the CCAA Proceedings (the "**CCAA Plan**"), which shall be in form reasonably acceptable to iAnthus, the Secured Noteholders and the Initial Supporting Unsecured Debentureholders to implement a recapitalization and restructuring plan under the CCAA consistent in all respects with the Term Sheet, in which case the Secured Noteholders and the Initial Supporting Unsecured Debentureholders shall support and vote in favour of such CCAA Plan in the same manner and to the same extent they have agreed to support the transactions under the Plan of Arrangement, (e) a provision staying proceedings against the iAnthus Parties; (f) authority to continue to pay the accounts of the advisors to the Requisite Consenting Parties during the CCAA Proceedings, (g) a provision calling for meetings, if necessary, of the holders of the applicable secured and unsecured claims to cast votes for the CCAA Plan (the foregoing (d) and (g), the "**CCAA Solicitation**");

- the CCAA Solicitation shall be completed within no later than 21 Business Days after the commencement of the CCAA Proceedings;

- if the statutory requisite thresholds for approval of the CCAA Plan are achieved at the applicable meetings of creditors, iAnthus shall file an application for an order for sanction of the CCAA Plan, which order shall be in form reasonably acceptable to iAnthus, the Secured Noteholders and the Initial Supporting Unsecured Debentureholders (the "**CCAA Sanction Order**") no later than three (3) Business Days from the date such thresholds are achieved;

- to the extent that iAnthus fails to commence a CCAA Proceeding within five (5) Business Days of the deadlines set forth above, the Secured Noteholders or any of the Initial Supporting Unsecured Debentureholders shall be entitled to seek the entry of the Initial CCAA Order and iAnthus and its subsidiaries or affiliates shall not contest the granting of such relief;

- the implementation of the Recapitalization Transaction pursuant to the CCAA Plan shall occur no later than the Outside Date; and

- iAnthus and the Secured Noteholders, with the consent of the Initial Supporting Unsecured Debentureholders, will amend the Secured Note Purchase Agreement, as reasonably necessary, to fund the CCAA Proceedings and the incremental professional costs of the iAnthus' advisors and the advisors of the Requisite Consenting Parties, including the costs of the CCAA Monitor and its counsel, up to an additional $1,000,000 subject to an approved budget.

In the event that iAnthus proceeds to implement the Recapitalization Transaction by way of the CCAA Proceedings, there will be no recovery of any kind or amount available for the current Shareholders.

Conditions

The Support Agreement provides that the Recapitalization Transaction is subject to the satisfaction or waiver, prior to or at the Effective Time, of a number of conditions for the mutual benefit of iAnthus, on the one hand, and the Secured Lenders or the Initial Supporting Unsecured Debentureholders, as applicable, on the other hand, including:

- approval of the Plan of Arrangement by the Court and by the requisite majority of Securityholders by not later than December 31, 2020;

- the Final Order (A) shall have been entered by the Court and (B) shall have become a final order, the implementation, operation or effect of which shall not have been stayed, varied in a manner not acceptable to iAnthus or the Secured Noteholders and the Initial Supporting Unsecured Debentureholders, vacated or subject to pending appeal and as to which order any appeal periods relating thereto shall have expired by not later than December 31, 2020;

- all required stakeholder, regulatory and Court approvals, consents, waivers and filings having been obtained or made on terms satisfactory to iAnthus, the Secured Lenders and the Initial Supporting Unsecured Debentureholders, each acting reasonably;

- the absence of any (i) decisions, orders or decrees by any Governmental Entity, (ii) applications to any Governmental Entity and (iii) announced, threatened or commences actions or investigations by any Governmental Entity that restrains, impedes or prohibits (or would restrain, impeded or prohibit) the Recapitalization Transaction or any material part thereof or require any material variation of the Recapitalization Transaction;

- all of the documented fees and expenses of the advisors to the Requisite Consenting Parties up to and including the Effective Date shall have been paid in full;

- in the event of the CCAA Proceedings, the treatment of claims against and contracts with iAnthus shall be consistent with the terms of the Term Sheet or otherwise reasonably acceptable to iAnthus, the Secured Lenders and the Initial Supporting Unsecured Debentureholders, each acting reasonably; and

- the Effective Date shall occur by no later than the Outside Date.

iAnthus' obligations to complete the Recapitalization Transaction are also subject to the satisfaction or waiver by iAnthus, prior to or at the Effective Date, of a number of conditions including:

- the Secured Lenders and the Initial Supporting Unsecured Debentureholders, as applicable, having complied in all material respects with their covenants and obligations in the Support Agreement that are to be performed on or before the Effective Date;

- the Plan of Arrangement shall provide that, effective at the Effective Time, each of the Secured Lenders and the Initial Supporting Unsecured Debentureholders shall have irrevocably waived all defaults under the Secured Note Documents and Unsecured Debenture Document, as applicable, and the Secured Lenders shall have taken all steps required to withdraw, revoke and/or terminate the foreclosure sale process run by the

Collateral Agent or its representatives with or on behalf of the Secured Lenders under Article 9 of the applicable Uniform Commercial Code following one or more events of default under the Secured Notes;

- the representations and warranties of the Secured Lenders and the Initial Supporting Unsecured Debentureholders, as applicable, in the Support Agreement being true and correct in all material respects (except for those representations and warranties which expressly include a materiality standard, which shall be true and correct in all respects giving effect to such materiality standard) as of the Effective Date, except (A) that representations and warranties that are given as of a specified date shall be true and correct in all material respects as of such date and (B) as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by the Support Agreement;

- iAnthus and Oasis shall have delivered in escrow an executed consent to an order dismissing on a without costs and with prejudice basis the Oasis Litigation (the "**Consent to Dismissal**"), which Consent to Dismissal shall be filed with the applicable court by Oasis within three (3) Business Days following the Effective Date; and

- all of the documented fees and expenses of iAnthus' advisors up to and including the Effective Date shall have been paid in full.

The respective obligations of the Secured Lenders and the Initial Supporting Unsecured Debentureholders, as applicable, to complete the Recapitalization Transaction are also subject to the satisfaction or waiver by the Secured Lenders or the Initial Supporting Unsecured Debentureholders, as applicable, prior to or at the Effective Date, of a number of conditions including:

- iAnthus having achieved all milestones for the Recapitalization Transaction set in the Support Agreement within the times set forth therein;

- iAnthus having complied in all material respects with its covenants and obligations in the Support Agreement;

- the representations and warranties of the iAnthus Parties in the Support Agreement being true and correct in all material respects as of the Effective Date, except (A) that representations and warranties that are given as of a specified date shall be true and correct in all material respects as of such date and (B) as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by the Support Agreement;

- all actions taken by the iAnthus Parties in furtherance of the Recapitalization Transaction and the Plan of Arrangement shall be consistent with the Plan of Arrangement and the Support Agreement;

- the absence of any Material Adverse Change from and after the date of the Support Agreement;

- all of the documented fees and expenses of the Secured Lenders and Initial Supporting Unsecured Debentureholders, up to and including the Effective Date, shall have been paid in full;

- iAnthus shall be a reporting issuer in each province of Canada in which it is currently a reporting issuer and iAnthus (i) shall have taken all such actions as are commercially reasonable, subject to iAnthus being able to satisfy listing and applicable public float and public holder requirements, to maintain a listing of its common shares on the CSE, or on such other recognized stock exchange acceptable to the Secured Lenders, the Initial Supporting Unsecured Debentureholders and iAnthus, and (ii) shall be in compliance with all applicable securities Laws in Canada and the United States and not subject to any cease trade orders;

- iAnthus and/or its securities shall not be subject to any "cease trade" or similar orders and all existing cease trade orders shall have ceased to be of any force or effect immediately prior to the Effective Time.

Termination

The Support Agreement will terminate automatically at the Effective Time and may be terminated at any time by mutual written consent of iAnthus, the Secured Lenders and the Initial Supporting Unsecured Debentureholders.

The Support Agreement may be terminated by the Initial Supporting Unsecured Debentureholders in certain circumstances, including if:

- the Interim Financing has not been advanced in full in accordance with the Support Agreement;
- the Secured Lenders fail to approve any draw requested delivered by ICM in respect of the Interim Financing in compliance with the approved budget (subject to permitted variances);
- iAnthus fails to meet any of the milestones for the Recapitalization Transaction set in the Support Agreement within the times set forth therein;
- an event of default has occurred under the Interim Financing which has not been waived by the Secured Lenders;
- any iAnthus Party publicly recommends, enters into a written agreement to pursue, or directly or indirectly proposes, supports, assists, solicits or files a motion or pleading seeking approval of a transaction other than the Recapitalization Transaction;
- the Board of Directors or any other iAnthus Party changes its recommendation to stakeholders that they vote in favour of the Recapitalization Transaction or fails to reconfirm such recommendation within three (3) Business Days of having been requested to do so by the Initial Supporting Unsecured Debentureholders or the Secured Lenders;
- iAnthus breaches its obligations under the Support Agreement in any material respect and such breach, if capable of being cured, is not cured within the time periods permitted under the Support Agreement;
- the Secured Lenders breach their obligations under the Support Agreement in any material respect and such breach, if capable of being cured, is not cured within the time periods permitted under the Support Agreement;
- the Secured Lenders accelerate, or make a demand for payment under, the Interim Financing or seeks to take any action to enforce on the indebtedness thereunder;
- any iAnthus Party's representations, warranties or acknowledgements in the Support Agreement are untrue in any material respect;
- a final decision, order or decree is issued by any Governmental Entity, an application is made to any Governmental Entity or a Governmental Entity commences an action or investigation that restrains, impedes or prohibits the Recapitalization Transaction;
- the Arrangement Proceedings or the CCAA Proceedings are dismissed or a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator is appointed with respect to any iAnthus Party (except with the prior written consent of the Secured Lenders or the Initial Supporting Unsecured Debentureholders, as applicable);
- iAnthus seeks to amend the terms of the Recapitalization Transaction without the prior written consent of the Secured Lenders or the Initial Supporting Unsecured Debentureholders, as applicable;
- if any court of competent jurisdiction has entered a final non-appealable judgment or order declaring the Support Agreement or any material portion thereof to be unenforceable;

- the issuance of any order by the Court that is inconsistent with the terms of the Support Agreement, the Term Sheet or the Recapitalization Transaction Terms, that could reasonably be expected to affect any of the foregoing, or the timely completion of the Recapitalization Transaction in accordance with the timelines set forth in the Support Agreement, or that is adverse to the interests or rights of the Initial Supporting Unsecured Debentureholders;

- iAnthus fails to promptly pay all fees and expenses of the advisors to the Initial Supporting Unsecured Debentureholders within the timeframes provided for in the Support Agreement;

- any of the conditions set forth in the Support Agreement are not satisfied or waived by the respective deadlines set out in the Support Agreement; or

- the Recapitalization Transaction is not completed by the Outside Date.

The Support Agreement may be terminated by the Secured Lenders in certain circumstances, including if:

- iAnthus fails to meet any of the milestones for the Recapitalization Transaction set in the Support Agreement within the times set forth therein;

- an event of default has occurred under the Interim Financing which has not been waived by the Secured Lenders;

- any iAnthus Party publicly recommends, enters into a written agreement to pursue, or directly or indirectly proposes, supports, assists, solicits or files a motion or pleading seeking approval of a transaction other than the Recapitalization Transaction;

- the Board of Directors or any other iAnthus Party changes its recommendation to stakeholders that they vote in favour of the Recapitalization Transaction or fails to reconfirm such recommendation within three (3) Business Days of having been requested to do so by the Initial Supporting Unsecured Debentureholders or the Secured Noteholders;

- iAnthus breaches its obligations under the Support Agreement in any material respect and such breach, if capable of being cured, is not cured within the time periods permitted under the Support Agreement;

- any Initial Supporting Unsecured Debentureholder breaches its obligations under the Support Agreement in any material respect and such breach, if capable of being cured, is not cured within the time periods permitted under the Support Agreement;

- any iAnthus Party's representations, warranties or acknowledgements in the Support Agreement are untrue in any material respect;

- a final decision, order or decree is issued by any Governmental Entity, an application is made to any Governmental Entity or a Governmental Entity commences an action or investigation that restrains, impedes or prohibits the Recapitalization Transaction;

- the Arrangement Proceedings of the CCAA Proceedings are dismissed or a receiver, interim receiver, receiver and manager, trustee in bankruptcy, liquidator or administrator is appointed with respect to any iAnthus Party (except with the prior written consent of the Secured Lenders or the Initial Supporting Unsecured Debentureholders, as applicable);

- iAnthus seeks to amend the terms of the Recapitalization Transaction without the prior written consent of the Secured Lenders or the Initial Supporting Unsecured Debentureholders, as applicable;

- if any court of competent jurisdiction has entered a final non-appealable judgment or order declaring the Support Agreement or any material portion thereof to be unenforceable;

- the issuance of any order by the Court that is inconsistent with the terms of the Support Agreement, the Term Sheet or the Recapitalization Transaction Terms, that could reasonably be expected to affect any of the foregoing, or the timely completion of the Recapitalization Transaction in accordance with the timelines set forth in the Support Agreement, or that is adverse to the interests or rights of the Initial Supporting Unsecured Debentureholders;

- iAnthus fails to promptly pay all fees and expenses of the advisors to the Secured Lenders within the timeframes provided for in the Support Agreement;

- any of the conditions set forth in the Support Agreement are not satisfied or waived by the respective deadlines set out in the Support Agreement; or

- the Recapitalization Transaction is not completed by the Outside Date.

The Support Agreement may be terminated by iAnthus in certain circumstances, including if:

- the Interim Financing has not been advanced in full in accordance with the Support Agreement;

- the Secured Lenders fail to approve any draw requested delivered by ICM in respect of the Interim Financing (subject to permitted variances);

- any Secured Noteholder or Initial Supporting Unsecured Debentureholder breaches its obligations under the Support Agreement in any material respect and such breach, if capable of being cured, is not cured within the time periods permitted under the Support Agreement;

- at any time, the Initial Supporting Unsecured Debentureholders party to the Support Agreement hold in aggregate less than 75% of the principal amount of Unsecured Debentures;

- the Secured Lenders accelerate, or make a demand for payment under, the Interim Financing or seeks to take any action to enforce on the indebtedness thereunder;

- a final decision, order or decree is issued by any Governmental Entity, an application is made to any Governmental Entity or a Governmental Entity commences an action or investigation that restrains, impedes or prohibits the Recapitalization Transaction; and

- the Recapitalization Transaction is not completed by the Outside Date.

The Support Agreement, upon its termination, shall be of no further force and effect, and each party thereto shall be automatically and simultaneously released from its commitments, undertakings covenants and agreements under or related to the Support Agreement, and each party shall have the rights and remedies that it would have had it not entered in to the Support Agreement and shall be entitled to take all actions, whether with respect to the Recapitalization Transaction or otherwise, that it would have been entitled to take had it not entered into the Support Agreement.

THE ARRANGEMENT AGREEMENT

The Recapitalization Transaction, if approved by the Secured Noteholders, Unsecured Debentureholders and the Equityholders, will be completed pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement sets out the representations and warranties, covenants, and other obligations of each of the Company and ICM in respect of the implementation of the Plan of Arrangement, including applying to the Court for the Interim Order, convening and holding the Meetings to approve the Arrangement, soliciting proxies to vote in favour of the Arrangement, applying for the Final Order upon receipt of applicable Securityholders' approvals, and performing such other obligations as are required to give effect to the Plan of Arrangement.

The obligations of the Company and ICM under the Arrangement Agreement are subject to the satisfaction of certain conditions precedent, including: (a) the conditions precedent set out in the Support Agreement being fulfilled, satisfied or waived pursuant to the terms thereof; (b) the conditions precedent set out in the Plan of Arrangement being fulfilled, satisfied or waived pursuant to the terms thereof; (c) all necessary corporate actions and proceedings in connection with the Plan of Arrangement have been taken; and (d) the issuance of New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares pursuant to the Plan of Arrangement being exempt from the registration requirements under the US Securities Act and the registration and qualification requirements of all applicable state securities laws.

The foregoing summary of the Arrangement Agreement does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, a copy of which is attached as Appendix "E" to this Circular.

CERTAIN REGULATORY AND OTHER MATTERS RELATING TO THE RECAPITALIZATION

Issuance and Resale of Securities Received in the Recapitalization Transaction

United States

The following discussion is a general overview of certain requirements of U.S. federal securities Laws applicable to Secured Lenders or Unsecured Debentureholders in the United States in connection with the Arrangement. All Secured Lenders or Unsecured Debentureholders in the United States ("**U.S. Debtholders**") are urged to consult with their own legal advisors to ensure that the resale of any Debt Exchange Common Shares and New Unsecured Notes issued to them pursuant to the Plan of Arrangement complies with applicable U.S. securities Laws. Further information applicable to U.S. Shareholders is disclosed under the heading "Notice to Securityholders in the United States" in this Circular.

Exemption from the Registration Requirements of the 1933 Act

The issuance and distribution of Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes to Secured Lenders or Unsecured Debentureholders under the Plan of Arrangement have not been and will not be registered under the 1933 Act or any applicable securities laws of any state of the United States and are being issued and distributed in reliance on the exemption from registration set forth in Section 3(a)(10) thereof (and similar exemptions under applicable state securities laws) on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to the persons affected. Section 3(a)(10) exempts from the general requirement of registration under the 1933 Act securities issued in exchange for one or more bona fide outstanding securities, or partly in such exchange and partly for cash, where the terms and conditions of the issuance and exchange are approved by a court of competent jurisdiction that is expressly authorized by Law to grant such approval, after a hearing upon the fairness of such terms and conditions of such issuance and exchange at which all persons to whom the securities will be issued in such exchange have the right to appear and receive timely notice thereof. All Securityholders are entitled to appear and be heard at this hearing. The Final Order will constitute the basis for the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) thereof with respect to the Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes to be issued and distributed to Secured Lenders or Unsecured Debentureholders pursuant to the Plan of Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

Resale of Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes Issued to U.S. Debtholders at the Effective Time

The ability of a U.S. Debtholder to resell the Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes issued to it at the Effective Time of the Arrangement will depend on whether it is an "affiliate" of iAnthus after the Effective Time or was an "affiliate" of iAnthus within 90 days prior to the Effective Time. As defined in Rule 144 under the 1933 Act, an "affiliate" of an issuer is a person that directly or indirectly through one or more Intermediaries, controls, or is controlled by, or is under common control with, such issuer whether through the ownership of voting securities, by contract or otherwise. Typically, persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be its "affiliates".

The resale rules applicable to U.S. Debtholders in respect of the Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes are summarized below. Such U.S. Debtholders are urged to consult with their own legal counsel to ensure that the resale of Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes issued to them pursuant to the Arrangement complies with all applicable securities legislation.

Resales by Non-Affiliates of iAnthus

Persons or entities who are not affiliates of iAnthus after the Effective Time, or within 90 days prior to the Effective Time, may resell the Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes issued to them in accordance with the Arrangement without restriction under the 1933 Act.

Resale by Affiliates of iAnthus

Persons or entities who are affiliates of iAnthus after the Effective Time, or within 90 days prior to the Effective Time, will be subject to restrictions on resales of their Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes by the 1933 Act. These affiliates may not resell their Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes unless such Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes, as applicable, are registered under the 1933 Act or an exemption from such registration requirements is available. Affiliates may resell their Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes (a) in "offshore transactions" outside the United States in accordance with Regulation S under the 1933 Act, and (b) in the United States in accordance with the provisions of (i) Rule 144A under the 1933 Act, if available, or (ii) Rule 144 under the 1933 Act if certain conditions are met, including the availability of current public information regarding iAnthus and compliance with the applicable holding period, the volume and manner of sale limitations prescribed by Rule 144, and notice filing requirements of Rule 144 under the 1933 Act.

iAnthus has determined that it ceased to qualify as a foreign private issuer for the purposes of the 1933 Act and the 1934 Act on June 28, 2019 (being the last Business Day of the second fiscal quarter of the year ended December 31, 2019). As a result, iAnthus ceased to be eligible to use the rules and forms available to foreign private issuers under the 1933 Act and the 1934 Act on December 31, 2019. Rule 905 of Regulation S provides that equity securities of domestic issuers (including issuers that have ceased to qualify as foreign privates issuers) acquired from the issuer, a distributor, or any of their respective affiliates in an offshore transaction pursuant to Regulation S are deemed to be "restricted securities" as defined in Rule 144 under the 1933 Act.

Canada

The issuance of the Debt Exchange Common Shares, New Secured Notes and New Unsecured Notes to the Secured Lenders or Unsecured Debentureholders pursuant to the Plan of Arrangement will be exempt from the prospectus requirements under Canadian securities legislation. As a consequence of these exemptions, certain protections, rights and remedies provided by Canadian securities legislation, including statutory rights of recession or damages, will not be available in respect of the Debt Exchange Common Shares, New Secured Notes and New Unsecured Notes issued pursuant to the Plan of Arrangement.

The Debt Exchange Common Shares, New Secured Notes and New Unsecured Notes issued to the Secured Lenders or Unsecured Debentureholders will be freely tradeable in Canada subject to typical securities Law limitations relating to sales from control blocks. Holders are advised to seek legal advice prior to any resale of the Debt Exchange Common Shares, New Secured Notes and New Unsecured Notes.

State-Level Licensure Requirements (United States)

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 Party Transactions and MI 61-101

iAnthus is a reporting issuer under applicable securities legislation in each of the provinces of Canada other than Quebec and is, among other things, subject to applicable securities Laws, including MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure the protection and fair treatment of securityholders by requiring enhanced disclosure, approval by a majority of securityholders (excluding interested or related parties) and, in certain cases, independent valuations.

Gotham Green is a "related party" of iAnthus for the purposes of MI 61-101 as a result of its control and direction over approximately 26.219% of the outstanding Common Shares calculated on a partially-diluted basis assuming the exercise of all Warrants held by Gotham Green and its affiliates, including the exchange warrants exercisable to effect the exchange of the principal amount of the Secured Notes.

The Arrangement constitutes a "related party transaction" under MI 61-101 because, among other things, it involves (i) the issuance of securities to a related party, (ii) amending the terms of securities of iAnthus held by a related party, (iii) borrowing money from a related party; and (iv) amending the terms of an outstanding debt owed to a related party.

Formal Valuation Exemption

MI 61-101 provides that, unless an exemption is available, a reporting issuer proposing to carry out related party transactions is required to obtain a formal valuation from a qualified independent valuator and to provide the holders of the affected securities with a summary of such valuation. Although the Arrangement (to the extent of Gotham Green's participation therein) constitutes a related party transaction, it is not the type of related party transaction in respect of which a formal valuation is required under MI 61-101 and/or iAnthus' securities are not listed on any of the specified markets indicted in Section 5.5 of MI 61-101 and, therefore, iAnthus is exempt from the requirement to obtain a formal valuation.

Minority Shareholder Approval

MI 61-101 requires that, in addition to any other required securityholder approval, a related party transaction is subject to "minority approval" (as defined in MI 61-101) of every class of "affected securities" (as defined in MI 61-101) of the issuer. The Common Shares are "affected securities" in connection with the Arrangement, for the purposes of MI 61-101.

As a result, the Equityholders' Arrangement Resolution will require the affirmative vote of a majority (at least 50% +1) of the votes cast by Shareholders present virtually or by proxy at the Equityholders' Meeting and entitled to vote on the Equityholders' Arrangement Resolution, excluding, in accordance with the requirements of MI 61-101, Common Shares beneficially owned, or over which control or direction is exercised, by: (i) the Company, (ii) an "interested party" (as defined in MI 61-101); (iii) any "related party" (as defined in MI 61-101) of an interested party; and (iv) any person that is a "joint actor" (as defined in MI 61-101) with any Person under (ii) or (iii) above.

A related party, such as Gotham Green, is an "interested party" if the related party: (i) is a party to the transaction, unless it is a party only in its capacity as a holder of affected securities and is treated identically to the general body of holders in Canada of securities of the same class on a per security basis, or (ii) is entitled to receive, directly or indirectly, as a consequence of the transaction (A) a collateral benefit, or (B) a payment or distribution made to one or more holders of a class of equity securities of the issuer if the issuer has more than one outstanding class of equity securities, unless the amount of that payment or distribution is not greater than the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer represented by the respective securities.

Gotham Green and Jason Adler, the managing member of Gotham Green, are each an "interested party" under MI 61-101 because Gotham Green is a party to the Arrangement.

Based on the foregoing, to the knowledge of iAnthus after reasonably inquiry, as at the date hereof, the votes of the following persons are required to be excluded for the purposes of "minority approval" of the Equityholders' Arrangement Resolution in accordance with MI 61-101:

Name of Shareholder	Number of Common Shares Beneficially Owned, or Controlled or Directed	Percentage of Outstanding Common Shares
Gotham Green[1]	4,116,051	2.40%

To the knowledge of iAnthus, no other Secured Noteholder or Initial Supporting Unsecured Debentureholders beneficially owns, or controls or directs, any Common Shares.

Additional Information Required Under MI 61-101

In addition to the disclosure elsewhere in this Circular, MI 61-101 requires that certain additional information be provided in connection with a related party transaction, as set out below.

The following table states the Common Shares, Options, Warrants, Secured Notes, Interim Financing Secured Notes and Unsecured Debentures (including the percentage of the total outstanding of such securities) beneficially owned or controlled, directly or indirectly, as of the date hereof, by each director and officer of iAnthus and, after reasonable enquiry, by each associate or affiliate of iAnthus, each insider of iAnthus (other than a director or officer of iAnthus), each associate or affiliate of an insider of iAnthus, and each person acting jointly or in concert with iAnthus and/or Gotham Green, and the other parties to the Support Agreement:

Name	Number of Common Shares (% of outstanding)	Number of Options (% of outstanding)	Number of Warrants (% of outstanding)	Principal Amount of Secured Notes (% of outstanding)	Principal Amount of Interim Financing Secured Notes (% of outstanding)	Principal Amount of Unsecured Debentures (% of outstanding)
Randy Maslow	2,732,500 (1.59%)	1,941,711 (12.04%)	-	-	-	-
Robert M. Whelan Jr.	50,000 (0.03%)	116,860 (0.72%)	-	-	-	-
Michael P. Muldowney	-	116,860 (0.72%)	-	-	-	-
Diane M. Ellis	-	116,860 (0.72%)	-	-	-	-
Joy Chen	18,250 (0.01%)	116,860 (0.72%)	-	-	-	-
Julius Kalcevich	435,282 (0.25%)	1,602,022 (9.93%)	-	-	-	-
Richard Boxer	434,008 (0.25%)	100,000 (0.62%)	-	-	-	-
Pat Tiernan	5,000 (<0.01%)	485,856 (3.01%)	-	-	-	-
Gotham Green	4,116,051 (2.40%)	-	20,757,662 (42.16%)	$78,507,777.78 (80.51%)	$14,736,842.11 (100%)	-

Name	Number of Common Shares (% of outstanding)	Number of Options (% of outstanding)	Number of Warrants (% of outstanding)	Principal Amount of Secured Notes (% of outstanding)	Principal Amount of Interim Financing Secured Notes (% of outstanding)	Principal Amount of Unsecured Debentures (% of outstanding)
Oasis	-	-	1,555,209 (3.16%)	-	-	$25,000,000 (41.67%)
Hadron	-	-	559,873 (1.13%)	-	-	$9,000,000 (15%)
Senvest	-	-	1,306,375 (2.66%)	-	-	$21,000,000 (30%)
Other Secured Noteholders(1)	-	-	5,672,411 (11.52%)	$19,000,000 (19.49%)	-	-

Notes:
(1) Figures based on the aggregate holdings of the three Secured Noteholders other than Gotham Green.

The information as to certain security holders of Persons in the above table, not being within the knowledge of iAnthus, has been obtained by iAnthus from public filings on the System for Electronic Disclosure by Insiders, as applicable, from SEDAR and from representations made in the Support Agreement.

Except as otherwise disclosed herein, if the Arrangement is effected, the Persons in the above table would be treated identically to the other securityholders of the same class and would not receive any direct or indirect benefit as a result of voting in favour of the Arrangement that is different than the other securityholders of the same class.

iAnthus has not purchased Common Shares or any other of its securities during the twelve-month period prior to the date hereof. The only securities sold by iAnthus or ICM in the twelve-month period prior to the entering into of the Support Agreement, other than securities sold pursuant to the exercise of employee stock options, warrants and conversion rights, are as follows:

(i) On September 24, 2019, iAnthus completed the conversion of 13.56 million Class A common shares into 13.56 million Common Shares. The purpose of this transaction was to eliminate iAnthus' prior dual class equity structure with different voting rights.

(ii) On September 30, 2019, ICM issued $20 million principal amount of Secured Notes to certain Secured Noteholders. In connection with the issuance of Secured Notes, iAnthus issued 5,076,142 Warrants to purchasers of Secured Notes. Each such Warrant entitles the holder thereof to purchase one Common Share at a price of $1.97 for a period of three years. The purpose of this transaction was to raise funds for iAnthus.

(iii) On December 20, 2019, ICM issued $36.15 million principal amount of Secured Notes to certain Secured Noteholders. In connection with the issuance of Secured Notes, iAnthus issued 10,792,508 Warrants to purchasers of Secured Notes. Each such Warrant entitles the holder thereof to purchase one Common Share at a price of $1.67 for a period of three years. The purpose of this transaction was to raise funds for iAnthus.

Except as otherwise provided in the BCBCA, the Secured Note Documents or the Unsecured Debenture Documents, there are no restrictions on iAnthus that would prevent it from paying a dividend or distribution. However, iAnthus does not currently have a dividend or distribution policy in place. During the 2 years preceding the date hereof, iAnthus has not paid any dividends.

During the previous 24 months, no prior valuations have been made in respect of iAnthus relating to any securities of iAnthus which would require disclosure in accordance with Section 6.8 of MI 61-101.

During the previous 24 months, iAnthus has not received any prior formal offers relating to the Secured Notes or Unsecured Debentures, or other offers that are otherwise relevant to the Recapitalization Transaction.

Form 62-104F2 Disclosure

Section 5.3(3) of MI 61-101 requires that the information circular sent to shareholders in connection with the meeting at which minority approval to the Plan of Arrangement is sought, must include the disclosure required by Form 62-104F2 "*Issuers Bid Circulars*" of National Instrument 62-104 "*Take-Over Bids and Issuer Bids*", to the extent applicable and with the necessary modifications. The Company has determined the following items of Form 62-104F2 are applicable to the Plan of Arrangement.

Name of the Issuer

iAnthus Capital Holdings, Inc.

Securities Subject to the Arrangement

The securities subject to the Plan of Arrangement are the issued and outstanding securities of iAnthus and ICM at the Effective Time.

Time Period

The Plan of Arrangement will be effective at the Effective Time. See "*Arrangement Steps*".

Consideration

Pursuant to the Plan of Arrangement, all Affected Equity shall be cancelled and extinguished for no consideration. If the Recapitalization Transaction is not implemented pursuant to the Plan of Arrangement, the Company will effectuate the Recapitalization Transaction by way of the CCAA Proceedings. See "*Background to and Reasons for the Capitalization*".

Purpose of the Plan of Arrangement

See "*Background to and Reasons for the Capitalization*".

Trading of the Securities to be Acquired

The Common Shares are listed and posted for trading on the CSE under the symbol "IAN" and on the OTCQX under the symbol "ITHUF". No change in the principal market of the Company is planned for pursuant to the Plan of Arrangement.

See "*Price Range And Trading Volume For The Shares*" for the volume of trading and price range of the Common Shares for the 12 months prior to the date of this Circular.

Ownership of Securities of the Issuer

The number and percentage of the outstanding securities of the Company held by each director, officer or other insider of the Company is provided at "*Related Party Transactions and MI 61-101 - Additional Information Required Under MI 61-101*".

Commitments to Acquire Securities of the Issuer

All of the Secured Noteholders and the Initial Supporting Unsecured Debentureholders, who hold approximately 91% of the outstanding Unsecured Debentures, have entered into the Support Agreement in which they have agreed to support the Recapitalization Transaction, pursuant to which the New Secured Notes and New Unsecured Notes will be issued. See "*The Support Agreement*".

Acceptance Of Issuer Bid

Each of the persons identified at item 11 have accepted or intends to accept the Plan of Arrangement, representing 7,791,091 Common Shares.

Benefits from the Bid

Pursuant to the Plan of Arrangement, the Secured Lenders and Unsecured Debentureholders will received certain benefits. See "*Description of The Recapitalization Transaction - Treatment of Securityholders*".

Material Changes to the Affairs of the Issuer

Other than disclosed herein, there are no proposals or plans for material changes in the affairs of the Company.

Previous Purchases and Sales

Securities of the Company and ICM distributed during the 12 months preceding the date of this Circular are disclosed at "*Related Party Transactions and MI 61-101 - Additional Information Required Under MI 61-101*".

Financial Statements

The most recent financial statements of the Company are incorporated by reference herein and available on SEDAR at www.sedar.com.

Valuation

See "*Related Party Transactions and MI 61-101 – Formal Valuation Exemption*".

Approval of issuer bid circular

The Circular has been approved by the Board of Directors and the Board of Directors has approved the delivery of the Circular to the Shareholders. See "*Recommendation of The Board of Directors*".

At the Equityholders' Meeting, the Plan of Arrangement will require approval by: at least (i) two-thirds (66⅔%) of the votes cast by Shareholders present virtually or represented by proxy and entitled to vote at the Equityholders' Meeting and (ii) a simple majority of the votes cast by Shareholders present virtually or represented by proxy and entitled to vote at the Equityholders' Meeting, excluding votes for Common Shares required to be excluded under MI 61-101.

Dividend policy

The Company has not declared dividends on any of its securities in the past and does not intend to pay any in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board of Directors and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the Board of Directors deem relevant.

Tax Consequences

See "*Income Tax Considerations*".

Expenses of the Arrangement

See "*Related Party Transactions and MI 61-101 – Expenses*".

Statement of rights

Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

Other Material Facts

There is no other matter not disclosed in this Circular that has not been generally disclosed, is known to the Company and would reasonably be expected to affect the decision of the shareholders of the Company as to voting on the Equityholders' Arrangement Resolution.

***Competition Act* (Canada)**

Under the Competition Act, the acquisition of the assets of an operating business or the acquisition of the shares of a corporation that carries on an operating business in Canada may require pre-merger notification if certain size of parties and size of transaction thresholds are exceeded.

The Recapitalization Transaction does not constitute a notifiable transaction under the Competition Act.

Even if a transaction is not notifiable, the Commissioner of Competition appointed under the Competition Act may review and challenge a transaction either before the transaction is completed or within one year after it is substantially

completed if he is of the view that the transaction will lead to a substantial lessening or prevention of competition in a relevant market in Canada.

HSR Act (United States)

The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("**HSR Act**"), allows the Antitrust Division of the Department of Justice ("**DOJ**") and the Federal Trade Commission ("**FTC**") time to review certain transactions and to block potentially anticompetitive deals before the transactions close. If a transaction is reportable under the HSR Act, the parties to that transaction must submit a premerger notification filing ("**HSR Form**") to the DOJ and FTC and observe statutory waiting periods before they may close the transaction, and may be required to provide additional information to the agencies. Assuming the size of person tests is met, a person's acquisition valued under HSR rules in excess of the current threshold of $94 million is reportable under the HSR Act, absent exemption.

The determination whether an acquisition of voting securities in the Recapitalization Transaction requires reporting under the HSR Act may depend upon the acquirers' fair market valuation to be made within 60 days prior to the closing date and other factors under HSR Act rules. The Company will continue to work with any potential acquirer to assess HSR reportability of the transactions contemplated by the Recapitalization Transaction.

If a transaction is reportable under HSR Act, an investigation by the DOJ or FTC could result in substantial expenses and delays in consummation of the transaction, even if the transaction ultimately is not challenged by the agencies. Whether or not a transaction is reportable under HSR Act, the DOJ, the FTC or state attorneys general may investigate and challenge a transaction either before or after the transaction is completed to the extent that they believe that the transaction is likely to result in a substantially adverse effect on competition, or tends to establish a monopoly, in a relevant market in the United States.

Stock Exchange Listing

The Common Shares are listed on the CSE and on the OTCQX. Implementation of the Recapitalization Transaction is expected to result in less than 10% of the Common Shares then issued and outstanding being in the "public float" (as defined under the policies of the CSE ("**CSE Policies**")), as required under the CSE Policies. However, the CSE has granted a waiver of such requirement and, accordingly, iAnthus expects that the Common Shares will continued to be listed on the CSE and on the OTCQX.

Expenses

The estimated fees, costs and expenses payable by iAnthus in connection with the completion of the Arrangement including, without limitation, financial advisory fees, filing fees, legal and accounting fees and printing and mailing costs are anticipated to be approximately $7.1 million.

IANTHUS AFTER THE RECAPITALIZATION TRANSACTION

Share Capital

After the Plan of Arrangement is implemented, the authorized capital of iAnthus will consist of an unlimited number of Common Shares. On the Effective Date immediately following the implementation of the Plan of Arrangement, approximately 6,244,297,890 Common Shares (based on 171,718,192 Common Shares outstanding as of August 13, 2020) are expected to be issued and outstanding.

Principal Shareholders

To the knowledge of management of iAnthus, after giving effect to the Plan of Arrangement the following persons will beneficially own or exercises control or direction over, directly or indirectly, the Common Shares carrying more than ten percent of the voting rights attached to all outstanding Common Shares:

Name of Shareholder	Number and Percentage of Common Shares as at August 13, 2020	Number and Percentage of Common Shares as at the Effective Date upon Completion of the Arrangement
Gotham Green	4,116,051 Common Shares (2.40% of the total Common Shares)	Approximately 2,572,077,653 Common Shares (41.19% of the total Common Shares)
Oasis	Nil	Approximately 1,265,120,771 Common Shares (20.3% of the total Common Shares)
Senvest	Nil	Approximately 1,062,701,447 Common Shares (17.0% of the total Common Shares)

EARNINGS COVERAGE

The following earnings coverage ratios are calculated on a consolidated basis for the 12-month period ended December 31, 2019 and the 12-month period ended March 31, 2020 and are derived from the 2019 Annual Financial Statements and the 2020 Q1 Financial Statements, respectively, each of which is incorporated by reference herein and available on the iAnthus' SEDAR profile at www.SEDAR.com.

For the 12-month period ended December 31, 2019, iAnthus' loss before income taxes was ($304.3) million. For the same period, iAnthus' interest expense on long-term debt was $14.7 million. Accordingly, iAnthus' earnings coverage ratio for the 12-month period ended December 31 2019 was negative 1:19.8. For this same period, the additional earnings required to achieve a positive earnings coverage ratio of 1:1 would have been approximately $304.8 million. Excluding impairment losses of $234.3 million for the 12-month period, loss before income taxes was ($55.3) million, and adjusted for impairment losses, iAnthus' earnings coverage ratio for the period was negative 1:3.8.

On a pro forma basis, adjusted to reflect the Recapitalization Transaction and the servicing costs that are expected to be incurred in relation to these adjustments, iAnthus' earnings coverage ratio for the 12-month period ended December 31, 2019 would have been negative 1:21.

For the 12-month period ended March 31, 2020, iAnthus' loss before income taxes was ($521.5) million. For the same period, iAnthus' interest expense on long-term debt was $18.0 million. Accordingly, iAnthus' earnings coverage ratio for the 12-month period ended December 31 2019 was negative 1:27.9. For this same period, the additional earnings required to achieve a positive earnings coverage ratio of 1:1 would have been approximately $521.5 million. Excluding impairment losses of $433.7 million for the 12-month period, loss before income taxes was ($69.8) million, and adjusted for impairment losses, iAnthus' earnings coverage ratio for the period was negative 1:3.9.

On a pro forma basis, adjusted to reflect the Recapitalization Transaction and the servicing costs that are expected to be incurred in relation to these adjustments, iAnthus' earnings coverage ratio for the 12-month period ended March 31, 2020 would have been negative 1:35.

PRICE RANGE AND TRADING VOLUME FOR THE SHARES

The Common Shares are listed and posted for trading on the CSE under the symbol "IAN" and on the OTCQX under the symbol "ITHUF".

The monthly volume of trading and price ranges of the Common Shares on the CSE over the 12 months prior to the date of this Circular are set forth in the following table:

Period	High	Low	Volume
July 2019	C$4.47	C$3.18	8,837,307
August 2019	C$4.31	C$3.12	7,299,203
September 2019	C$3.6	C$1.85	14,837,110
October 2019	C$2.45	C$1.52	14,010,874
November 2019	C$2.18	C$1.6	7,900,565
December 2019	C$1.92	C$1.49	4,522,570
January 2020	C$2.32	C$1.75	5,553,297
February 2020	C$1.95	C$0.98	6,235,364
March 2020	C$1.19	C$0.43	14,087,940
April 2020	C$0.73	C$0.22	26,978,884
May 2020	C$0.58	C$0.215	13,536,367
June 2020[(1)]	C$0.54	C$0.23	10,890,449
July 2020[(1)]	C$0.305	C$0.305	0
August 1-3, 2020[(1)]	C$0	C$0	0

Notes:

(1) The Ontario Securities Commission issued a cease trade order against iAnthus on June 22, 2020 (the closing price on that date was C$0.305) as a result of iAnthus' failure to file certain continuous disclosure documents required under applicable securities law. The iAnthus CTO was revoked on August 14, 2020.

The monthly volume of trading and price ranges of the Common Shares on the OTCQX over the 12 months prior to the date of this Circular are set forth in the following table:

Period	High	Low	Volume
July 2019	$3.56	$2.45	11,289,000
August 2019	$3.22	$2.349	8,208,900
September 2019	$2.74	$1.39	13,259,100
October 2019	$1.87	$1.06	15,996,000
November 2019	$1.669	$1.21	10,634,700
December 2019	$1.48	$1.116	8,619,200
January 2020	$1.78	$1.33	8,249,200
February 2020	$1.49	$0.73	7,929,800
March 2020	$0.895	$0.3	14,670,800
April 2020	$0.54	$0.156	26,626,700
May 2020	$0.427	$0.152	12,449,300
June 2020	$0.405	$0.17	13,861,800
July 2020	$0.201	$0.046	15,432,900
August 1-3, 2020	$0.07	$0.06	444,400

LEGAL PROCEEDINGS

iAnthus is involved in various legal claims, which are described in the 2019 Annual MD&A under the heading "Legal Proceedings". The 2019 Annual MD&A is incorporated by reference in this Circular and has been publicly filed on iAnthus' profile on SEDAR at www.sedar.com. Securityholders should review and carefully consider the legal proceedings set forth in the 2019 Annual MD&A and consider all other information contained therein and herein and in iAnthus' other public filings.

INCOME TAX CONSIDERATIONS

This Circular does not address any tax considerations of the Arrangement other than the Canadian and United States federal income tax considerations described below. Holders (as defined below) who are resident in jurisdictions other than Canada and the United States should consult their tax advisors with respect to the tax implications of the Arrangement.

The following summaries are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice to any particular holder. Consequently, Holders are urged to consult their own tax advisors for advice as to the tax considerations in respect of the Arrangement having regard to their particular circumstances.

Certain Canadian Federal Income Tax Considerations

The following is a summary of certain of the principal Canadian federal income tax considerations arising in connection with the elements of the Recapitalization Transaction set forth in the Plan of Arrangement that are generally applicable to Debtholders and Existing Common Shareholders who, for the purposes of the Tax Act and at all relevant times, (i) deal at arm's length with and are not affiliated with iAnthus, (ii) hold their Secured Notes, Unsecured Debentures and Common Shares (as applicable), and will hold their Common Shares, New Unsecured Notes and New Secured Notes (as applicable), as capital property, and (iii) beneficially own any such Secured Notes, Unsecured Debentures and Common Shares, including entitlements to all payments thereunder ("**Holders**").

The Secured Notes, Unsecured Debentures, Common Shares, New Unsecured Notes, and New Secured Notes will generally be considered to be capital property of a Holder unless either the Holder holds (or will hold) such Secured Notes, Unsecured Debentures, Common Shares, New Unsecured Notes, or New Secured Notes in the course of carrying on a business or the Holder has acquired such Secured Notes, Unsecured Debentures, Common Shares, New Unsecured Notes, or New Secured Notes in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Canadian Holders (as defined below) whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, treat such Common Shares and all other "Canadian securities" held by the Canadian Holder as capital property by making an irrevocable election pursuant to subsection 39(4) of the Tax Act. Canadian Holders should consult with their own tax advisors to determine whether an election under subsection 39(4) of the Tax Act is available or advisable under their particular circumstances.

This summary is not applicable to a Holder (i) that is a "financial institution" (as defined in the Tax Act) for purposes of the "mark-to-market rules" in the Tax Act, (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) an interest in which is a "tax shelter investment" for the purposes of the Tax Act; (iv) that has made a functional currency reporting election under the Tax Act; or (v) that has entered into or will enter into, in respect of the Secured Notes, Unsecured Debentures, Common Shares, New Unsecured Notes or New Secured Notes, as the case may be, a "synthetic disposition arrangement" or a "derivative forward agreement" for purposes of the Tax Act. Such Holders should consult their own tax advisors having regard to their particular circumstances.

This summary does not address tax considerations relevant to the holding, cancellation or disposition of Affected Equity. Affected Equityholders should consult their own tax advisors with respect to the consequences of the transactions described in this Circular having regard to their particular circumstances.

This summary is based on the current provisions of the Tax Act, the current regulations promulgated under the Tax Act (the "**Regulations**") and an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). This summary takes into account all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all such Tax Proposals will be enacted as proposed. This summary does not otherwise take into account or anticipate any changes in Law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Holder. Holders are urged to consult with their own tax advisors concerning the tax consequences to them of the transactions described in this Circular.

For purposes of the Tax Act, all amounts relevant to computing the income, taxable income and taxes payable by a Holder, including the cost and adjusted cost base of Secured Notes, Unsecured Debentures, Common Shares, New Unsecured Notes and New Secured Notes, must be determined in Canadian dollars based on the exchange rate quoted by the Bank of Canada on the relevant date (or, if there is no such rate quoted for the relevant date, the closest preceding date for which such a rate is quoted) or such other rate of exchange that is acceptable to the Minister of National Revenue (Canada).

Holders Resident in Canada

The following discussion applies to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is or is deemed to be a resident of Canada (a "**Canadian Holder**").

Additional considerations, not discussed herein, may be applicable to a Debtholder or Existing Common Shareholder that, or that does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that, is or becomes, as part of a series of transactions or events that includes the acquisition of Common Shares, a corporation that is, for the purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act, controlled by a non-resident person or a group of non-resident persons that do not deal at arm's length for the purposes of the Tax Act. Such Securityholders should consult their own tax advisors with respect to the Canadian tax consequences to them of the Recapitalization Transaction.

Forgiveness of Principal and Interest

Under the Plan of Arrangement, the principal amount of a Canadian Holder's Unsecured Debentures, plus all accrued and unpaid interest on such principal amount, will be forgiven by the applicable Canadian Holder to the extent such principal amount and accrued and unpaid interest exceeds (i) the fair market value of its share of the Debt Exchange Common Shares to be received, and (ii) the principal amount of its share of the New Unsecured Notes to be received in exchange for the Canadian Holder's Unsecured Debentures. A Canadian Holder will generally realize a capital loss, if any, equal to the adjusted cost base to the Canadian Holder of the portion of the principal amount of the Unsecured Debentures that is forgiven.

Under the Plan of Arrangement, the principal amount of a Canadian Holder's Secured Notes, plus all accrued and unpaid interest on such principal amount, will be forgiven by the applicable Canadian Holder to the extent such principal amount and accrued and unpaid interest exceeds the aggregate of (i) the principal amount of its share of the New Secured Notes to be received, (ii) the principal amount of its share of the New Unsecured Notes to be received, and (iii) the fair market value of its share of the Debt Exchange Common Shares to be received in exchange for the Canadian Holder's Secured Notes. A Canadian Holder will generally realize a capital loss equal to the adjusted cost base to the Canadian Holder of the portion of the principal amount of the Secured Notes, if any, that is forgiven.

Exchange of Unsecured Debentures

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in its income the amount of interest accrued or deemed to accrue on the Unsecured Debentures up to the time of their disposition on the Effective Date or that became receivable or was received by it at or before the time of their disposition on the Effective Date (except to the extent that such interest was otherwise included in computing income for the year or a preceding year). Any other Canadian Holder (including an individual) will be required to include in income for a taxation year any interest on the Unsecured Debentures received or receivable by such Canadian Holder in the year (depending on the method regularly followed by the Canadian Holder in computing income) except to the extent that such interest was otherwise included in its income for the year or a preceding year. Where a Canadian Holder is required to include an amount in income on account of interest on the Unsecured Debentures, the Canadian Holder should generally be entitled to a deduction of an equivalent amount in computing income to the extent that such amount is not paid.

A Canadian Holder of Unsecured Debentures will be considered to have disposed of its Unsecured Debentures in consideration for Debt Exchange Common Shares and New Unsecured Notes upon the exchange of such Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes pursuant to the Plan of Arrangement. A Canadian Holder's proceeds of disposition of Unsecured Debentures on their exchange for Debt Exchange Common Shares and New Unsecured Notes under the Plan of Arrangement will be an amount equal to the fair market value (at the time of the exchange) of the Debt Exchange Common Shares and New Unsecured Notes received on the exchange, less the fair market value of the Debt Exchange Common Shares and New Unsecured Notes, if any, received in respect of any accrued but unpaid interest. In general terms, a Canadian Holder will realize a capital gain (or capital loss) on the exchange of the Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Canadian Holder of such Unsecured Debentures. Generally, a portion of any capital losses realized on the exchange of Unsecured Debentures under the Plan of Arrangement may be denied, equal to the loss otherwise determined multiplied by the portion that the fair market value of the New Unsecured Notes received is of the fair market value of the Debt Exchange Common Shares and the New Unsecured Notes received. A Canadian Holder will be considered to have acquired the New Unsecured Notes on the foregoing exchange at a cost equal to the fair market value of the New Unsecured Notes at the time of the exchange, plus the amount of any denied loss realized on the disposition of the Unsecured Debentures as described above. Unsecured Debentureholders should consult their tax advisors with respect to any potential loss denial.

The income tax treatment of any capital gain (or capital loss) resulting from the exchange is described below under "Taxation of Capital Gains and Capital Losses".

A Canadian Holder will generally be considered to have acquired the Debt Exchange Common Shares and New Unsecured Notes on the exchange at a cost equal to the fair market value of such Debt Exchange Common Shares and New Unsecured Notes at the time of the exchange. The adjusted cost base to a Canadian Holder of Debt Exchange Common Shares at a particular time will generally be determined by averaging the cost of the Debt Exchange Common Shares with the adjusted cost base of any other Common Shares held by such Canadian Holder as capital property at that time. Similarly, the adjusted cost base to a Canadian Holder of New Unsecured Notes at a particular time will generally be determined by averaging the cost of the New Unsecured Notes with the adjusted cost base of any other New Unsecured Notes held by such Canadian Holder as capital property at that time.

Amendment of Secured Notes Purchase Agreement and Exchange of Secured Notes

The Canadian income tax treatment of Canadian Holders of the Secured Notes will depend on whether the amendment of the Secured Notes is considered to be part of a transaction by which Secured Noteholders dispose of their Secured Notes for New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares. Although the matter is not entirely free from doubt, the Company intends to take the position that, for Canadian tax purposes, the Secured Notes are being disposed of by Secured Noteholders in exchange for New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares as part of the Plan of Arrangement. There can be no assurance that the CRA or a Canadian court will necessarily agree with this position, and each Canadian Holder of Secured Notes should consult its own tax advisor regarding the proper treatment of the amendment for Canadian tax purposes. The remainder of this summary assumes that Holders will be considered to have disposed of their Secured Notes in exchange for New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares under the Plan of Arrangement for the purposes of the Tax Act.

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will generally be required to include in its income the amount of interest accrued or deemed to accrue on the Secured Notes up to the time of their disposition on the Effective Date or that became receivable or was received by it at or before the time of their disposition on the Effective Date (except to the extent that such interest was otherwise included in computing income for the year or a preceding year). Any other Canadian Holder (including an individual) will be required to include in income for a taxation year any interest on the Secured Notes received or receivable by such Canadian Holder in the year (depending on the method regularly followed by the Canadian Holder in computing income) except to the extent that such interest was otherwise included in its income for the year or a preceding year. Where a Canadian Holder is required to include an amount in income on account of interest on the Secured Notes, the Canadian Holder should generally be entitled to a deduction of an equivalent amount in computing income to the extent that such amount is not paid.

The Company is of the view that the portion of the principal amount of a Canadian Holder's Secured Notes that is not forgiven will be paid and satisfied by the delivery of the New Secured Notes, Debt Exchange Common Shares and New Unsecured Notes provided for under the Plan of Arrangement. On the execution of the Plan of Arrangement, a Canadian Holder of Secured Notes should be considered to have received proceeds of disposition for its Secured Notes equal to the fair market value of the New Secured Notes, New Unsecured Notes, and Debt Exchange Common Shares received by the Canadian Holder at the time of the exchange, less the fair market value of the New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares, if any, received in respect of the payment of interest.

In general terms, a Canadian Holder will realize a capital gain (or capital loss) equal to the amount by which the Canadian Holder's proceeds of disposition, less any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Canadian Holder of its Remaining Secured Notes (as defined in the Plan of Arrangement). Generally, a portion of any capital losses realized on the exchange of Secured Notes under the Plan of Arrangement may be denied, equal to the loss otherwise determined multiplied by the portion that the fair market value of the New Secured Notes and the New Unsecured Notes received is of the fair market value of the New Secured Notes, the Debt Exchange Common Shares and New Unsecured Notes received. The income tax treatment of capital gains (and capital losses) is described below under "*Taxation of Capital Gains and Capital Losses*".

A Canadian Holder will be considered to have acquired the New Secured Notes and the New Unsecured Notes, respectively, on the exchange of the Remaining Secured Notes at a cost equal to the respective fair market values of the New Secured Notes and the New Unsecured Notes at the time of the exchange, plus a proportionate share of the amount of any denied loss realized on the disposition of the Secured Notes as described above. For these purposes, the proportionate share of the denied loss attributable to the New Secured Notes will be equal to (i) the denied loss, multiplied by (ii) the principal amount of the New Secured Notes received by the Canadian Holder on the exchange, divided by (iii) the sum of the principal amounts of (A) the New Secured Notes, and (B) the New Unsecured Notes each received by the Canadian Holder on the exchange. The proportionate share of the denied loss attributable to the New Unsecured Notes will be equal to (i) the denied loss, multiplied by (ii) the principal amount of the New Unsecured Notes received by the Canadian Holder on the exchange, divided by (iii) the sum of the principal amounts of (A) the New Secured Notes, and (B) the New Unsecured Notes each received by the Canadian Holder on the exchange. Secured Lenders should consult their tax advisors with respect to the implications of any potential loss denial.

Interest on New Secured Notes and New Unsecured Notes

A Canadian Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in its income for a taxation year any interest on the New Secured Notes or New Unsecured Notes (whether paid in cash or as payment in kind interest) that accrues to it or is deemed to accrue to it to the end of the year or that became receivable or was received by it before the end of the year (except to the extent that such interest was otherwise included in computing income for the year or a preceding year). Any other Canadian Holder (including an individual) will be required to include in income for a taxation year any interest on the New Secured Notes or New Unsecured Notes received or receivable in the year (depending on the method regularly followed by the Canadian Holder in computing income) except to the extent such amount was otherwise included in its income for the year or a preceding year. Such other Canadian Holders will also be required to include in computing income any interest that accrues on the New Secured Notes or New Unsecured Notes up to any anniversary date (as defined in the Tax Act) of the New Secured Notes or New Unsecured Notes, as applicable, in the year to the extent such amount was not otherwise included in such Canadian Holders' income for that or a preceding year.

It is possible that the New Secured Notes and/or the New Unsecured Notes may be "prescribed debt obligations" for purposes of the Tax Act. If so, Canadian Holders (whether individuals, corporations or other holders referenced above) would generally be required to include in income for each taxation year certain amounts deemed to accrue as interest income. These rules could require Canadian Holders to include in income on an accrual basis up to the maximum possible interest applicable to New Secured Notes and/or New Unsecured Notes, as applicable, for each taxation year, even if such maximum amount is not actually received or receivable in the taxation year. Canadian Holders should consult their own tax advisors with respect to interest accrual under the prescribed debt obligation rules.

Disposition of New Secured Notes or New Unsecured Notes

On a disposition or deemed disposition of New Secured Notes or New Unsecured Notes (including on redemption, repurchase for cancellation or repayment on maturity), a Canadian Holder will generally be required to include in computing income for the taxation year in which the disposition occurs the amount of any interest accrued or deemed to accrue to the date of such disposition or deemed disposition, or that becomes receivable or is received on or before the date of disposition, except to the extent that such interest has already been included in computing the Canadian Holder's income for the year or a preceding year. Where the Canadian Holder has disposed of the New Secured Notes or New Unsecured Notes for consideration equal to their fair market value, the Canadian Holder may be entitled to a deduction to the extent that the aggregate amount of interest included in computing the Canadian Holder's income for the year of disposition or a previous year (including any deemed interest accrual under the prescribed debt obligation rules referenced above) exceeds amounts received or receivable in respect of such interest. Canadian Holders are advised to consult with their own tax advisors in these circumstances.

In general terms, a disposition or deemed disposition of New Secured Notes or New Unsecured Notes will result in a capital gain (or capital loss) equal to the amount, if any, by which the aggregate proceeds of disposition, net of any amount included in the Canadian Holder's income as interest and net of any reasonable costs of disposition, exceed (or are less than) the Canadian Holder's adjusted cost base of the New Secured Notes or New Unsecured Notes, as applicable, immediately before the disposition. The income tax treatment of any such capital gain (or capital loss) is described below under "*Taxation of Capital Gains and Capital Losses*".

Dividends on Common Shares

Dividends and deemed dividends paid on Common Shares will be included in a Canadian Holder's income for purposes of the Tax Act. Dividends received by an individual Canadian Holder (other than certain trusts) will be subject to the gross-up and dividend tax credit rules provided for under the Tax Act. The Company may designate all or a portion of such dividends as "eligible dividends", which may entitle the recipient to the enhanced dividend tax credit. There may be restrictions on the Company's ability to designate any dividends as "eligible dividends", and the Company has made no commitments in this regard.

Dividends received or deemed to be received on the Common Shares by a Canadian Holder that is a corporation must be included in computing its income but generally will be deductible in computing its taxable income, subject to all limitations under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Canadian Holder that is a corporation as proceeds of disposition or a capital gain. Canadian Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Canadian Holder that is a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Canadian Holder's taxable income.

As described under "Certain United States Federal Income Tax Considerations", a Canadian Holder may be subject to United States withholding tax on dividends received on the Common Shares. In general terms, withholding tax paid by or on behalf of a Canadian Holder may be eligible for foreign tax credit or foreign tax deduction treatment under the Tax Act. However, a foreign tax credit under the Tax Act in respect of tax (including withholding tax) paid to a foreign country is, in general terms, limited to the Canadian tax otherwise payable in respect of income from sources in that foreign country and is subject to the other requirements of the Tax Act (including the general limitation that a foreign tax credit in respect of withholding tax on dividends is generally limited to 15% of the gross amount of such dividends). Dividends received on the Common Shares by a Canadian Holder may not be treated as income from a source in the United States for these purposes. Canadian Holders should consult their own tax advisors regarding the availability of a foreign tax credit, or deduction, under the Tax Act in respect of any United States withholding tax applicable to dividends on the Common Shares in their particular circumstances. See also "Risk Factors – Risk Generally Related to the Company – United States tax classification of the Company".

Disposition of Common Shares

Generally, a Canadian Holder will realize a capital gain (or capital loss) on a disposition or deemed disposition of Common Shares equal to the amount by which the proceeds of disposition of the shares exceed (or are less than) the adjusted cost base to the Canadian Holder of such Common Shares, plus any reasonable costs of disposition. The tax treatment of any such capital gain (or capital loss) is described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

In general, one-half of any capital gain (a "**taxable capital gain**") realized by a Canadian Holder in a taxation year will be included in the Canadian Holder's income in the year and one-half of any capital loss (an "**allowable capital loss**") realized by a Canadian Holder in a taxation year is required to be deducted from taxable capital gains realized by the Canadian Holder in the year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back three years or forward indefinitely, subject to the rules in the Tax Act. The amount of any capital loss realized by a Canadian Holder that is a corporation on the disposition of a share may be reduced by the amount of dividends previously received or deemed to have been received by it on such share (or on a share for which the share has been substituted) subject to the rules in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly, through a partnership or a trust.

As described under "Certain United States Federal Income Tax Considerations", a Canadian Holder may be subject to United States tax on a gain realized in respect of a disposition of Common Shares. A foreign tax credit under the Tax Act in respect of tax paid to a foreign country is, in general terms, limited to the Canadian tax otherwise payable in respect of income from sources in that foreign country, and is subject to the other requirements of the Tax Act. Gains realized on the disposition of Common Shares by a Canadian Holder may not be treated as income from a source in the United States for these purposes, Canadian Holders should consult their own tax advisors in this regard based on their particular circumstances.

Additional Refundable Tax

A Canadian Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of interest and taxable capital gains.

Alternative Minimum Tax

A Canadian Holder that is an individual (other than certain trusts) may be subject to alternative minimum tax under the Tax Act if the Canadian Holder realizes capital gains or receives dividends on Common Shares.

Eligibility for Investment

Provided that they are listed on a designated stock exchange (which includes the CSE) at the relevant time, the Common Shares will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered disability savings plan ("**RDSP**"), registered education savings plan ("**RESP**") and tax-free savings account ("**TFSA**").

Notwithstanding the foregoing, if the Common Shares are a "prohibited investment" (as defined in the Tax Act) for a TFSA, RDSP, RRSP, RRIF or RESP, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as the case may be, (each, a "**Plan Holder**") will be subject to a penalty tax as set out in the Tax Act. The Common Shares will be a "prohibited investment" for a TFSA, RDSP, RRSP, RRIF or RESP if the Plan Holder (i) does not deal at arm's length with the Company for purposes of the Tax Act, or (ii) has a "significant interest" (as defined in the Tax Act) in the Company. The Common Shares will not be a "prohibited investment" for a TFSA, RDSP, RRSP, RRIF or RESP if such shares are "excluded property", as defined in the Tax Act. Plan Holders should consult their own tax advisers regarding the "prohibited investment" rules based on their particular circumstances.

Holders Not Resident in Canada

The following discussion applies to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention and at all relevant times, (i) is not and is not deemed to be a resident of Canada, (ii) does not use or hold any Secured Notes, Unsecured Debentures or Common Shares, and will not use or hold any New Secured Notes, Common Shares or New Unsecured Notes in carrying on a business in Canada, (iii) deals at arm's length with any transferee resident (or deemed to be resident) in Canada to which the Holder disposes of Secured Notes, Unsecured Debentures, New Secured Notes or New Unsecured Notes; and (iv) is not an insurer who carries on an insurance business in Canada and elsewhere or an authorized foreign bank that carries on a Canadian banking business (a "**Non-Resident Holder**").

The following discussion is not applicable to a Non-Resident Holder that is a "specified shareholder" (as defined in subsection 18(5) the Tax Act) of the Company or that does not deal at arm's length for purposes of the Tax Act with a "specified shareholder" of the Company. Generally, for this purpose, a "specified shareholder" of a corporation is a shareholder that owns or is deemed to own, either alone or together with persons with which the shareholder does not deal at arm's length for purposes of the Tax Act, shares of the capital stock of the corporation that either: (i) give such holders 25% or more of the votes that could be cast at an annual meeting of the shareholders; or (ii) have a fair market value of 25% or more of the fair market value of all of the issued and outstanding shares of the corporation's capital stock. Such Non-Resident Holders should consult their own tax advisors.

Exchange of Unsecured Debentures

A Non-Resident Holder of Unsecured Debentures will be considered to have disposed of its Unsecured Debentures on the exchange of such Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes on the Effective Date. A Non- Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the exchange of Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes, provided that the Unsecured Debentures disposed of by such Non-Resident Holder are not "taxable Canadian property" for purposes of the Tax Act. Unsecured Debentures should generally not constitute "taxable Canadian property" of a Non-Resident Holder.

A Non-Resident Holder will generally be considered to have acquired any Debt Exchange Common Shares and New Unsecured Notes at a cost equal to the fair market value of such Debt Exchange Common Shares and New Unsecured Notes at the time of the exchange. The adjusted cost base to a Non-Resident Holder of Debt Exchange Common Shares at a particular time will generally be determined by averaging the cost of the Debt Exchange Common Shares with the adjusted cost base of any other Common Shares held by such Non-Resident Holder as capital property at that time. Similarly, the adjusted cost base to a Non-Resident Holder of New Unsecured Notes at a particular time will generally be determined by averaging the costs of the New Unsecured Notes with the adjusted cost base of any other New Unsecured Notes held by such Non-Resident Holder as capital property at that time.

A Non-Resident Holder should not be subject to Canadian non-resident withholding tax in respect of any accrued and unpaid interest that is paid in respect of the Unsecured Debentures, and no Canadian non-resident withholding tax will apply in respect of the Debt Exchange Common Shares and New Unsecured Notes delivered to a Non-Resident Holder in satisfaction of the principal amount of the Unsecured Debentures.

A Non-Resident Holder should not otherwise have taxes payable under the Tax Act upon the exchange of Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes.

Amendment of Secured Notes Purchase Agreement and Exchange of Secured Notes

The Canadian income tax treatment of Non-Resident Holders of the Secured Notes will depend on whether the amendment of the Secured Notes is considered to be part of a transaction by which Secured Noteholders exchange their Secured Notes for New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares. Although the matter is not entirely free from doubt, the Company intends to take the position that, for Canadian tax purposes, the Secured Notes are being disposed of by Secured Noteholders in exchange for New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares as part of the Plan of Arrangement. There can be no assurance that the

CRA or a Canadian court will necessarily agree with this position, and each Non-Resident Holder of Secured Notes should consult its own tax advisor regarding the proper treatment of the amendment for Canadian tax purposes.

Provided the issuance of the New Secured Notes, New Unsecured Notes and the Debt Exchange Common Shares represent proceeds of disposition of the Secured Notes and the Secured Notes disposed of by a Non-Resident Holder are not "taxable Canadian property" for purposes of the Tax Act, a Non-Resident Holder should not be subject to Canadian withholding tax or to any other tax under the Tax Act on such proceeds received on the disposition of Secured Notes. Secured Notes should generally not constitute "taxable Canadian property" of a Non-Resident Holder.

Interest on New Secured Notes and New Unsecured Notes

A Non-Resident Holder should not be subject to Canadian withholding tax in respect of amounts paid or credited, or deemed to have been paid or credited, by the Company as, on account or in lieu of, or in satisfaction of, periodic interest on the New Secured Notes or the New Unsecured Notes.

Disposition of New Secured Notes or New Unsecured Notes

On a disposition or deemed disposition of New Secured Notes or New Unsecured Notes (including on redemption or repurchase for cancellation or repayment on maturity), a Non-Resident Holder should not be subject to tax under the Tax Act.

Dividends on Common Shares

Dividends paid or credited or deemed to be paid or credited on the Common Shares will be subject to non-resident withholding tax under the Tax Act at the rate of 25%, unless such rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and a country in which the Non-Resident Holder is resident.

Disposition of Common Shares

A disposition by a Non-Resident Holder of Common Shares will not be subject to tax under the Tax Act unless such Common Shares constitute "taxable Canadian property" to the Non-Resident Holder at the time of the disposition, and relief from taxation is not available under an applicable income tax treaty or convention.

Provided that they are listed on a designated stock exchange (which includes the CSE) at the time of such disposition, Common Shares generally will not constitute "taxable Canadian property" to a Non-Resident Holder at that time unless at any time during the 60-month period immediately preceding that time: (i) 25% or more of the issued shares of any class of the capital stock of the Company were owned by or belonged to one or any combination of (A) the Non-Resident Holder, (B) persons with whom the Non-Resident Holder did not deal at arm's length, and (C) partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of (A) real or immovable property situated in Canada, (B) Canadian resource properties, (C) timber resource properties, or (D) options in respect of, interests in, or for civil law rights in, any of the foregoing properties whether or not such property exists. However, a Non-Resident Holder's Common Shares may be deemed to be "taxable Canadian property" in certain circumstances set out in the Tax Act. In general terms, it is not expected that the Common Shares will constitute "taxable Canadian property" to a Non-Resident Holder, although Non-Resident Holders should consult their own tax advisors in this regard.

Even if the Common Shares are "taxable Canadian property" of a Non-Resident Holder, a taxable capital gain resulting from the disposition of Common Shares will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the Common Shares are "treaty-protected property" for the purposes of the Tax Act. Common Shares owned by a Non-Resident Holder will generally be "treaty-protected property" if the gain from the disposition of such shares would, because of an applicable income tax treaty or convention, be exempt from tax under the Tax Act. In the event that the Common Shares of a Non-Resident Holder are "taxable Canadian property", but not "treaty-protected property", of the particular Non-Resident Holder, the tax consequences described above under

"Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Disposition of Common Shares" will generally apply.

Certain United States Federal Income Tax Considerations

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders and Non-U.S. Holders (each term as defined below) of the Recapitalization Transaction as set forth in the Plan of Arrangement and the ownership and disposition of Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes (as applicable) received pursuant to the Recapitalization Transaction. This summary is based upon the Code, the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial authorities, the Canada-U.S. Tax Convention (1980), published positions of the Internal Revenue Service (the "**IRS**"), and other applicable authorities, all as in effect on the date hereof. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis.

There can be no assurance that the IRS will not challenge any of the tax considerations described in this summary, and no opinion from U.S. legal counsel or ruling from the IRS has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Recapitalization Transaction or the ownership and disposition of Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes (as applicable) received pursuant to the Recapitalization Transaction. This summary addresses only certain considerations arising under U.S. federal income tax law, and it does not address any other federal tax considerations or any tax considerations arising under the laws of any state, locality or non-U.S. taxing jurisdiction.

This summary does not address the U.S. federal income tax consequences of transactions effected prior or subsequent to, or concurrently with, the Recapitalization Transaction (whether or not any such transactions are undertaken in connection with the Recapitalization Transaction).

This summary is of a general nature only and is not tax advice. This summary does not address all of the U.S. federal income tax considerations that may be relevant to a holder in light of such holder's circumstances. In particular, this discussion only deals with U.S. Holders and Non-U.S. Holders that hold Unsecured Debentures or Secured Notes, or will hold Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes (as applicable) as "capital assets" within the meaning of section 1221 of the Code (generally, property held for investment purposes), and does not address the special tax rules that may apply to special classes of taxpayers, such as: securities broker-dealers; persons that hold Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes (as applicable) as part of a hedging or integrated financial transaction or a straddle; holders required to accelerate the recognition of any item of income with respect to the Secured Notes, Unsecured Debentures, New Unsecured Notes or New Secured Notes as a result of its inclusion in an applicable financial statement; U.S. Holders that hold the Secured Notes, Unsecured Debentures, New Unsecured Notes or New Secured Notes through a non-U.S. broker or other non-U.S. intermediary; U.S. Holders whose functional currency is not the U.S. dollar; U.S. expatriates; persons that are owners of an interest in a partnership or other pass-through entity that is a holder of Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes (as applicable); partnerships or other pass-through entities; regulated investment companies; banks thrifts, mutual funds and other financial institutions; insurance companies; traders that have elected a mark-to-market method of accounting; tax-exempt organizations and pension funds; persons that own, or have owned, directly, indirectly or by attribution, 5% or more of the total combined voting power of all issued and outstanding Debt Exchange Common Shares or who will own immediately following the Recapitalization Transaction, directly, indirectly or by attribution, 5% or more of the Company; U.S. Holders liable for alternative minimum tax; and persons who received their Debt Exchange Common Shares upon the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

For purposes of this summary, a "U.S. Holder" means a beneficial owner of Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes (as the case may be) who is: (i) an individual citizen or resident of the United States as determined for U.S. federal income tax purposes; (ii) a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (A) that validly elects to be treated as

a U.S. person for U.S. federal income tax purposes or (B) the administration over which a U.S. court can exercise primary supervision and all of the substantial decisions of which one or more U.S. persons have the authority to control.

For purposes of this summary, a "Non-U.S. Holder" is a beneficial owner of Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes (as the case may be) that is neither a U.S. Holder nor a partnership or other entity treated as a partnership for U.S. federal income tax purposes.

If a partnership or other entity classified as a partnership for U.S. federal income tax purposes holds Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes (as the case may be), the tax treatment of a partner of such partnership generally will depend upon the status of such partner and the activities of the partnership. Partners of partnerships holding Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes are urged to consult their own tax advisers regarding the specific tax consequences of the Recapitalization Transaction and of the ownership and disposition of Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes.

Holders of Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes are urged to consult their own tax advisers regarding the tax consequences of the Recapitalization Transaction and of the ownership and disposition of Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes received pursuant to the Recapitalization Transaction in light of their particular circumstances, as well as the tax consequences under state, local, and non-U.S. tax law and the possible effect of changes in tax law.

Tax Classification of the Company as a U.S. Domestic Corporation

Although the Company is a Canadian corporation, the Company is classified as a U.S. domestic corporation for United States federal income tax purposes under Section 7874(b) of the Code and will be subject to United States federal income tax on its worldwide income. The Company anticipates that it will experience a number of significant and complicated United States federal income tax consequences as a result of being treated as a U.S. domestic corporation for United States federal income tax purposes. It is anticipated that such U.S. tax treatment will continue indefinitely, and that Common Shares will be treated indefinitely as shares in a U.S. domestic corporation for United States federal income tax purposes.

This summary does not attempt to describe all such U.S. federal income tax consequences. Section 7874 of the Code and the Treasury Regulations promulgated thereunder do not address all the possible tax consequences that arise from the Company being treated as a U.S. domestic corporation for U.S. federal income tax purposes. Accordingly, there may be additional or unforeseen U.S. federal income tax consequences to the Company that are not discussed in this summary.

Generally, the Company will be subject to U.S. federal income tax on its worldwide taxable income (regardless of whether such income is "U.S. source" or "foreign source") and will be required to file a U.S. federal income tax return annually with the IRS. The Company anticipates that it will also be subject to tax in Canada. It is unclear how the foreign tax credit rules under the Code will operate in certain circumstances, given the treatment of the Company as a U.S. domestic corporation for U.S. federal income tax purposes and the taxation of the Company in Canada.

Accordingly, it is possible that the Company will be subject to double taxation with respect to all or part of its taxable income. The remainder of this summary assumes that the Company will be treated as a U.S. domestic corporation for U.S. federal income tax purposes.

U.S. Federal Income Tax Consequences to U.S. Holders

Tax Consequences of the Recapitalization Transaction to Unsecured Debentureholders

The U.S. federal income tax consequences of the exchange of Unsecured Debentures for New Unsecured Notes and Debt Exchange Common Shares pursuant to the Recapitalization Transaction will depend on whether the exchange constitutes a "significant modification" of the Unsecured Debentures. In general, the modification of a debt instrument (or an exchange of an existing debt instrument for a new debt instrument) is a significant modification if, based on all the facts and circumstances and taking into account all modifications of the debt instrument collectively, the legal rights or obligations that are altered and the degree to which they are altered are economically significant. The Treasury Regulations provide that a change in the yield of a debt instrument is a significant modification if the annual yield on the modified instrument varies from the annual yield on the unmodified instrument (determined as of the date of the modification) by more than the greater of (i) 25 basis points and (ii) five percent of the annual yield of the unmodified instrument. A modification that changes the timing of payments due under a debt instrument is a significant modification if it results in the "material deferral" of scheduled payments (including repayments of principal). While the materiality of a deferral generally depends on all the facts and circumstances, a deferral of one or more scheduled payments within a specified safe-harbor period is not a material deferral if the deferred payments are unconditionally payable no later than at the end of the safe-harbor period. The safe-harbor period begins on the original due date of the first scheduled payment that is deferred and extends for a period equal to the lesser of five years or 50 percent of the original term of the instrument.

We intend to take the position that the Recapitalization Transaction will result in a material deferral of scheduled payments as described above, and that the exchange of an Unsecured Debenture for a New Unsecured Note and Debt Exchange Common Shares will result in a "significant modification" of such Unsecured Debenture for U.S. federal income tax purposes. Accordingly, a U.S. Holder of Unsecured Debentures will recognize gain or loss upon the exchange of the Unsecured Debentures for the New Unsecured Notes and Debt Exchange Common Shares, unless the exchange qualifies as a "reorganization" for U.S. federal income tax purposes.

In order for the exchange to qualify as a "reorganization" the Unsecured Debentures surrendered and the New Unsecured Notes received must be treated as "securities" under the relevant provisions of the Code. Neither the Code nor the Treasury Regulations define the term security. Whether a debt instrument is a security for this purpose is determined based on all of the facts and circumstances, and upon the application of principles enumerated in numerous judicial decisions. Factors evaluated include whether the holder of such debt instrument is subject to a material level of entrepreneurial risk and the holder's degree of participation and continuing interest in the debtor's business, but most authorities have held that the term to maturity of the debt instrument is one of the most significant factors. In this regard, debt instruments with a term of ten years or more generally have qualified as securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. Whether a debt instrument with an original term of between five and ten years should be characterized as a security is not entirely clear.

We intend to take the position that neither the Unsecured Debentures nor the New Unsecured Notes are securities for U.S. federal income tax purposes. Accordingly, the exchange of an Unsecured Debenture for a New Unsecured Note and Debt Exchange Common Shares will be generally a fully taxable transaction to U.S. Holders for U.S. federal income tax purposes. In that case, a U.S. Holder that exchanges an Unsecured Debenture for a New Unsecured Note and Debt Exchange Common Shares would generally recognize gain or loss on the exchange in an amount equal to the difference between (i) the total of the amount of the "issue price" of the New Unsecured Note plus the fair market value of the Debt Exchange Common Shares received **(**see below *Tax Consequences to U.S. Holders of the Ownership of New Secured Notes and New Unsecured Notes - Issue Price of New Secured Notes and the New Unsecured Notes Received by U.S. Holders*), and (ii) the U.S. Holder's adjusted tax basis in the Unsecured Debentures surrendered in the exchange. A U.S. Holder's initial tax basis in a New Unsecured Note would generally equal the issue price of the New Unsecured Note and a U.S. Holder's holding period in a New Unsecured Note would commence on the day after the exchange. A U.S. Holder's initial tax basis in Debt Exchange Common Shares will equal the fair market value of such shares as determined on the date of the exchange and a U.S. Holder's holding period in Debt Exchange Common Shares would commence on the day after the exchange.

Character of Gain or Loss. Subject to the discussions below in *"Market Discount Rules -- Unsecured Debentures"* and *"Payment of Accrued Interest on Unsecured Debentures,"* if a U.S. Holder recognizes gain or loss on the exchange

of an Unsecured Debenture for the New Unsecured Note and Debt Exchange Common Shares, such gain or loss would generally be capital gain or loss. Any such capital gain or loss would generally be treated as long-term capital gain or loss if the U.S. Holder's holding period in the Unsecured Debentures surrendered in the exchange is greater than one year at the time of the exchange. Long-term capital gains recognized by individuals and other non-corporate U.S. Holders are generally taxed at preferential U.S. federal income tax rates. A U.S. Holder's ability to deduct capital losses may be subject to limitations. If gain is recognized, the U.S. Holder may be eligible to report a portion of the gain using the installment method of accounting under Section 453 of the Code, provided that the Unsecured Debentures are not treated as publicly traded under Section 453 of the Code. Each U.S. Holder is urged to consult its own tax advisor as to their eligibility to report any gain using the installment method of accounting.

Market Discount Rules – Unsecured Debentures. Certain U.S. Holders that acquired an Unsecured Debenture at a discount may be subject to the "market discount" rules under the Code. In general, a holder will be considered to have acquired an Unsecured Debenture with market discount if its adjusted tax basis in the Unsecured Debenture is less than the sum of all remaining payments to be made on the Unsecured Debenture (other than payments of stated interest) by more than a specified de minimis amount. Any gain recognized by a U.S. Holder on an exchange of such an Unsecured Debenture pursuant to the Recapitalization Transaction would generally be treated as ordinary income to the extent of the market discount that accrued on the Unsecured Debenture during such U.S. Holder's holding period, unless such U.S. Holder previously elected to include such market discount in income currently as it accrued.

Payment of Accrued Interest on Unsecured Debentures. Any amount received by a U.S. Holder of Unsecured Debentures pursuant to the Recapitalization Transaction attributable to accrued and unpaid interest on an Unsecured Debenture will be includible in gross income as ordinary interest income if such accrued interest has not been included previously in gross income for U.S. federal income tax purposes.

Each U.S. Holder is urged to consult its own tax advisor as to the U.S. federal income tax consequences to it of exchanging Unsecured Debentures for Debt Exchange Common Shares and New Unsecured Notes.

Tax Consequences of the Recapitalization Transaction to Secured Noteholders

The U.S. federal income tax consequences of the exchange of Secured Notes for New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares pursuant to the Recapitalization Transaction will depend on whether the exchange constitutes a "significant modification" of the Secured Notes. In general, the modification of a debt instrument (or an exchange of an existing debt instrument for a new debt instrument) is a significant modification if, based on all the facts and circumstances and taking into account all modifications of the debt instrument collectively, the legal rights or obligations that are altered and the degree to which they are altered are economically significant. The Treasury Regulations provide that a change in the yield of a debt instrument is a significant modification if the annual yield on the modified instrument varies from the annual yield on the unmodified instrument (determined as of the date of the modification) by more than the greater of (i) 25 basis points and (ii) five percent of the annual yield of the unmodified instrument. A modification that changes the timing of payments due under a debt instrument is a significant modification if it results in the "material deferral" of scheduled payments (including repayments of principal). While the materiality of a deferral generally depends on all the facts and circumstances, a deferral of one or more scheduled payments within a specified safe-harbor period is not a material deferral if the deferred payments are unconditionally payable no later than at the end of the safe-harbor period. The safe-harbor period begins on the original due date of the first scheduled payment that is deferred and extends for a period equal to the lesser of five years or 50 percent of the original term of the instrument.

The Recapitalization Transaction will result in a change of yield with respect to the Secured Notes in excess of the threshold prescribed in the Treasury Regulations, as described above, a material deferral of scheduled payments, as described above, or both. Accordingly, we intend to take the position that the exchange of a Secured Note for a New Secured Note, a New Unsecured Note and Debt Exchange Common Shares will result in a "significant modification" of such Secured Note for U.S. federal income tax purposes. Therefore, a U.S. Holder of Secured Notes will recognize gain or loss upon the exchange of the Secured Notes for the New Secured Notes, New Unsecured Notes and the Debt Exchange Common Shares, unless the exchange qualifies as a "reorganization" for U.S. federal income tax purposes.

In order for the exchange to qualify as a "reorganization" the Secured Notes surrendered and the New Unsecured Notes and New Secured Notes received must be treated as "securities" under the relevant provisions of the Code.

Neither the Code nor the Treasury Regulations define the term security. Whether a debt instrument is a security for this purpose is determined based on all of the facts and circumstances, and upon the application of principles enumerated in numerous judicial decisions. Factors evaluated include whether the holder of such debt instrument is subject to a material level of entrepreneurial risk and the holder's degree of participation and continuing interest in the debtor's business, but most authorities have held that the term to maturity of the debt instrument is one of the most significant factors. In this regard, debt instruments with a term of ten years or more generally have qualified as securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. Whether a debt instrument with an original term of between five and ten years should be characterized as a security is not entirely clear.

We intend take the position that neither the Secured Notes, the New Secured Notes nor the New Unsecured Notes are securities for U.S. federal income tax purposes. Accordingly, the exchange of a Secured Note for a New Secured Note, New Unsecured Note and Debt Exchange Common Shares will be generally be a fully taxable transaction to U.S. Holders for U.S. federal income tax purposes. In that case, a U.S. Holder that exchanges a Secured Note for a New Secured Note, a New Unsecured Note and Debt Exchange Common Shares would generally recognize gain or loss on the exchange in an amount equal to the difference between (i) the sum of the "issue price" of the New Secured Note, the "issue price" of the New Unsecured Note and the fair market value of the Debt Exchange Common Shares received **(**see below *Tax Consequences to U.S. Holders of the Ownership of New Secured Notes and New Unsecured Notes - Issue Price of New Secured Notes and the New Unsecured Notes Received by U.S. Holders***),** and (ii) the U.S. Holder's adjusted tax basis in the Secured Note surrendered in the exchange. A U.S. Holder's initial tax basis in a New Secured Note would generally equal the issue price of the New Secured Note and the U.S. Holder's holding period in a New Secured Note would commence on the day after the exchange. A U.S. Holder's initial tax basis in a New Unsecured Note would generally equal the issue price of the New Unsecured Note and a U.S. Holder's holding period in a New Unsecured Note would commence on the day after the exchange. A U.S. Holder's initial tax basis in Debt Exchange Common Shares will equal the fair market value of such shares as determined on the date of the exchange and a U.S. Holder's holding period in Debt Exchange Common Shares would commence on the day after the exchange.

Character of Gain or Loss. Subject to the discussions below in "*Market Discount Rules – Secured Notes*" and "*Payment of Accrued Interest on Secured Notes,"* if a U.S. Holder recognizes gain or loss on the exchange of a Secured Note for the New Secured Note, New Unsecured Note and Debt Exchange Common Shares, such gain or loss would generally be capital gain or loss. Any such capital gain or loss would generally be treated as long-term capital gain or loss if the U.S. Holder's holding period in the Secured Notes surrendered in the exchange is greater than one year at the time of the exchange. Long-term capital gains recognized by individuals and other non-corporate U.S. Holders are generally taxed at preferential U.S. federal income tax rates. A U.S. Holder's ability to deduct capital losses may be subject to limitations. If gain is recognized, the U.S. Holder may be eligible to report a portion of the gain using the installment method of accounting under Section 453 of the Code, provided that the Secured Notes are not treated as publicly traded under Section 453 of the Code. Each U.S. Holder is urged to consult its own tax advisor as to their eligibility to report any gain using the installment method of accounting.

Market Discount Rules – Secured Notes. Certain U.S. Holders that acquired a Secured Note at a discount may be subject to the "market discount" rules under the Code. In general, a holder will be considered to have acquired a Secured Note with market discount if its adjusted tax basis in the Secured is less than the sum of all remaining payments to be made on the Secured Note (other than payments of stated interest) by more than a specified de minimis amount. Any gain recognized by a U.S. Holder on an exchange of such a Secured Note pursuant to the Recapitalization Transaction would generally be treated as ordinary income to the extent of the market discount that accrued on the Secured Note during such U.S. Holder's holding period, unless such U.S. Holder previously elected to include such market discount in income currently as it accrued.

Payment of Accrued Interest on Secured Notes. Any amount received by a U.S. Holder of Secured Notes pursuant to the Recapitalization Transaction attributable to accrued and unpaid interest on a Secured Note will be includible in gross income as ordinary interest income if such accrued interest has not been included previously in gross income for U.S. federal income tax purposes.

Each U.S. Holder is urged to consult its own tax advisor as to the U.S. federal income tax consequences to it of exchanging Secured Notes for Debt Exchange Common Shares, New Secured Notes and New Unsecured Notes.

Tax Consequences to U.S. Holders of the Ownership of New Secured Notes and New Unsecured Notes

Issue Price of New Secured Notes and the New Unsecured Notes Received by U.S. Holders

For U.S. federal income tax purposes, the "issue price" of the New Secured Notes would depend on whether the New Secured Notes or the Secured Notes are deemed to be "publicly traded." The New Secured Notes and the Secured Notes will generally be considered to be publicly traded property if, at any time during the 60-day period ending 30 days after the date of the exchange, they appear on a system of general circulation that provides a reasonable basis for determining the fair market value of the New Secured Notes or the Secured Notes, respectively, by disseminating either (i) recent price quotations (including rates, yields, or other pricing information) of one or more identified brokers, dealers or traders or (ii) actual prices (including rates, yields or other pricing information) of recent sales transactions. We believe that neither the New Secured Notes nor the Secured Notes are or will be publicly traded within the meaning of the Treasury Regulations, and accordingly, the "issue price" of the New Secured Notes should be the equal to their stated principal.

For U.S. federal income tax purposes, the "issue price" of the New Unsecured Notes would depend on whether New Unsecured Notes or the Unsecured Debentures are deemed to be "publicly traded." We believe that neither the Unsecured Debentures nor the New Unsecured Notes are or will be publicly traded within the meaning of the Treasury Regulations, and accordingly, the "issue price" of the New Unsecured Notes should be the equal to their stated principal.

Original Issue Discount - OID

The New Secured Notes and the New Unsecured Notes will each be issued with original issue discount, referred to as "OID," for U.S. federal income tax purposes. Specifically, if the respective "stated redemption price at maturity" of the New Secured Notes and the New Unsecured Notes (generally, their stated principal amount plus all other amounts and interest payable at maturity (other than interest based on a fixed rate payable, and payable unconditionally at fixed period intervals of one year or less during the entire term of the debt instrument)) exceeds the respective issue prices (as defined above) of the New Secured Notes and the New Unsecured Notes by more than a de minimis amount (which is generally 1/4 of one percent of their principal amount multiplied by the number of complete years to maturity), the excess will constitute OID for U.S. federal income tax purposes. The stated redemption prices at maturity of the New Secured Notes and the New Unsecured Notes will exceed their respective issue prices by more than the a de minimis amount and, accordingly, the New Secured Notes and the New Unsecured Notes will have OID. Accordingly, a U.S. Holder of New Secured Notes and New Unsecured Notes will be required to include the OID as ordinary interest income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based upon a compounding of interest, regardless of the U.S. Holder's regular method of accounting for U.S. federal income tax purposes, and before receiving the cash to which that interest income is attributable.

Sale, Exchange or Retirement of the New Secured Notes and New Unsecured Notes

Subject to the discussion above under "*Tax Consequences of the Recapitalization Transaction to Unsecured Debentureholders – Market Discount Rules – Unsecured Debentures*," and "*Tax Consequences of the Recapitalization Transaction to Secured Noteholders – Market Discount Rules – Secured Notes*." upon the sale, exchange, redemption, retirement or other taxable disposition of a New Secured Note or a New Unsecured Note, a U.S. Holder will generally recognize capital gain or loss in an amount equal to the difference between (i) the sum of cash plus the fair market value of all other property received on such disposition in respect of the note (except to the extent such cash or property is attributable to accrued but unpaid interest, which will generally be taxable as ordinary income to the extent not previously included in income) and (ii) the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a New Secured Note or New Unsecured Note will generally equal its initial tax basis in that note (as described above), increased by any OID that the U.S. Holder previously included in income with respect to that note. Such capital gain or loss will generally be long-term capital gain or loss if, at the time of such disposition, the U.S. Holder's holding period for the note exceeds one year. Long-term capital gain of a noncorporate U.S. Holder generally would be taxed at preferential rates. The deductibility of capital losses is subject to limitations.

Tax Consequences of the Ownership of Debt Exchange Common Shares

Distributions on Debt Exchange Common Shares

In the event that the Company makes a distribution of cash or other property (other than certain pro rata distributions of its stock) in respect of the Debt Exchange Common Shares, the distribution will be treated as a dividend to the extent of the Company's current and accumulated earnings and profits as determined for U.S. federal income tax purposes. Any portion of a distribution in excess of the Company's current and accumulated earnings and profits is treated first as a non-taxable return of capital reducing the U.S. Holder's tax basis in its Debt Exchange Common Shares. Any amount in excess of that U.S. Holder's tax basis in its Debt Exchange Common Shares is treated as capital gain, the tax treatment of which is discussed below under "**Tax Consequences to U.S. Holders of Debt Exchange Common Shares—** *Sale or Other Taxable Disposition of Debt Exchange Common Shares***.**"

Under current law, distributions paid to a U.S. Holder that is an individual or other non-corporate holder of Debt Exchange Common Shares will generally be subject to a reduced maximum federal income tax rate of 20%, to the extent such distributions are treated as dividends and are treated as "qualified dividend income" for U.S. federal income tax purposes and certain holding period requirements are satisfied with respect to the shares.

Dividends received by corporate holders of Debt Exchange Common Shares may be eligible for a dividend received deduction equal to 50% of the amount of the distribution, subject to applicable limitations.

Sale or Other Taxable Disposition of Debt Exchange Common Shares

A U.S. Holder that sells or otherwise disposes of Debt Exchange Common Shares in a taxable disposition will recognize gain or loss in an amount equal to the difference, if any, between the amount realized on such sale or other taxable disposition and the U.S. Holder's adjusted tax basis in such shares. Any such gain or loss will be long-term capital gain or loss if the holding period for the shares sold or disposed of is more than one year at the time of the sale or other disposition. Preferential tax rates for long-term capital gains are generally applicable to a U.S. Holder that is an individual, estate or trust. There are currently no preferential tax rates for long-term capital gains applicable to a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations.

Additional Tax on Net Investment Income

Certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their ''net investment income,'' which may include all or a portion of their income arising from a distribution with respect to the Debt Exchange Common Shares, interest income (including the amount of any OID inclusions) realized with respect to New Secured Notes and New Unsecured Notes and net gain from the sale, exchange or other disposition of Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes. Each U.S. Holder is urged to consult its own tax advisor regarding the application of this tax.

U.S. Federal Income Tax Consequences to Non-U.S. Holders

The following discussion is a summary of certain U.S. federal income tax consequences that will apply to a Non-U.S. Holder of the Recapitalization Transaction as set forth in the Plan of Arrangement and the ownership and disposition of Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes (as applicable) received pursuant to the Recapitalization Transaction.

For purposes of the discussion below, any income or gain will be considered to be "U.S. trade or business income" if such income or gain is:

- effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business; and
- if required by an applicable income tax treaty with the United States, attributable to a U.S. permanent establishment (or a fixed base) maintained by the Non-U.S. Holder in the United States.

Tax Consequences of the Recapitalization Transaction to Unsecured Debentureholders and Secured Noteholders

Subject to the discussions under "*U.S. Information Reporting and Backup Withholding Tax*" and "*Additional Withholding Requirements*", below, a Non-U.S. Holder will generally not be subject to U.S. federal income or withholding tax on any gain recognized on the exchange of Unsecured Debentures or Secured Notes pursuant to the Recapitalization Transaction (which gain would be determined as described above under "*U.S. Federal Income Tax Consequences to U.S. Holders – Tax Consequences of the Recapitalization Transaction to Unsecured Debentureholders*" and "*U.S. Federal Income Tax Consequences to U.S. Holders – Tax Consequences of the Recapitalization Transaction to Secured Noteholders*") unless:

- such gain is U.S. trade or business income; or
- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year in which the gain is realized and certain other conditions are met.

Regarding the first bullet above, a Non-U.S. Holder who realizes U.S. trade or business income with respect to the exchange generally will be subject to U.S. federal income tax on that income in the same manner as a U.S. Holder (see "*U.S. Federal Income Tax Consequences to U.S. Holders –Tax Consequences of the Recapitalization Transaction to Unsecured Debentureholders" and "U.S. Federal Income Tax Consequences to U.S. Holders – Tax Consequences of the Recapitalization Transaction to Secured Noteholders*", above). In addition, if the Non-U.S. Holder is a foreign corporation, such holder may be subject to a branch profits tax equal to 30% (or lower applicable income tax treaty rate) of its effectively connected earnings and profits, subject to adjustments. If the Non-U.S. Holder is described in the second bullet above, unless an applicable income tax treaty provides otherwise, such holder will generally be subject to a flat 30% U.S. federal income tax on any gain recognized, which may be offset by certain U.S. source losses.

Accrued and Unpaid Interest. Subject to the discussions under "*U.S. Information Reporting and Backup Withholding Tax" and "Additional Withholding Requirements*", below, the portion of the amount paid pursuant to the Recapitalization Transaction that is properly allocable to accrued but unpaid interest on the Unsecured Debentures and Secured Notes will not be subject to U.S. federal income or withholding tax under the "portfolio interest rule," provided that:

- the accrued interest is not U.S. trade or business income;
- the Non-U.S. Holder does not actually (or constructively) own 10% or more of the total combined voting power of all classes of the Company's voting stock within the meaning of the Code and applicable Treasury regulations;
- the Non-U.S. Holder is not a controlled foreign corporation that is related to the Company through stock ownership;
- the Non-U.S. Holder is not a bank whose receipt of interest on the Secured Notes or Unsecured Debentures is described in Section 881(c)(3)(A) of the Code; and
- either (a) the Non-U.S. Holder provides its name and address on an applicable IRS Form W-8, and certifies, under penalties of perjury, that it is not a United States person as defined under the Code or (b) the Non-U.S. Holder holds the Unsecured Debentures and Secured Notes through certain foreign intermediaries and satisfies the certification requirements of applicable United States Treasury regulations. Special certification rules apply to Non-U.S. Holders that are pass-through entities rather than corporations or individuals.

If the Non-U.S. Holder cannot satisfy the portfolio interest requirements described above, the portion of the amount paid pursuant to the Recapitalization Transaction that is properly allocable to accrued but unpaid interest on the Unsecured Debentures and Secured Notes will generally be subject to a 30% U.S. federal withholding tax, unless the Non-U.S. Holder provides the applicable withholding agent with a properly executed:

- IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty; or

- IRS Form W-8ECI (or other applicable form) stating that interest paid is not subject to withholding tax because it is U.S. trade or business income (as discussed in further detail below).

If the portion of the proceeds received by the Non-U.S. Holder that is properly allocable to accrued but unpaid interest on the Unsecured Debentures and Secured Notes is U.S. trade or business income, the Non-U.S. Holder will not be subject to the 30% U.S. federal withholding tax on such interest if it provides the applicable withholding agent with a properly executed IRS Form W-8ECI, as discussed above. Instead, the Non-U.S. Holder generally will be taxed on such interest in the same manner as a U.S. Holder (see "*U.S. Federal Income Tax Consequences to U.S. Holders – Tax Consequences of the Recapitalization Transaction to Unsecured Debentureholders*" and "*U.S. Federal Income Tax Consequences to U.S. Holders – Tax Consequences of the Recapitalization Transaction to Secured Noteholders*", above). In addition, if the Non-U.S. Holder is a foreign corporation, such holder may be subject to an additional branch profits tax equal to 30% (or lower applicable income tax treaty rate) of its effectively connected earnings and profits, subject to adjustments.

Tax Consequences of the Ownership of the New Unsecured Notes and New Secured Notes

Payments of Interest. Subject to the discussions under "*U.S. Information Reporting and Backup Withholding Tax*" and "*Additional Withholding Requirements*", below, U.S. federal withholding tax will not apply to any payment of interest (including any OID) on the New Unsecured Notes and New Secured Notes, provided that the Non-U.S Holder meets the requirements of the portfolio interest rule described above in "*Accrued and Unpaid Interest*".

If the Non-U.S. Holder cannot satisfy the requirements of the portfolio interest rule, payments of interest (including any OID) on the New Unsecured Notes and New Secured Notes made to such holder will generally be subject to a 30% U.S. federal withholding tax, unless such holder provides the applicable withholding agent with a properly executed:

- IRS Form W-8BEN or Form W-8BEN-E (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty; or

- IRS Form W-8ECI (or other applicable form) stating that interest paid on the New Secured and Unsecured Notes is not subject to withholding tax because it is U.S. trade or business income.

Sale, Exchange or Retirement of the New Unsecured Notes and New Secured Notes.

Subject to the discussions under "*U.S. Information Reporting and Backup Withholding Tax*" and "*Additional Withholding Requirements*", below, any gain realized upon the sale, exchange or retirement of a New Unsecured Note or a New Secured Note will not be subject to U.S. federal income or withholding tax unless:

- the gain is U.S. trade or business income, in which case the gain will be subject to tax as described below under "—Effectively Connected Interest and Gain"; or

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that sale, exchange or retirement, and certain other conditions are met, in which case the gain (net of certain U.S. source capital losses) will be subject to a flat 30% tax, unless an applicable income tax treaty provides otherwise.

To the extent proceeds from the sale, exchange or retirement of a New Unsecured Note or a New Secured Note represents accrued and unpaid stated interest, the Non-U.S. Holder will generally be subject to U.S. federal income tax with respect to such accrued and unpaid stated interest in the same manner as described above under "—Payments of Interest."

Effectively Connected Interest and Gain. If any interest (including any OID) on, or gain realized upon the disposition of, the New Unsecured Notes and New Secured Notes is U.S. trade or business income, the Non-U.S. Holder will be subject to U.S. federal income tax on that interest or gain on a net income basis (although the holder will be exempt from the 30% U.S. federal withholding tax on interest, provided the certification requirements discussed above are satisfied) in the same manner as if the holder were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to an additional branch profits tax equal to 30% (or lower applicable income tax treaty rate) of its effectively connected earnings and profits, subject to adjustments.

Tax Consequences of the Ownership of the Debt Exchange Common Shares

Distributions on Debt Exchange Common Shares

In the event that the Company makes a distribution of cash or other property (other than certain pro rata distributions of its stock) in respect of the Debt Exchange Common Shares, the distribution generally will be treated as a dividend for U.S. federal income tax purposes to the extent it is paid from the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Any portion of a distribution that exceeds the Company's current and accumulated earnings and profits is treated first as a tax-free return of capital reducing the Non-U.S. Holder's tax basis in its Debt Exchange Common Shares. Any amount in excess of that Non-U.S. Holder's tax basis is treated as gain from the disposition of such shares (the tax treatment of which is discussed below under "*Gain on Disposition of the Debt Exchange Common Shares*").

Dividends paid to a Non-U.S. Holder of the Debt Exchange Common Shares generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) are not subject to withholding, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to U.S. federal income tax on a net income basis in the same manner as if the Non-U.S. Holder were a U.S. Holder. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A Non-U.S. Holder of the Debt Exchange Common Shares who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to provide the applicable withholding agent with a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable form) certifying under penalties of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if such shares are held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable U.S. Treasury regulations. Special certification and other requirements apply to certain Non-U.S. Holders that are pass-through entities rather than corporations or individuals.

A Non-U.S. Holder of the Debt Exchange Common Shares eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Gain on Disposition of the Debt Exchange Common Shares

Subject to the discussions under "*U.S. Information Reporting and Backup Withholding Tax*" and "*Additional Withholding Requirements*", below, any gain realized on the sale or other disposition of the Debt Exchange Common Shares generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with a trade or business of the Non-U.S. Holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the Non-U.S. Holder);

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or

- the Company is or has been a "United States real property holding corporation" for U.S. federal income tax purposes and certain other conditions are met.

A Non-U.S. Holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale or other disposition in the same manner as if such holder were a U.S. Holder. In addition, if a Non-U.S. Holder described in the first bullet point immediately above is a foreign corporation for U.S. federal income tax purposes, the gain realized by such Non-U.S. Holder may be subject to an additional "branch profits tax" equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty.

An individual Non-U.S. Holder described in the second bullet point immediately above will be subject to a flat 30% (or such lower rate as may be specified by an applicable income tax treaty) tax on the gain derived from the sale or other disposition, which gain may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States.

The Company believes it is not and does not anticipate becoming a "United States real property holding corporation" for U.S. federal income tax purposes.

Federal Estate Tax

Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes held by an individual Non-U.S. Holder at the time of death will be included in such holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

U.S. Information Reporting and Backup Withholding Tax

Information reporting requirements will generally apply to payments of interest on the Secured Notes, the Unsecured Debentures, the New Secured Notes or New Unsecured Notes, any OID accruals on the New Secured Notes or the New Unsecured Notes, any distributions made with respect to the Debt Exchange Common Shares, and the proceeds from a disposition (including a retirement or redemption) of the Secured Notes, the Unsecured Debentures, the New Secured Notes, the New Unsecured Notes or the Debt Exchange Common Shares and any such payments may also be subject to backup withholding. Copies of the information returns reporting such payments and any withholding may also be made available to the tax authorities in the country in which a Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

Backup withholding generally will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and certifies that he, she or it is not subject to backup withholding on IRS Form W-9 (or substitute form), or is otherwise exempt from backup withholding.

In general, a Non-U.S. Holder will not be subject to backup withholding provided such holder has provided a validly completed applicable IRS Form W-8 establishing that it is not a United States person (or the Non-U.S. Holder satisfies certain documentary evidence requirements for establishing that it is not a United States person) and the applicable withholding agent does not have actual knowledge or reason to know that the Non-U.S. Holder is a United States person as defined under the Code. Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder under the backup withholding rules may be credited against such holder's U.S. federal income tax liability, and such holder may obtain a refund of any excess amounts withheld by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information. Each holder is urged to consult its own tax advisor regarding the information reporting and backup withholding rules in their particular circumstances and the availability of and procedures for obtaining an exemption from backup withholding

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% U.S. federal withholding tax may apply to any dividend paid on the Debt Exchange Common Shares and any interest (including any OID) paid on the Unsecured Debentures, Secured Notes, New Unsecured Notes or New Secured Notes

to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner which avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). If a payment is both subject to withholding under FATCA and subject to the withholding tax discussed above under "U.S. Federal Income Tax Consequences to Non-U.S. Holders" the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax.

While FATCA withholding would also have applied to payments of gross proceeds from a taxable disposition of the Unsecured Debentures, Secured Notes, Debt Exchange Common Shares, New Unsecured Notes or New Secured Notes on or after January 1, 2019, proposed U.S. Treasury regulations (the preamble to which indicates that taxpayers may rely on the regulations pending their finalization) eliminate FATCA withholding on payments of gross proceeds entirely.

Holders should consult their own U.S. tax advisor regarding these rules and whether they may be relevant to exchanges made pursuant to the Recapitalization Transaction and to the ownership and disposition of Debt Exchange Common Shares, New Unsecured Notes and New Secured Notes (as applicable).

The foregoing discussion of certain U.S. federal income tax considerations is for general information only and is not intended to constitute a complete analysis of all tax consequences arising from the receipt of Debt Exchange Common Shares, New Secured Notes or the New Unsecured Notes pursuant to the Recapitalization Transaction and the ownership and disposition of such Debt Exchange Common Shares, New Secured Notes and New Unsecured Notes. Holders are urged to consult their own tax advisors concerning the tax consequences applicable to their particular situations.

RISK FACTORS

There are certain risks inherent in the ownership of iAnthus' securities and in iAnthus' activities. In addition to the risks described herein, reference is made to the section entitled "Risk Factors" in the 2019 Annual MD&A, which is incorporated herein by reference. Securityholders should carefully consider, in light of their own financial circumstances, the risk factors set forth in the information incorporated by reference herein and all of the other information contained in this Circular before deciding whether to approve the Arrangement.

Risks Relating to the Recapitalization Transaction

The Recapitalization Transaction may be implemented pursuant to the CCAA Proceedings.

Pursuant to iAnthus' obligations under the Support Agreement, if the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, iAnthus is required to proceed with the Recapitalization Transaction pursuant to the CCAA Proceedings. As iAnthus is required under MI 61-101 to obtain minority approval for the Recapitalization Transaction if implemented pursuant to the Arrangement Proceedings, an alternative implementation process that allows iAnthus to seek court approval for the Arrangement despite not obtaining approval of Equityholders is not available to iAnthus. **Accordingly, if the Equityholders' Arrangement Resolution is not approved at the Equityholders' Meeting, the Recapitalization Transaction will be implemented pursuant to the CCAA Proceedings and Equityholders will not retain any ownership of Common Shares or receive any recovery.**

The Completion of the Recapitalization Transaction May Not Occur.

The Company will not complete the Recapitalization Transaction unless and until all conditions precedent to the Arrangement are satisfied or waived. See "*Description of the Recapitalization Transaction – Conditions to the Recapitalization Transaction Becoming Effective*." Even if the Recapitalization Transaction is completed, it may not be completed on the schedule described in this Circular. Accordingly, Securityholders participating in the

Recapitalization Transaction may have to wait longer than expected to receive their Common Shares, New Unsecured Notes and New Secured Notes, as applicable. In addition, if the Recapitalization Transaction is not completed on the schedule described in this Circular, it may incur additional expenses. See also "*Risks Relating to the Non-Implementation of the Recapitalization Transaction*."

Potential Effect of the Recapitalization Transaction.

There can be no assurance as to the effect of the announcement of the Recapitalization Transaction on iAnthus' relationships with its suppliers, customers or stakeholders, nor can there be any assurance as to the effect on such relationships of any delay in the completion of the Recapitalization Transaction, or the effect of whether the Recapitalization Transaction is completed under the BCBCA or pursuant to another statutory procedure. To the extent that any of these events result in the tightening of payment or credit terms, increases in the price of supplied goods, or the loss of a major supplier or customer, this could have a material adverse effect on iAnthus' business, financial condition, liquidity and results of operations. Similarly, current and prospective employees of the Company may experience uncertainty about their future roles with the Company until the Company's strategies with respect to such employees are determined and announced. This may adversely affect the Company's ability to attract or retain key employees in the period until the Arrangement is completed or thereafter. The risk, and material adverse effect, of such disruptions could be exacerbated by any delay in the consummation of the Arrangement or termination of the Support Agreement or the Arrangement Agreement.

The Recapitalization Transaction May Not Improve the Financial Condition of iAnthus' Business.

Management believes that the Recapitalization Transaction will enhance iAnthus' liquidity and provide it with continued operating flexibility. However, such belief is based on certain assumptions, including, without limitation, that iAnthus' relationships with suppliers and customers will not be materially adversely affected while the Recapitalization Transaction is underway and that they will be stable or will improve following the completion of the Recapitalization Transaction in the increasingly competitive marketplace in which iAnthus operates, that iAnthus' consolidated revenues will not materially deviate from existing trends and that it will be able to grow its e-commerce revenue, that general economic conditions and the markets for iAnthus' products will remain stable or improve, as well as iAnthus' continued ability to manage costs. Should any of those assumptions prove false, the financial position of iAnthus may be materially adversely affected and iAnthus may not be able to pay its debts as they become due.

The Arrangement will result in substantial dilution to Existing Common Shareholders.

The Arrangement will result in the Existing Common Shareholders holding approximately 2.75% of the Common Shares, subject to further dilution for equity that may be issued to directors, officers or employees of iAnthus as may be determined from time to time by the New Board following implementation of the Plan of Arrangement.

After Implementation of the Plan of Arrangement, Certain of the Secured Lenders and Unsecured Debentureholders will own a significant number of the Common Shares and their interests may conflict with the interests of other Shareholders.

Following the implementation of the Plan of Arrangement, certain of the Secured Lenders and Unsecured Debentureholders will hold an aggregate of 97.25% of the Common Shares. Accordingly, these Secured Lenders and Unsecured Debentureholders would have a significant vote in any matter coming before a vote of Shareholders. Certain of these Secured Lenders will also own a significant amount of the outstanding New Secured Notes. The interests of these Secured Lenders and Unsecured Debentureholders in iAnthus' business, operations and financial condition from time to time may not be aligned with, or may conflict with, the interests of other holders of Common Shares.

The Company will have new significant Shareholders upon implementation of the Plan of Arrangement.

Upon implementation of the Plan of Arrangement, it is expected that Gotham Green, Oasis and Senvest will hold approximately 41.19%, 20.3% and 17.0%, respectively, of the Common Shares. These parties may be able to significantly affect the outcome of important matters affecting iAnthus that require Shareholder approval, including

business combinations or other transactions that have been recommended for acceptance by Shareholders by the Board of Directors. It is possible that the interests of Gotham Green, Oasis and Senvest may in some circumstances conflict with the Company's interests and the interests of other Shareholders. In addition, such parties are in the business of making investments in other companies and may hold securities of, and may from time to time in the future acquire interests in, businesses that directly or indirectly compete with all or a portion of the Company's business or the businesses of its suppliers. None of Gotham Green, Oasis and Senvest have entered into any non-competition agreements with the Company, or provided any covenants not to compete with the Company under any agreement.

Parties may make claims against the iAnthus Parties despite the releases and waivers provided for in the Plan of Arrangement.

The Plan of Arrangement includes certain releases to become effective upon the implementation of the Recapitalization Transactions in favour of the Released Parties, as set out in the Plan of Arrangement. Furthermore, the Plan of Arrangement also provides that, from and after the Effective Time, all Persons shall be deemed to have consented and agreed to all of the provisions of the Plan of Arrangement in its entirety. Without limiting the foregoing, pursuant to the Plan of Arrangement, all Persons shall be deemed to have waived any and all defaults or events of default, change of control rights or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, lease, licence, guarantee, agreement for sale or other agreement, written or oral, in each case relating to, arising out of, or in connection with, the Secured Note Documents, the Interim Financing, the Unsecured Debenture Documents, the Support Agreement, the Arrangement, the Arrangement Agreement, the Plan of Arrangement, the transactions contemplated thereunder and any proceedings commenced with respect to or in connection with the Plan of Arrangement and any and all amendments or supplements thereto. Notwithstanding the foregoing, the Company may still be subject to legal actions with regards to such released claims and related matters. Such legal actions may be costly and could require the Company to defend such potential claims without recourse for legal costs incurred, even if the Company is successful.

Stakeholders Might Have Difficulty Enforcing Civil Liabilities Against the Company in the United States.

The enforcement by investors of civil liabilities under the United States federal securities Laws may be affected adversely by the fact that iAnthus is incorporated outside the United States, that some or all of the officers and directors of such persons and the experts named herein are residents of a country other than the United States, and that said persons are located outside the United States. As a result, it may be difficult or impossible for holders of iAnthus' securities in the United States to effect service of process within the United States upon iAnthus and their officers and directors and the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities Laws of the United States or any applicable securities Laws of any state within the United States. In addition, holders of iAnthus' securities in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities Laws of the United States or any applicable securities Laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities Laws of the United States or any applicable securities Laws of any state within the United States.

The enforcement by investors of civil liabilities under Canadian securities Laws may be affected adversely by the fact that certain officers and directors named in this Circular are residents of countries other than Canada, and that a substantial portion of the assets of said persons are located outside Canada. As a result, it may be difficult or impossible for investors in Canada to effect service of process within Canada upon those officers and directors, or to realize, against them, upon judgments of courts of Canada predicated upon civil liabilities under Canadian securities Laws.

The pending Arrangement may divert the attention of the Company's management.

The pendency of the Arrangement could cause the attention of the Company's management to be diverted from the day-to-day operations and customers or suppliers may seek to modify or terminate their business relationships with the Company. These disruptions could be exacerbated by a delay in the completion of the Arrangement and could have an adverse effect on the business, operating results or prospects of the Company regardless of whether the Arrangement is ultimately completed.

Following completion of the Arrangement and the issuance of the Debt Exchange Common Shares, the Company may issue additional equity or debt securities, which could further dilute the ownership in the Company of holders of Common Shares.

In the future, the Company may issue additional securities to raise capital. The Company may also acquire interests in other companies by using a combination of cash and Common Shares or just Common Shares. The Company may also issue securities convertible into Common Shares, whether pursuant to the Management Incentive Plan or otherwise.

The Company may also attempt to increase its capital resources by making additional offerings of debt, including senior or subordinated notes. Because the Company's decision to issue securities in any future offering will depend on market conditions and other factors beyond its control, the Company cannot predict or estimate the amount, timing or nature of future offerings. Thus, holders of Common Shares bear the risk of future offerings reducing the market value of Common Shares.

The Company will incur significant transaction-related costs in connection with the Arrangement, and the Company may have to pay various expenses even if the Arrangement is not completed.

The Company expects to incur a number of non-recurring costs associated with the Arrangement before, at, and after its closing. The Company will also incur transaction fees and costs. Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by the Company even if the Arrangement is not completed. If the Arrangement is not consummated, the Company will bear some or all of these costs without recognizing any of the anticipated benefits of the Arrangement.

Risks Relating to the Non-Implementation of the Recapitalization Transaction

The Company May be Unable to Continue as a Going Concern.

If the Recapitalization Transaction is not implemented and the Company's business operations continue at their current levels, the Company will not be able to generate sufficient cash for its operations. the Company may need to raise additional capital to continue as a going concern. The Company can give no assurances that additional capital will be available to it on favourable terms, or at all. The Company's inability to obtain additional capital, if and when needed, would have a material adverse effect on its financial condition and ability to continue as a going concern.

The financial statements incorporated by reference in this Circular are presented on the assumption that the Company continues as a going concern in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue operations for the foreseeable future and will be able to realize assets and discharge liabilities and commitments in the normal course of business. If this assumption is not appropriate, adjustments will have to be made to the carrying value of the Company's assets and liabilities, reported revenues and expenses and balance sheet classifications.

The Company May be Required to Pursue Other Alternatives.

Future liquidity and operations of the Company are dependent on the ability of the Company to restructure its debt obligations and to generate sufficient operating cash flows to fund its on-going operations. If the Company does not complete the realignment of its capital structure through the Arrangement Proceedings, it will be necessary to pursue other restructuring strategies that could have a more negative effect on the Company. If the Recapitalization Transaction is not implemented pursuant to the Plan of Arrangement, the Company may effectuate the Recapitalization Transaction by way of an alternative implementation method or proceeding, including by way of the CCAA Proceedings, in which case Shareholders would not be entitled to receive any consideration or retain any of their Common Shares. See "*Support Agreement - Alternative Implementation Process*".

In the event that the Recapitalization Transaction is not implemented then:

- iAnthus' net indebtedness, as of March 31, 2020, will not be reduced by approximately $54.7 million and the associated net reduction in debt service costs will not be achieved;

- the Secured Noteholders and Unsecured Debentureholders agreement to forbear from taking further exercising any rights or remedies in connection with any events of default that now exist or may in the future arise under any Secured Note Document or Unsecured Debenture Document, pursuant to the Support Agreement, may lapse and iAnthus may be subject to enforcement actions by the Collateral Agent, the Secured Noteholders and the Unsecured Debentureholders, or any one or more of them;

- iAnthus' cash flow from operations and available liquidity may be insufficient to provide adequate funds to finance its operations and iAnthus may be unable to meet its obligations as they generally become due;

- iAnthus may have increased vulnerability to current and future adverse economic and industry conditions;

- iAnthus may have limited flexibility in planning for, or reacting to, changes and opportunities in its business and its industry;

- iAnthus may have increased employee turnover and uncertainty, diverting management's attention from routine business and hindering its ability to recruit qualified employees; and

- iAnthus may be placed at a competitive disadvantage compared to its competitors that have less debt.

Risks Relating to the Company's Equity Securities

Shareholders are Subject to Potential Dilution.

An Existing Common Shareholder's percentage interest in iAnthus will be substantially diluted upon implementation of the Plan of Arrangement. In addition, other issuances of additional Common Shares from time to time may result in dilution to the holders of the Common Shares.

Exchange of Debt for Equity.

By exchanging the Unsecured Debentures, Interim Financing Secured Notes and a portion of the Secured Notes for, among other things, Debt Exchange Common Shares pursuant to the Recapitalization Transaction, Unsecured Debentureholders and Secured Lenders will be changing the nature of their investment from debt to equity. Equity carries certain risks that are not applicable to debt. The Secured Note Documents, Interim Financing and the Unsecured Debenture Documents provide a variety of contractual rights and remedies to holders of Secured Notes, Interim Financing Secured Notes and Unsecured Debentures, respectively, including the right to receive interest and repayment of the Secured Notes, Interim Financing Secured Notes and Unsecured Debentures upon maturity. These rights will not be available to Secured Lenders and Unsecured Debentureholders that become holders of Common Shares, as applicable, upon the Effective Date. Claims of Shareholders will be subordinated in priority to the claims of creditors in the event of an insolvency, winding up, or other distribution of the assets of iAnthus.

Sales of a Significant Number of Equity Securities in the Public Markets, or the Perception of Such Sales, Could Depress the Market Price of the Common Shares.

Sales of a significant number of Common Shares or other equity-related securities in the public markets by iAnthus or by iAnthus' significant shareholders could depress the market price of the Common Shares. In addition, with any sale or issuance of equity securities by iAnthus, investors will suffer dilution of their voting power and iAnthus may experience dilution in its earnings per share. The Company cannot predict the effect that future sales of the Common Shares or other equity-related securities would have on the market price of the Common Shares. The price of the Common Shares could be affected by possible sales of Common Shares or by hedging or arbitrage trading activity.

The Trading Price for the Common Shares may be Volatile.

The trading price of the Common Shares may be subject to large fluctuations, which may result in losses to investors. The trading price of the Common Shares may increase or decrease in response to a number of events and factors, including:

- the lack of liquidity in the trading of the Common Shares;
- actual or anticipated fluctuations in the Company's quarterly results of operations;
- changes in estimates of future results of operations by iAnthus or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to iAnthus;
- addition or departure of iAnthus' executive officers and other key personnel;
- release or other transfer restrictions on outstanding securities;
- sales or perceived sales of additional securities;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving iAnthus or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in iAnthus' industry or target markets.

Financial markets are susceptible to significant price and volume fluctuations that may affect the market prices of equity securities of companies and may be unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if iAnthus' operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of iAnthus' environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, iAnthus' operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

Risks Relating to the New Secured Notes and New Unsecured Notes[2]

The Company's substantial indebtedness could adversely affect its financial condition and prevent it from fulfilling its obligations under the New Secured Notes and the New Unsecured Notes.

After the completion of the Plan of Arrangement and the issuance of the New Secured Notes and New Unsecured Notes and the application of the proceeds therefrom, the Company will have a significant amount of indebtedness. After giving effect to the implementation of the Plan of Arrangement, the Company (on a consolidated basis) will have approximately $121.4 million of outstanding indebtedness, including approximately $99.7 million of New Secured Notes, $20 million of New Unsecured Notes and approximately $1.7 million of other indebtedness.

[2] Please note that all descriptions of the New Secured Notes and the effect of various Canadian or U.S. Laws in respect of the New Secured Notes are qualified in their entirety by the terms of the New Secured Notes and precise terms of the reference Canadian or U.S. Laws. The description of a future contingency as a Risk Factor is not intended to limit in any way our rights or defenses, or the rights or defenses of the holders of the New Secured Notes under the New Secured Notes or applicable Law.

Subject to the limits contained in the Amended and Restated Secured Note Purchase Agreement and the Company's other debt instruments, the Company may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If the Company does so, the risks related to its high level of debt could intensify. Specifically, the Company's high level of debt could have important consequences to the holders of the New Secured Notes and New Unsecured Notes, including the following:

- making it more difficult for the Company to satisfy its obligations with respect to the New Secured Notes, the New Unsecured Notes and its other debt;
- limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of the Company's cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing the Company's vulnerability to general adverse economic and industry conditions;
- limiting the Company's flexibility in planning for and reacting to changes in the industry in which it competes;
- placing the Company at a disadvantage compared to other, less leveraged competitors; and
- increasing the Company's cost of borrowing.

In addition, the Amended and Restated Secured Note Purchase Agreement will contain restrictive covenants that will limit the Company's ability to engage in activities that may be in its long term best interests. The Company's failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all its debts.

Despite the Company's current level of indebtedness, it may be able to incur substantially more debt. This could further exacerbate the risks to the Company's financial condition described above.

The Company may be able to incur significant additional indebtedness in the future. Although the Amended and Restated Secured Note Purchase Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and the additional indebtedness incurred in compliance with these exceptions could be substantial. If the Company incurs any such additional indebtedness, it may have the effect of reducing the amount of proceeds distributed to Equityholders in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of or such proceeding involving the Company. If new debt is added to the Company's current debt levels, the related risks that the Company and its subsidiaries now face could intensify.

The terms of the Amended and Restated Secured Note Purchase Agreement may restrict the Company's current and future operations, particularly its ability to respond to changes or to take certain actions.

The Amended and Restated Secured Note Purchase Agreement will contain a number of restrictive covenants that impose significant operating and financial restrictions on the Company and may limit its ability to engage in acts that may be in its long-term best interests, including, among other things, restrictions on its ability to:

- incur or guarantee additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem certain indebtedness or capital stock;
- make loans and investments;

- sell assets;
- incur certain liens;
- enter into transactions with affiliates;
- materially alter the nature or type of business the Company conducts;
- enter into agreements restricting the Company's subsidiaries' ability to pay dividends;
- consolidate, merge or sell all or substantially all of the Company's assets; and
- amend certain material agreements of iAnthus' subsidiaries and governance documents of our subsidiaries.

These covenants could adversely affect iAnthus' ability to finance iAnthus' future operations or capital needs, withstand a future downturn in iAnthus' business or the economy in general, engage in business activities, including future opportunities that may be in iAnthus' interest, and plan for or react to market conditions or otherwise execute iAnthus' business strategies.

A breach of the covenants under the Amended and Restated Secured Note Purchase Agreement could result in an event of default under the applicable indebtedness. Such default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross- acceleration or cross-default provision applies. If the Company were unable to repay the amounts due and payable under the New Secured Notes or any other secured indebtedness, the applicable noteholders and/or lenders could proceed against the collateral granted securing such indebtedness in accordance with the related security agreements. In the event that the Company's noteholders and/or lenders accelerate the repayment of the outstanding debt, it cannot assure you that the Company and its subsidiaries would have sufficient assets to repay such indebtedness. As a result of these restrictions, the Company may be:

- limited in how it conducts the business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities. These restrictions may affect the Company's ability to grow in accordance with its plans.

The Company may not be able to generate sufficient cash to service all of its indebtedness, including the New Secured Notes and the New Unsecured Notes, and may be forced to take other actions to satisfy its obligations under its indebtedness, which may not be successful.

The Company's ability to make scheduled payments on or to refinance its debt obligations, including the New Secured Notes and the New Unsecured Notes, depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond its control. The Company may be unable to maintain a level of cash flows from operating activities sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness, including the New Secured Notes and the New Unsecured Notes.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness, including the New Secured Notes and the New Unsecured Notes. The Company may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow the Company to meet its scheduled debt service obligations. The Amended and Restated Secured Note Purchase Agreement will restrict the Company's ability to dispose of assets and use the proceeds from any such dispositions and may also restrict its ability to raise debt or equity capital to be used to repay other

indebtedness when it becomes due. The Company may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

The Company's inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all, would materially and adversely affect its business, financial position and results of operations and its ability to satisfy its obligations under the New Secured Notes and the New Unsecured Notes.

If we cannot make scheduled payments on our debt, we will be in default and, as a result, the holders of the New Secured Notes and New Unsecured Notes could declare all outstanding principal and interest to be due and payable and our secured creditors, including the holders of the New Secured Notes and New Unsecured Notes could foreclose on or exercise other remedies against the assets securing such borrowings on a basis senior to the New Secured Notes and the New Unsecured Notes and we could be forced into bankruptcy, liquidation or other insolvency proceedings which, in each case, may result in your losing all or a portion of your investment in the New Secured Notes or the New Unsecured Notes.

iAnthus and ICM are holding companies that conduct substantially all of their operations through and derive all of their operating income and cash flow from, their subsidiaries. Therefore, iAnthus' and ICM's ability to make any required payment on the New Secured Notes and the New Unsecured Notes is dependent on the operations of and the distribution of funds from their respective subsidiaries.

iAnthus and ICM are holding companies conducting the business' operations entirely through their subsidiaries, and all of their consolidated operating assets are held by their subsidiaries. Accordingly, repayment of iAnthus' and ICM's indebtedness, including the New Secured Notes and the New Unsecured Notes, will be dependent on the generation of cash flow by iAnthus' and ICM's subsidiaries and their ability to make such cash available to iAnthus and ICM, by dividend, debt repayment or otherwise. iAnthus' and ICM's subsidiaries may not be able to, or may not be permitted to, make distributions to enable iAnthus or ICM to make payments in respect of iAnthus' or ICM's indebtedness. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit iAnthus' and ICM's ability to obtain cash from iAnthus' and ICM's subsidiaries. In the event that iAnthus or ICM does not receive distributions from iAnthus' or ICM's subsidiaries, iAnthus and ICM may be unable to make required principal and interest payments on iAnthus' or ICM's indebtedness, including the New Secured Notes and the New Unsecured Notes.

There may not be sufficient Collateral to pay all or any of the New Secured Notes.

No appraisal of the value of the Collateral has been made and the value of the Collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. Consequently, liquidating the Collateral securing the New Secured Notes may not produce proceeds in an amount sufficient to pay any amounts due thereon.

The fair market value of the Collateral securing the New Secured Notes is subject to fluctuations based on factors that include, among others, the condition of the Company's industry, the ability to sell the Collateral in an orderly sale, general economic conditions, the availability of buyers and other factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time and the timing and the manner of the sale. By its nature, portions of the Collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or in an orderly manner. In the event of a foreclosure, liquidation, reorganization, bankruptcy or other insolvency proceeding, the Company cannot assure you that the proceeds from any sale or liquidation of the Collateral will be sufficient to pay ICM's obligations under the New Secured Notes. In addition, in the event of any such proceeding, the ability of the holders of the New Secured Notes to realize upon any of the Collateral may be subject to bankruptcy and insolvency Law limitations.

In the event of a bankruptcy or any insolvency or receivership proceeding involving iAnthus or any of the guarantors, holders of the New Secured Notes may be deemed to have an unsecured claim to the extent that the Company's

obligations in respect of New Secured Notes exceed the fair market value of the Collateral securing New Secured Notes.

In any Canadian bankruptcy or other insolvency proceeding (including a receivership) with respect to iAnthus or any of the guarantors, it is possible that the bankruptcy trustee, the debtor-in-possession, the receiver or competing creditors will assert that the fair market value of the Collateral with respect to the New Secured Notes is less than the then-current principal amount of New Secured Notes. If the New Secured Notes are under-collateralized, the claims in the bankruptcy or other insolvency or proceeding with respect to the New Secured Notes could be comprised of both a secured claim (to the extent of the value of the collateral securing such claim) and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the Collateral. In such event, the secured claims of the holders of the New Secured Notes, as applicable, would be limited to the value of the Collateral. Other rights of secured creditors under applicable bankruptcy or insolvency Laws in respect of the under-collateralized portion of the New Secured Notes may also be affected by the under-collateralization.

Under Canadian bankruptcy and insolvency statutes, a court may grant an order authorizing interim financing which ranks in priority to the claim of any other secured creditor of the debtor. In such a circumstance, the court must consider a number of factors including whether any creditor may be materially prejudiced. Also, in a Canadian bankruptcy or insolvency proceeding, classification of the claims under the New Secured Notes will be governed by factors set out in the governing statute and jurisprudential Law and any claims process conducted, whether pursuant to statute or court order.

Lien searches may not reveal all existing liens on the collateral.

iAnthus cannot guarantee that the lien searches conducted on the collateral securing the New Secured Notes or the guarantees will reveal all existing liens on such collateral. Any existing undiscovered lien could be significant, could be prior in ranking to the liens securing the New Secured Notes or the guarantees and could have an adverse effect on the ability of the Collateral Agent to realize or foreclose upon such collateral. Certain statutory priority liens may also exist that cannot be discovered by lien searches.

Certain assets will be excluded from the Collateral, including assets of the Company's subsidiaries that do not guarantee the New Secured Notes.

Certain assets are excluded from the Collateral securing New Secured Notes including certain non-material owned real property and certain non- material leased property, as well as other typical exclusions, such as capital stock of non-wholly owned subsidiaries if the pledge of such capital stock would violate a contractual obligation, letters of credit for identified purposes or a contract or license if the grant of a lien would violate a contract, license or agreement.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future.

Applicable Law may provide that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. The Collateral Agent may not monitor, or iAnthus may not inform the Collateral Agent of, the future acquisitions of property and rights that constitute collateral, and necessary action may not be taken to properly perfect the security interest in such after acquired collateral. The Collateral Agent has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest in favor of the New Secured Notes against third parties. In addition, as described further herein, even if the liens on collateral acquired in the future are properly perfected, such liens may potentially be avoidable as a preference in any bankruptcy or insolvency proceeding if such perfection occurs beyond certain prescribed period and under certain circumstances.

Rights of holders of the New Secured Notes in the Collateral may be adversely affected by the failure to create or perfect security interests in certain collateral on a timely basis, and a failure to create or perfect such security interests on a timely basis or at all may result in a default under the Amended and Restated Secured Note Purchase Agreement and other agreements governing the Company's indebtedness.

The Company has agreed to secure the New Secured Notes and the guarantees by granting liens on the Collateral, and to take other steps to assist in perfecting the security interests granted in the Collateral. However, the Company has limited obligations to seek landlord waivers and access agreements.

If we, or any guarantor, were to become subject to Canadian bankruptcy or other insolvency proceedings, you may not be permitted to perfect or make registrations in respect of the liens once such proceedings have been commenced. Also, any liens recorded or perfected after the issue date of the New Secured Notes may face a greater risk of being declared void or set aside than if they had been recorded or perfected on the issue date. Under Canadian bankruptcy or other insolvency proceedings, a lien granted on the eve of insolvency to secure previously existing debt is more likely to be set aside or voided by the court than if delivered and promptly recorded on the issue date. Accordingly, if the Company or a guarantor were to file for bankruptcy protection or become subject to other insolvency proceedings after the issue date of the New Secured Notes and the liens had been perfected on the eve of the commencement of such proceedings, the liens securing the New Secured Notes may be subject to challenge as a result of having been perfected after the issue date. To the extent that such a challenge was successful, you may lose the benefit of the security that the Collateral is intended to provide.

In Canada, there are remedies available under federal and provincial legislation to review certain transactions such as the transactions discussed herein, as, among other things, preferences or transfers at undervalue. If established, such transactions may be declared void or set aside, which may affect the perfection and validity of the liens and other interests described above. In the case of transfers at undervalue, the review period is usually twelve months from the commencement of the relevant proceeding for arm's length transfers and five years for non-arm's length transfers. In the case of preferences, the review period is usually three months from the commencement of the relevant proceeding for arm's length transfers and twelve months for non-arm's length transfers. The review period varies for other remedies. Such a proceeding may be commenced by the trustee in bankruptcy, a receiver, a monitor under the CCAA or a creditor of the debtor or other interested parties.

Additionally, a failure, for any reason that is not permitted or contemplated under the collateral documentation, to perfect the security interest in the properties included in the collateral package may result in a default under the Amended and Restated Secured Note Purchase Agreement and other agreements governing the Company's indebtedness.

Any future pledge of Collateral in favor of the holders of the New Secured Notes might be voidable in bankruptcy or other insolvency proceedings (including receivership).

The Amended and Restated Secured Note Purchase Agreement will provide that certain future subsidiaries of ours will guarantee the New Secured Notes and secure their guarantees with liens on any assets they own that would constitute collateral, and that the Company will grant liens on certain property that it and the guarantors acquire after the New Secured Notes are issued.

In Canada, there are a number of remedies under federal and provincial legislation available to a trustee in bankruptcy, creditors of the debtor, a receiver, a monitor appointed in the CCAA proceedings and other interested parties under the CCAA to seek to set aside or void a pledge of collateral for existing indebtedness. The tests in Canadian bankruptcy and insolvency proceedings (including receivership) with respect to these issues are similar to those under US bankruptcy Law.

There are circumstances other than repayment or discharge of the New Secured Notes under which the Collateral securing the New Secured Notes and guarantees will be released automatically, without your consent or the consent of the Collateral Agent.

Under various circumstances, Collateral securing the New Secured Notes will be released automatically, including:

- as to all or any portion of Collateral which has been taken by eminent domain, condemnation or other similar circumstances;

- upon satisfaction and discharge of the Amended and Restated Secured Note Purchase Agreement;

- a sale, transfer or other disposal of such Collateral by the Company or any guarantor (other than to the Company or another guarantor) in a transaction not prohibited under the Amended and Restated Secured Note Purchase Agreement;

- with respect to Collateral held by a guarantor, upon the release of such guarantor from its guarantee concurrently with the release of such guarantee;

- in accordance with the applicable provisions of the collateral documents.

In addition, the guarantee of a subsidiary guarantor will be automatically released in connection with a sale of such subsidiary guarantor in a transaction permitted under the applicable Amended and Restated Secured Note Purchase Agreement.

Security over certain Collateral may not be in place on the issue date of the New Secured Notes or may not be perfected on the issue date, and the Company will not be required to perfect security interests in some instances.

Certain security interests in favor of the Collateral Agent may not be in place or perfected as of the date on which the Recapitalization Transaction closes. To the extent any liens on or security interests in the collateral securing the New Secured Notes are not perfected on or prior to such date, iAnthus will use its commercially reasonable efforts to have all such security interests perfected, to the extent required by the Amended and Restated Secured Note Purchase Agreement, within a period of time to be agreed between iAnthus and the Collateral Agent. Under U.S. bankruptcy Law, to the extent a security interest in certain collateral is granted or perfected more than 30 days following the Effective Date (or more than 30 days after the acquisition of the collateral is effective), that security interest would remain at risk of being avoided as a preferential transfer by the pledger (as debtor in possession) or by its trustee in bankruptcy if iAnthus were to file for bankruptcy within 90 days after the grant or after perfection (or, under certain circumstances, one year).

In Canada, there are a number of remedies under federal and provincial legislation available to a trustee in bankruptcy, creditors of the debtor, a receiver, a monitor appointed in a CCAA proceeding, other court appointed officer and other interested parties to seek to set aside or void a future pledge of collateral for existing indebtedness.

The Company will in most cases have control over the Collateral.

The collateral documents generally allow the Company and the New Secured Note Guarantors to remain in possession of, to retain exclusive control over, to freely operate and to collect, invest and dispose of any income from, the Collateral. These rights may adversely affect the value of the Collateral at any time.

The Collateral is subject to casualty risks and potential environmental liabilities.

The Company intends to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for its business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate the Company fully for its losses. If there is a complete or partial loss of any of the pledged Collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the New Secured Notes and the guarantees thereof.

Moreover, the Collateral Agent may need to evaluate the impact of potential liabilities before determining to foreclose (to the extent the Collateral Agent has the ability to do so under the intercreditor agreements) on Collateral consisting of real property because owners and operators of real property may be held liable under environmental Laws for the costs of remediating or preventing the release or threatened release of hazardous substances at such real property. Consequently, the collateral agent may decline to foreclose on such Collateral or exercise remedies available in respect thereof if it does not receive indemnification to its satisfaction from the holders of the New Secured Notes.

The New Secured Notes will be structurally subordinated to all obligations of the Company's future subsidiaries that do not become guarantors of the New Secured Notes.

The New Secured Notes will be guaranteed by each of iAnthus and its existing and subsequently acquired or organized subsidiaries other than immaterial subsidiaries. Currently, the New Secured Note Guarantors are expected to be the only subsidiary guarantors of the New Secured Notes. Except for such guarantees of the New Secured Notes, iAnthus and its subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the New Secured Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. Further, even if the subsidiary is a guarantor, it may not be able to, or may not be permitted to, make distributions to enable the Company to make payments in respect of its indebtedness, including the New Secured Notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit its ability to obtain cash from them. Although the Amended and Restated Secured Note Purchase Agreement and the agreements governing certain of iAnthus' other existing indebtedness will limit the ability of certain subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to iAnthus, these limitations are subject to certain qualifications and exceptions. In the event that the Company does not receive distributions from its subsidiaries, it may be unable to make required principal and interest payments on iAnthus' indebtedness, including the New Secured Notes.

The New Secured Notes will be structurally subordinated to all indebtedness and other obligations of any non-guarantor subsidiary such that, in the event of insolvency, liquidation, reorganization, dissolution or other winding up of any subsidiary that is not a guarantor, all of such subsidiary's creditors (including trade creditors and preferred stockholders, if any) would be entitled to payment in full out of such subsidiary's assets before the Company would be entitled to any payment.

In addition, the Amended and Restated Secured Note Purchase Agreement will, subject to some limitations, permit these subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

In addition, the Company's subsidiaries that provide, or will provide, guarantees of the New Secured Notes and/or the New Secured Notes will be automatically released from such guarantees upon the occurrence of certain events, including the following:

- the release or discharge of any guarantee or indebtedness that resulted in the creation of the guarantee of the New Secured Notes by such subsidiary guarantor; or

- the sale or other disposition, including the sale of substantially all the assets, of such subsidiary guarantor in accordance with the terms of the Amended and Restated Secured Note Purchase Agreement.

If any such subsidiary guarantee is released, a holder of the New Secured Notes a will not have a claim as a creditor against any such subsidiary and the indebtedness and other liabilities, including trade payables and preferred stock, if any, whether secured or unsecured, of such subsidiary will be effectively senior to the claim of any holders of the notes.

The Company may not be able to repay or refinance the New Secured Notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, the Company will be required to offer to repurchase all outstanding New Secured Notes at 105% of their principal amount, plus accrued and unpaid interest to the purchase date. The source of funds for any purchase of the New Secured Notes, as applicable, and repayment of the Company's credit facilities will be its available cash or cash generated from its subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. The Company may not be able to repurchase the New Secured Notes upon a change of control because it may not have sufficient financial resources to purchase all of the New Secured Notes that are tendered upon a change of control and repay its other indebtedness that will become due. The Company may require additional financing from third parties to fund any such purchases, and it cannot assure you that it would be able to obtain financing on satisfactory terms or at all. Further, the Company's ability to repurchase the notes may

be limited by Law. In order to avoid the obligations to repurchase the New Secured Notes, it may have to avoid certain change of control transactions that would otherwise be beneficial to it.

In addition, certain important corporate events, such as leveraged recapitalizations, may not, under the Amended and Restated Secured Note Purchase Agreement and/or the New Secured Notes, constitute a "change of control" that would require the Company to repurchase the New Secured Notes, notwithstanding the fact that such corporate events could increase the level of the Company's indebtedness or otherwise adversely affect its capital structure, credit ratings or the value of the New Secured Notes.

Holders of the New Secured Notes may not be able to determine when a change of control giving rise to their right to have the New Secured Notes repurchased has occurred following a sale of "substantially all" of the Company's assets.

The definition of change of control in the Amended and Restated Secured Note Purchase Agreement includes a phrase relating to the sale of "all or substantially all" of the Company's assets. There is no precise established definition of the phrase "substantially all" under applicable Law. Accordingly, the ability of a holder of New Secured Notes to require the Company to repurchase its notes as a result of a sale of less than all the Company's assets to another person may be uncertain.

Canadian bankruptcy and insolvency Laws may impair the enforcement of remedies under the New Secured Notes.

The rights of the Collateral Agent to enforce remedies are likely to be significantly impaired by applicable Canadian federal bankruptcy, insolvency and other restructuring legislation in the event the Company becomes bankrupt, insolvent or receivership or other restructuring proceedings are commenced with respect to the Company. For example, both the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and the CCAA contain provisions enabling an insolvent person to obtain a stay of proceedings against its creditors and others. Under Canadian insolvency Laws, a debtor is able to prepare and file a proposal or plan of compromise or arrangement to be voted on by the various classes of its affected creditors. A proposal, compromise or arrangement if accepted by the requisite majorities of each affected class of creditors, and if sanctioned by the relevant Canadian court, would be binding on all creditors within each affected class regardless of whether they voted to accept the proposal. The proposal or plan can result in any claims against the debtor company being compromised or extinguished. Moreover, these Laws permit the insolvent debtor to retain possession and administration of its property, subject to court oversight, even though it may be in default under the applicable debt instrument during the period the stay against proceedings remains in place.

The powers of the court under the BIA and particularly under the CCAA have been exercised broadly to protect an entity attempting to restructure its affairs from actions taken by creditors and other parties. Accordingly, the Company cannot predict whether payments under the New Secured Notes and the New Unsecured Notes would be made during any Canadian proceedings in bankruptcy, insolvency (including receivership) or other restructuring, whether or when the Collateral Agent could exercise its rights under the Amended and Restated Secured Note Purchase Agreement or whether and to what extent holders of the New Secured Notes and New Unsecured Notes would be compensated for any delays in payment, if any, of principal, interest and costs, including the fees and disbursement of the trustee. Claims of creditors may also be compromised pursuant to the terms of a restructuring plan approved by the requisite majorities of creditors.

In the context of a proceeding under the BIA or the CCAA, a trustee or monitor, as applicable, is also required to review asset transfers and transactions undertaken by the bankrupt or debtor, as applicable, within specified time periods prior to the initiation of the proceeding to determine if the bankrupt or debtor, as applicable, was engaged in any transfers at undervalue or preferences. In the case of transfers at undervalue, the review period is one year from the date of the initial bankruptcy event (or five years for non-arm's length parties) and preferences are subject to review if they occurred within three months of the date of the initial bankruptcy event (or twelve months for non-arm's length parties). Trustees or monitors, as applicable, creditors and other qualified stakeholders may also seek to void, set aside or otherwise challenge transactions under provincial and other federal legislation. The circumstances in which this may occur varies by Canadian jurisdiction and legislation, but generally the circumstances include situations where the transactions were undertaken (a) for conspicuously less than fair value, or (b) with the intent to defeat, delay or hinder creditors or others, or (c) at a time when the transferor was insolvent or rendered insolvent by the transaction, or (d) where the transferor unfairly disregarded the interests of creditors or other applicable stakeholders. In the event that such a transaction is determined to have occurred, the trustee or monitor, as applicable,

or such creditor or other qualifying stakeholder may take steps to void or set aside the transaction and/or assert claims against the recipient of the assets.

If certain criteria are met, iAnthus may file for insolvency proceedings in the United States. In the event of such a foreign insolvency proceeding, both the CCAA and the BIA allow a representative, authorized in a foreign proceeding in respect of a debtor, to seek recognition of the foreign insolvency proceeding in Canada. The CCAA and the BIA each provide for a slightly modified version of the UNCITRAL model insolvency protocol (collectively, the "**Recognition Provisions**"). The Recognition Provisions allow an authorized representative to apply for recognition of the foreign insolvency proceeding as either a "foreign main proceeding" or a "foreign non- main proceeding". The determination of the type of proceeding is based upon the center of main interest ("**COMI**") of the applicant. The COMI test is substantially similar to the test set out in the UNCITRAL model law and Chapter 15 of the United States Bankruptcy Code, with some variations. If the court determines that the foreign proceeding is a "foreign main proceeding," the court must grant a stay of proceedings in Canada and may grant additional relief permitted under the CCAA, BIA or the United States Bankruptcy Code. If the court determines that the foreign proceeding is a "foreign non-main proceeding," the court may, but is not required to, grant a stay of proceedings in Canada and any other relief permitted under the CCAA, BIA or the United States Bankruptcy Code. In the event of a recognition order being granted in respect of a foreign main proceeding, certain restrictions are imposed on the debtor company, including a restriction on selling assets in Canada unless the court approves such asset sale transaction. In the event that the foreign proceeding results in the approval of a restructuring plan, the Canadian court may grant such plan full force and recognition in Canada.

At present, United States bankruptcy courts have been unwilling to entertain chapter 7 or 11 cases for entities directly involved in the manufacture, distribution or retail sale of substances regulated under the *Controlled Substances Act* but have instead dismissed those cases. The U.S. bankruptcy courts' unwillingness to entertain such cases could prevent the Company from filing bankruptcy in the U.S. in order to make use of U.S. bankruptcy law to reorganize or restructure the Company's debts, including the New Secured Notes.

A U.S. bankruptcy filing may affect iAnthus', ICM's or the New Secured Note Guarantors' ability to make payments to holders of New Secured Notes or the New Unsecured Notes, as applicable, and any payments made on the New Secured Notes or New Unsecured Notes could be subject to avoidance with respect to payments made within 90 days prior (or potentially longer) to commencement of such case.

As noted above, United States bankruptcy law may apply to the New Secured Notes, the New Unsecured Notes and the guarantees (potentially in a case under either Chapter 7, Chapter 11 or Chapter 15 of the United States Bankruptcy Code). Upon a United States bankruptcy filing, iAnthus, ICM and the New Secured Note Guarantors would be stayed from making any principal payments on the New Secured Notes or the New Unsecured Notes. Furthermore, if a bankruptcy case were to be commenced by or against iAnthus, ICM or any New Secured Note Guarantor under the United States Bankruptcy Code, claims could be asserted (by iAnthus as debtors-in-possession, by any bankruptcy trustee appointed, or a statutory creditors' committee), with respect to any payments made on the New Secured Notes, New Unsecured Notes or guarantees within 90 days prior to the commencement of such a case (or one year before commencement of a bankruptcy proceeding if the creditor that benefited from the payment is an "insider" under the United States Bankruptcy Code), that iAnthus, ICM or the New Secured Note Guarantors were insolvent at the time any such payments were made and such payments enabled the recipients thereof to receive a greater return than they would in any hypothetical Chapter 7 liquidation, such that all or a portion of such payments, which could include repayments of amounts due under the New Secured Notes, New Unsecured Notes or the guarantees, might be deemed to constitute avoidable preferences, under the United States Bankruptcy Code, and that such payments should therefore be avoided by the bankruptcy court and recovered from the recipients for the benefit of the entire bankruptcy estate. Also, in the event that iAnthus was to become a debtor in a bankruptcy case seeking reorganization or other relief under the United States Bankruptcy Code, a delay and/or substantial reduction in payment under the New Secured Notes and/or the New Unsecured Notes may otherwise occur.

In the event of the Company's bankruptcy or the commencement of other insolvency proceedings (including receivership) available to us, the ability of the holders of the New Secured Notes to realize upon the Collateral will be subject to certain limitations

The ability of holders of the New Secured Notes to realize upon the Collateral will be subject to certain limitations in the event of Canadian bankruptcy or insolvency proceedings. Under Canadian bankruptcy and insolvency Laws upon the commencement of a bankruptcy or insolvency proceeding, a stay of proceedings is imposed (automatically or, in CCAA and receivership proceedings, by court order) which, among other things, stays:

- the commencement or continuation of any action or proceeding against the debtor that was or could have been commenced before the commencement of the bankruptcy or other insolvency proceedings to recover a claim against the debtor that arose before the commencement of such proceedings;
- any act to obtain possession of, or control over, property of the debtor's estate or the debtor;
- any act to create or enforce any lien against property of the debtor's estate or the debtor (provided that certain rights to perfect or re-perfect existing security interests is unaffected by the stay of the proceedings); and
- any act to collect or recover a claim against the debtor that arose before the commencement of the bankruptcy or other insolvency proceedings.

In Canada, under the CCAA and the BIA, secured creditors may be prevented from enforcing on their security from a debtor company in a proceeding without approval from the court supervising the proceeding, and may be prevented from disposing of security repossessed from such debtor without court approval. In restructuring proceedings under the CCAA or the BIA, the debtor may continue to retain collateral, including cash collateral, even though the debtor is in default under applicable debt instruments.

Under Canadian bankruptcy and insolvency statutes, a court may grant an order authorizing interim financing which ranks in priority to the claim of any other secured creditor of the debtor. In such a circumstance, the court must consider a number of factors including whether any creditor may be materially prejudiced. The court may provide protections in the face of material prejudice. However, this power is discretionary, and the Company cannot predict when, or whether, the Collateral Agent could realize upon the Collateral, or whether, or to what extent, holders of the New Secured Notes would be compensated for any delay in payment or loss of value of the Collateral.

Rights of the holders of the New Secured Notes in the collateral securing the New Secured Notes may be adversely affected by bankruptcy and insolvency proceedings and the holders of the New Secured Notes may not be entitled to post-petition interest, fees, or expenses in any bankruptcy or insolvency proceeding.

The rights of the Collateral Agent to obtain possession and dispose of the collateral securing the New Secured Notes upon acceleration is likely to be significantly impaired by, and at a minimum delayed by, U.S. bankruptcy law if U.S. bankruptcy proceedings are commenced by or against iAnthus prior to or possibly even after either such party has obtained possession and disposed of the collateral. Under the United States Bankruptcy Code, pursuant to the automatic stay imposed upon a bankruptcy filing, a secured creditor, such as the Collateral Agent, is prohibited from obtaining possession of its security from a debtor in a bankruptcy case, or from disposing of security in its possession from a debtor, without prior bankruptcy court approval (which may not be given under the circumstances). Moreover, U.S. bankruptcy law permits the debtor to continue to retain and to use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection". The meaning of the term "adequate protection" may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral and may include cash payments or the granting of additional or replacement security, if and at such time as the court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. A bankruptcy court may determine that a secured creditor may not require compensation for a diminution in the value of its collateral if the value of the collateral exceeds the debt it secures. In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary powers of a U.S. bankruptcy court, it is impossible to predict whether or when

payments under the New Secured Notes could be delayed following the commencement of a bankruptcy case (or the length of the delay in making any such payments), whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent the holders of the New Secured Notes would be compensated for any delay in payment or loss of value of the collateral through the requirements of "adequate protection".

Furthermore, in the event a U.S. bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the New Secured Notes and any additional obligations secured by first priority liens, the holders of the New Secured Notes would have "undersecured claims" as to any such deficiency. U.S. bankruptcy laws do not permit the payment or accrual of post-petition interest, costs, expenses and attorneys' fees for "undersecured claims" during the debtor's bankruptcy case. Other consequences of a finding of under- collateralization would include, among other things, a lack of entitlement to receive "adequate protection" under U.S. bankruptcy laws with respect to the unsecured portion of the New Secured Notes. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be recharacterized by a U.S. bankruptcy court as a reduction of the principal amount of the New Secured Notes.

Similarly, in Canada, the right of the Collateral Agent to repossess and dispose of the collateral securing the New Secured Notes upon acceleration is likely to be significantly impaired by Canadian bankruptcy and insolvency law if such proceedings are commenced by or against iAnthus prior to or possibly even after either such party has repossessed and disposed of the collateral. Pursuant to the stay imposed in certain Canadian bankruptcy and insolvency proceedings, a secured creditor, such as a holder of New Secured Notes is prohibited from repossessing its security from a debtor, or from disposing of security from a debtor, without court approval. Moreover, certain Canadian bankruptcy and insolvency proceedings permit the debtor (or its trustee, receiver or similar representative) to continue to retain and to use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments. In view of the broad discretionary powers of the court in such proceedings, it is impossible to predict how long payments under the New Secured Notes could be delayed following the commencement of such a proceeding, whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent the holders of the New Secured Notes would be compensated for any delay in payment or loss of value of the collateral or would recover the full amount owing to them. The payment or accrual of post-petition interest, costs and attorneys' fees during the debtor's bankruptcy or insolvency proceedings may not be permitted by the court.

Certain holders of a substantial amount of Common Shares will also hold a significant portion of the Company's indebtedness, including the New Secured Notes and the New Unsecured Notes, and their interest may differ from the interests of other holders of the New Secured Notes, New Unsecured Notes and/or Common Shares.

Upon consummation of the transactions contemplated by the Plan of Arrangement, certain holders of New Secured Notes and New Unsecured Notes will hold a substantial amount of Common Shares and will also hold a significant portion of the Company's indebtedness, including the New Secured Notes and the New Unsecured Notes. As a result, their interests may not be aligned with yours as a holder of the New Secured Notes, New Unsecured Notes and/or Common Shares. The Amended and Restated Secured Note Purchase Agreement and the agreements governing the Company's other indebtedness will not prohibit such parties from voting in all circumstances relating to such debt. If the Company encounters financial difficulties or are unable to pay its debts as they mature, the interests of such holders may conflict with those of the other holders of the New Secured Notes, New Unsecured Notes and/or Common Shares.

There is currently no public market for the New Secured Notes or the New Unsecured Notes, and an active trading market may not develop for the New Secured Notes or the New Unsecured Notes. The failure of a market to develop for the New Secured Notes or the New Unsecured Notes could affect the liquidity and value of the New Secured Notes or the New Unsecured Notes, as applicable.

The issuance of the New Secured Notes and the New Unsecured Notes will be a new issue of securities, and there is no existing market for the New Secured Notes or the New Unsecured Notes. An active market may not develop for the New Secured Notes or the New Unsecured Notes, and there can be no assurance as to the liquidity of any market that may develop for the New Secured Notes or the New Unsecured Notes. If an active market does not develop, the market price and liquidity of the New Secured Notes and/or New Unsecured Notes may be adversely affected.

The liquidity of the trading market, if any, and future trading prices of the New Secured Notes or the New Unsecured Notes will depend on many factors, including, among other things, the number of holders thereof, prevailing interest rates, iAnthus' operating results, financial performance and prospects, the interest of securities dealers in making a market in the New Secured Notes or the New Unsecured Notes, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors. Historically, the market for high-yield debt has been subject to disruptions that have caused substantial fluctuations in the prices of these securities. The market for the New Secured Notes or the New Unsecured Notes may be subject to similar disruptions that may adversely affect the value of the New Secured Notes or the New Unsecured Notes. In addition to the foregoing, subsequent to their initial issuance, the New Secured Notes and the New Unsecured Notes may trade at a discount depending on other factors that include, without limitation, prevailing interest rates, the market for similar securities, and iAnthus' performance.

There are significant restrictions on your ability to transfer or resell the New Secured Notes and the New Unsecured Notes.

The Company is relying upon an exemption from the prospectus requirements under applicable provincial securities Laws to issue the New Secured Notes and the New Unsecured Notes pursuant to, or in connection with, the Plan of Arrangement. Therefore, the New Secured Notes and the New Unsecured Notes may not be reoffered or resold except under certain exemptions from the prospectus requirements under applicable provincial securities Laws or the securities Laws of any other jurisdiction, and you may be required to bear the risk of your investment for an indefinite period of time.

The New Secured Notes and the New Unsecured Notes have not been and will not be registered under the 1933 Act or any applicable U.S. state securities laws and may not be re-offered, resold, pledged or otherwise transferred except as described herein.

In addition, your ability to transfer the notes may be limited by the absence of an active trading market and an active trading market may not develop for the New Secured Notes or the New Unsecured Notes.

The Company may be unable to repay or repurchase the New Secured Notes and/or the New Unsecured Notes at maturity.

At the respective maturity dates for the New Secured Notes and the New Unsecured Notes, the entire outstanding principal amount of the New Secured Notes and the New Unsecured Notes, together with accrued and unpaid interest, respectively, will become due and payable. The Company may not have the funds to fulfill these obligations or the ability to refinance these obligations. If the relevant maturity date occurs at a time when other arrangements prohibit the Company from repaying the New Secured Notes or the New Unsecured Notes, the Company could try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or the Company could attempt to refinance the borrowings that contain the restrictions. In these circumstances, if the Company cannot obtain such waivers or refinance these borrowings, it would be unable to repay the New Secured Notes or the New Unsecured Notes, as applicable.

The New Unsecured Notes are unsecured, subordinate debt obligations, and holders of the New Unsecured Notes may not have any meaningful recourse upon default.

The Company has, and will have, following the Recapitalization Transaction, a significant amount of senior indebtedness, which will rank in priority to the New Unsecured Notes. The can be no assurance that the Company will not default under its senior indebtedness and the lenders thereunder will not exercise their remedies and recourses to the exclusion of any rights of holders of the New Unsecured Notes.

The New Unsecured Notes will be unsecured direct obligations of ICM and will not be guaranteed by any party and will be subordinated in right of payment to senior indebtedness of ICM. There is no guarantee that the New Unsecured Notes will be repaid at maturity, or at all, and there may not be any meaningful recourse available to a holder of New Unsecured Notes against ICM upon default under the terms of the New Unsecured Notes or should the obligations under the New Unsecured Notes not be repaid at maturity.

Tax Risks

The tax Laws of any applicable country, province, state or territory (including Canadian and United States federal income tax Laws), and the administrative application and interpretation of such Laws, are subject to change. Any change in the tax Laws that are applicable to iAnthus or the interests held by a Securityholder in iAnthus, or the administrative application or interpretation of such Laws, could have an adverse impact on such Securityholder's interests in iAnthus.

Although the Company is a Canadian corporation, the Company is classified as a U.S. domestic corporation for United States federal income tax purposes under section 7874(b) of the U.S. Tax Code and will be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, regardless of any application of section 7874 of the U.S. Tax Code, the Company is treated as a Canadian resident corporation. As a result, the Company is subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

Dividends received by Shareholders who are residents of Canada for purposes of the Tax Act will generally be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the U.S. Treaty. In addition, a Canadian foreign tax credit may not be available under the Tax Act in respect of such taxes.

Dividends received by U.S. resident Shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax under the Tax Act. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the U.S. Tax Code. Accordingly, U.S. Shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by Shareholders that are neither Canadian nor U.S. residents will generally be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a Shareholder of the Company, subject to examination of the relevant treaty.

While iAnthus is confident in its tax filing positions in connection with the Recapitalization Transaction, it has not sought or obtained from any tax authority advance confirmation of such positions (including an advance income tax ruling from the CRA or a private letter ruling from the IRS), therefore it is possible that such positions may be successfully challenged by tax authorities, which could result in materially different tax consequences than anticipated. It is possible that the Canadian and/or United States tax authorities could take positions or adopt interpretations regarding the applicable tax consequences to Securityholders that differ from those set out in this Circular. Securityholders should consult their own tax advisors.

Risks under the 1934 Act

The Company may be subject to liability for failure to comply with the requirements of the 1934 Act.

The Company has determined that it ceased to qualify as a foreign private issuer for the purposes of the 1933 Act and the 1934 Act on June 28, 2019 (being the last Business Day of the second fiscal quarter of the year ended December 31, 2019). As a result, the Company ceased to be eligible to use the rules and forms available to foreign private issuers under the 1933 Act and the 1934 Act on December 31, 2019, and it became obligated to file a registration statement with the SEC, on Form 10 under the 1934 Act, no later than April 29, 2020 (120 days from the fiscal year end). However, the circumstances necessitating the Recapitalization Transaction made it impossible for the Company to do so.

As a result of the Company’s failure to comply with the registration requirements of the 1934 Act, the SEC may bring an enforcement action or commence litigation against it, as well as its executive, board members and/or significant shareholders. If any claims or actions were to be brought against the Company relating to its lack of compliance with the 1934 Act, it could be subject to penalties, required to pay fines, make damages payments or settlement payments.

In addition, any claims or actions could force the Company to expend significant financial resources to defend itself, could divert the attention of the Company management from its core business and could harm the Company's reputation.

Risks relating to COVID-19

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, 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 Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditors of iAnthus are Marcum LLP, Accountants and Advisors, located at 750, 3rd Avenue, 11th Floor, New York, NY, 10017, USA.

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal offices located in Toronto, Ontario.

INTEREST OF EXPERTS

As of the date hereof, the partners and associates of McMillan LLP, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares.

As of the date hereof, the partners and associates of Duane Morris LLP, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares.

LEGAL MATTERS

Certain legal matters in connection with the Recapitalization Transaction will be passed upon on behalf of iAnthus by McMillan LLP, as to matters of Canadian Law, and by Duane Morris LLP as to matters of United States Law.

WHERE YOU CAN FIND MORE INFORMATION

Information has been incorporated by reference in this Circular from documents filed with the securities commissions or similar authorities in Canada. Copies of this Circular and the documents incorporated herein by reference may be obtained on request without charge from our Corporate Secretary at 505 Fifth Avenue, 23rd Floor, New York, New York, USA 10017, or Telephone: (416) 591-1525 and are also available electronically on SEDAR at www.sedar.com.

APPROVAL OF PROXY CIRCULAR BY THE BOARD OF DIRECTORS AND SOLE MANAGER

The contents of this Circular and its sending to Secured Noteholders, Unsecured Debentureholders and Equityholders has been approved by the directors of iAnthus and the sole member and manager of ICM.

DATED August 14, 2020.

BY ORDER OF THE BOARD OF DIRECTORS OF IANTHUS CAPITAL HOLDINGS, INC. AND THE SOLE MEMBER AND MANAGER OF IANTHUS CAPITAL MANAGEMENT, LLC

Randy Maslow (signed)
President and Interim Chief Executive Officer

CONSENT OF PRICEWATERHOUSECOOPERS LLP

We hereby consent to the references to our firm's Fairness Opinion dated July 28, 2020 (the "**Fairness Opinion**") under "*Summary*", "*Description of the Recapitalization Transaction – Court Approval and Completion of the Arrangement*", "*Description of the Recapitalization Transaction – Fairness Opinion*" and "*Description of the Recapitalization Transaction – Recommendation of the Board of Directors*" in the management information circular of iAnthus Capital Holdings, Inc. dated August 14, 2020 (the "**Circular**"), and to the references therein to our firm name and to the inclusion of the Fairness Opinion in the Circular and the filing of the Fairness Opinion with the Supreme Court of British Columbia.

Toronto, Canada
August 14, 2020

*PricewaterhouseCoopers LLP (*signed)

APPENDIX A
FORM OF SECURED NOTEHOLDERS' ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. the arrangement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement**") pursuant to Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") of iAnthus Capital Management, LLC ("**ICM**") and iAnthus Capital Holdings, Inc. ("**iAnthus**"), as more particularly described and set forth in the management information circular of iAnthus dated August 14, 2020 (the "**Circular**") accompanying the notice of this meeting, be and is hereby authorized, approved and adopted;

2. the plan of arrangement of iAnthus and ICM (as the same may be, or may have been, amended, modified or supplemented in accordance with the Arrangement Agreement (as defined below) and its terms (the "**Plan of Arrangement**")), the full text of which is set out in Appendix F to the Circular, is hereby authorized, approved and adopted;

3. the arrangement agreement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement Agreement**") dated effective August 6, 2020 between iAnthus and ICM, the full text of which is set out in Appendix E to the Circular, is hereby authorized, approved, ratified and confirmed;

4. ICM be and is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular);

5. notwithstanding the passing of this resolution or the passing of similar resolutions or the approval of the Court, the sole member and manager of ICM, without further notice to, or approval of, the securityholders of ICM, are hereby authorized and empowered to (A) amend, modify or supplement the Arrangement Agreement, to the extent permitted by the Arrangement Agreement, the Plan of Arrangement and the Support Agreement (as defined in the Circular) and (B) subject to the terms of the Arrangement Agreement and the Support Agreement, to determine not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA;

6. any one director or officer of ICM be and is hereby authorized and directed, for and on behalf of ICM (whether under corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, articles of arrangement and any and all other documents, agreements and instruments and to perform, or cause to be performed by, such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, including the transactions required and/or contemplated by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing; and

7. all actions heretofore taken by or on behalf of ICM in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX B
FORM OF UNSECURED DEBENTUREHOLDERS' ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. the arrangement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement**") pursuant to Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") of iAnthus Capital Management, LLC ("**ICM**") and iAnthus Capital Holdings, Inc. ("**iAnthus**"), as more particularly described and set forth in the management information circular of iAnthus dated August 14, 2020 (the "**Circular**") accompanying the notice of this meeting, be and is hereby authorized, approved and adopted;

2. the plan of arrangement of iAnthus and ICM (as the same may be, or may have been, amended, modified or supplemented in accordance with the Arrangement Agreement (as defined below) and its terms (the "**Plan of Arrangement**")), the full text of which is set out in Appendix F to the Circular, is hereby authorized, approved and adopted;

3. the arrangement agreement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement Agreement**") dated effective August 6, 2020 between iAnthus and ICM, as described in the Circular, is hereby authorized approved, ratified and confirmed;

4. iAnthus be and is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular);

5. notwithstanding the passing of this resolution or the passing of similar resolutions or the approval of the Court, the board of directors of iAnthus, without further notice to, or approval of, the securityholders of iAnthus, are hereby authorized and empowered to (A) amend, modify or supplement the Arrangement Agreement, to the extent permitted by the Arrangement Agreement, the Plan of Arrangement and the Support Agreement (as defined in the Circular) and (B) subject to the terms of the Arrangement Agreement and the Support Agreement, to determine not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA;

6. any one director or officer of iAnthus be and is hereby authorized and directed, for and on behalf of iAnthus (whether under corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, articles of arrangement and any and all other documents, agreements and instruments and to perform, or cause to be performed by, such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, including the transactions required and/or contemplated by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing; and

7. all actions heretofore taken by or on behalf of iAnthus in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX C
FORM OF EQUITYHOLDERS' ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the arrangement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement**") pursuant to Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") of iAnthus Capital Management, LLC ("**ICM**") and iAnthus Capital Holdings, Inc. ("**iAnthus**"), as more particularly described and set forth in the management information circular of iAnthus dated August 14, 2020 (the "**Circular**") accompanying the notice of this meeting, be and is hereby authorized, approved and adopted;

2. the plan of arrangement of iAnthus and ICM (as the same may be, or may have been, amended, modified or supplemented in accordance with the Arrangement Agreement (as defined below) and its terms (the "**Plan of Arrangement**")), the full text of which is set out in Appendix F to the Circular, is hereby authorized, approved and adopted;

3. the arrangement agreement (as the same may be, or may have been, amended, modified or supplemented, the "**Arrangement Agreement**") dated effective August 6, 2020 between iAnthus and ICM, as described in the Circular, is hereby authorized approved, ratified and confirmed;

4. iAnthus be and is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular);

5. notwithstanding the passing of this resolution or the passing of similar resolutions or the approval of the Court, the board of directors of iAnthus, without further notice to, or approval of, the securityholders of iAnthus, are hereby authorized and empowered to (A) amend, modify or supplement the Arrangement Agreement, to the extent permitted by the Arrangement Agreement, the Plan of Arrangement and the Support Agreement (as defined in the Circular) and (B) subject to the terms of the Arrangement Agreement and the Support Agreement, to determine not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA;

6. any one director or officer of iAnthus be and is hereby authorized and directed, for and on behalf of iAnthus (whether under corporate seal or otherwise), to execute and deliver, or cause to be executed and delivered, any and all other documents, agreements and instruments and to perform, or cause to be performed by, such other acts and things, as in such person's opinion may be necessary or desirable to give full effect to these resolutions and the matters authorized hereby, including the transactions required and/or contemplated by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the doing of any such act or thing;

7. notwithstanding the foregoing, the directors of iAnthus are hereby authorized, without further approval of or notice to the shareholders of iAnthus, to revoke this special resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the BCBCA; and

8. all actions heretofore taken by or on behalf of iAnthus in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

APPENDIX D
DESCRIPTION OF NEW UNSECURED NOTES

Issuer	iAnthus Capital Management, LLC ("**ICM**")
Security to be Issued	$20.0 million principal amount of non-convertible unsecured debentures (the "**New Unsecured Notes**") in form and substance reasonably satisfactory to the Petitioners, the Secured Lenders and the Initial Supporting Unsecured Debentureholders
Ranking	The New Unsecured Notes shall rank junior to the New Secured Notes
Holders	In accordance with the terms of the Plan of Arrangement, on the Effective Date: • Secured Lenders shall be issued their Secured Lender Pro Rata Share of 25% of the New Unsecured Notes; and • Unsecured Debentureholders shall be issued their Unsecured Debentureholder Pro Rata Share of 75% of the New Unsecured Notes.
Interest	Interest shall accrue at 8% per annum, compounding quarterly and paid-in-kind
Maturity	The maturity date shall be five years after the Effective Date
Non-callable	The New Unsecured Notes shall be non-callable for a period of three years after the Effective Date
Conversion or Exchange Rights	The New Unsecured Notes are not convertible nor exchangeable for equity securities
Events of Default	Customary events of default

APPENDIX E
ARRANGEMENT AGREEMENT

(see attached)

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made as of the 6th day of August, 2020 (the "**Agreement**").

AMONG:

> **IANTHUS CAPITAL HOLDINGS, INC.**, a corporation incorporated under the laws of the Province of British Columbia, Canada ("**ICH**")

- and -

> **IANTHUS CAPITAL MANAGEMENT, LLC**, a limited liability company organized under the laws of Delaware ("**ICM**")

RECITALS:

A. ICH and ICM (collectively, the "**Parties**") intend to apply to the Supreme Court of British Columbia (the "**Court**") for an order approving the arrangement (the "**Arrangement**"), pursuant to Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), as set forth in the plan of arrangement (as may be amended, modified and/or supplemented, the "**Plan of Arrangement**") a copy of which is attached hereto as Schedule "A"; and

B. The Parties wish to enter into this Agreement to formalize certain matters relating to the foregoing and other matters relating to the Plan of Arrangement,

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the premises and the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

All capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Plan of Arrangement.

1.2 Interpretation

The division of this Agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **Article References**

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and schedules are to articles, sections and schedules of this Agreement.

1.4 **Incorporation of Schedules**

The following schedules are incorporated into and form an integral part of this Agreement:

Schedule "A" - Plan of Arrangement

1.5 **Extended Meanings**

Unless the context otherwise requires, words importing the singular number shall include the plural and *vice versa*; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, bodies corporate, trusts, unincorporated organizations, governments, regulatory authorities, and other entities.

1.6 **Date for any Action**

In the event that any date on which any action required to be taken hereunder by any of the Parties hereto is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 **Entire Agreement**

Subject to the terms and conditions of the Support Agreement, which shall at all times be paramount to this Agreement, this Agreement, together with the Schedule "A" attached hereto, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

1.8 **Governing Law**

This Agreement is governed by, interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

ARTICLE 2
THE ARRANGEMENT

2.1 **Arrangement**

As soon as reasonably practicable or in accordance with the timing contemplated under the Support Agreement, the Parties shall apply to the Court pursuant to Section 291 of the BCBCA for an order approving the Arrangement, and in connection with such application shall:

(a) forthwith file, proceed with and diligently prosecute an application for the Interim Order, providing for, among other things, the calling and holding of the Meetings

for purposes of, among other things, considering and, if deemed advisable, approving the matters set forth in the notices of such Meetings; and

(b) subject to obtaining the approvals contemplated in the Interim Order and Plan of Arrangement and such other conditions precedent to the implementation of the Arrangement (as set out herein, the Support Agreement and in the Plan of Arrangement) and as may be directed by the Court in the Interim Order, take steps necessary to submit the Arrangement to the Court and apply for the Final Order.

Subject to the fulfillment of the conditions set forth herein, if applicable, the Parties shall deliver to the Registrar of Companies in accordance with the BCBCA, immediately following completion and/or satisfaction of such conditions, such documents as may be required to give effect to the Arrangement.

2.2 **US Securities Law Matters**

The Parties agree that the issuance of New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares on completion of the Arrangement to certain securityholders of the Parties is intended to be completed in reliance on the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof, or, if such exemption is not available to the Parties, another exemption from registration requirements under the US Securities Act and the registration and qualification requirements of all applicable state securities laws. In order to ensure the availability of the exemption from registration provided by Section 3(a)(10) of the US Securities Act, the Parties agree that the Arrangement will be carried out on the following basis:

(a) prior to the issuance of the Interim Order, the Court will be advised of the intention of the Parties to rely on the exemption from registration provided by Section 3(a)(10) of the US Securities Act with respect to the issuance of New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares pursuant to the Arrangement, based on the Court's approval of the Arrangement;

(b) the Court will be required to satisfy itself that the Arrangement is fair and reasonable;

(c) the Parties will ensure that each securityholder of the Parties entitled to receive New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares under the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(d) the applicable securityholders of the Parties will be advised that the New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares to be issued in the Arrangement have not been registered under the US Securities Act and will be issued in reliance on the exemption from registration provided by Section 3(a)(10) of the US Securities Act;

(e) the Interim Order will specify that each securityholder of the Parties entitled to receive New Secured Notes, New Unsecured Notes or Debt Exchange Common

Shares under the Arrangement will have the right to appear before the Court at the hearing in respect of the Final Order so long as it enters an appearance within a reasonable time frame; and

(f) the Final Order will expressly state that the Arrangement is approved by the Court as being fair and reasonable to each securityholder of the Parties entitled to receive New Secured Notes, New Unsecured Notes or Debt Exchange Common Shares under the Arrangement.

ARTICLE 3
COVENANTS

3.1 General Covenants

Each of the Parties covenants with the other Parties that it will:

(a) do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments as may reasonably required, both prior to and following the Effective Date, to facilitate the carrying out of the intent and purposes of this Agreement;

(b) use all reasonable efforts to cause each of the conditions precedent set forth in Section 5.1 which are within its control to be satisfied on or before the Effective Date; and

(c) not take any action that would be knowingly contrary with the transactions contemplated by this Agreement and the Plan of Arrangement.

3.2 Additional Covenants of the Parties

Each Party further covenants and agrees that it will, as applicable:

(a) apply to the Court for the Interim Order;

(b) in the case of ICH, convene and hold the Meetings as ordered by the Interim Order and conduct such Meetings in accordance with the Interim Order and as otherwise required by Law;

(c) in the case of ICH, solicit proxies to be voted at the Equityholders' Meeting in favour of the resolutions set forth in the notice thereof and prepare the Circular and proxy solicitation materials and any amendments and supplements thereto as required by, and in compliance with, the Interim order, and applicable corporate laws, and distribute the same to Secured Noteholders, Unsecured Debenture Holders and Equityholders in a timely and expeditious manner in all jurisdictions where the same are required to be filed or distributed;

(d) following the Meetings, submit the Arrangement to the Court and apply for the Final Order;

(e) perform (or cause to be performed) the obligations required to be performed by it and its subsidiaries under this Agreement and the Plan of Arrangement and do (or cause to be done) all such other acts and things as may be necessary, or within the reasonable discretion of such Party desirable, and within its power and control in order to carry out and give effect to the transactions contemplated by this Agreement and the Plan of Arrangement including (without limitation) using commercially reasonable efforts to:

(i) effect the issuances, deliveries and payments set forth in Sections 3.1 to 3.2 of the Plan of Arrangement;

(ii) carry out the Effective Date transactions set forth in Section 4.3 of the Plan of Arrangement;

(iii) obtain the Interim Order;

(iv) obtain the approvals provided for in the Interim Order;

(v) following the Meetings, obtain the Final Order; and

(vi) obtain such other material consents, approvals and/or waivers as are necessary for the implementation of the Arrangement;

(f) upon issuance of the Final Order and subject to the conditions precedent in Article 4 and Section 6.1 of the Plan of Arrangement, forthwith proceed to file, if applicable, articles of amendment with the Registrar of Companies in accordance with the BCBCA; and

(g) file such materials, together with other disclosure materials required to be filed in accordance with applicable corporate and securities laws, in a timely and expeditious manner.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Parties

Each Party represents and warrants to the other Parties as follows, and acknowledges that the other Parties are relying upon such representations and warranties:

(a) such Party is an entity duly formed and validly existing under the laws of the jurisdiction where it was formed and has the power and capacity to own or lease its property and assets, to carry on its business as now conducted by it, to enter into this Agreement, and to perform its obligations hereunder;

(b) the execution and delivery of this Agreement and all documents to be delivered pursuant hereto and the completion of the transactions contemplated hereby do not and will not, to the best of the knowledge of the officers and employees of such

Party who have been involved in the discussions concerning the Plan of Arrangement:

(i) result (with or without noticed or the passage of time) in any violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under any provision of the charter or by-laws or similar organizational documents of such Party; and

(ii) violate or conflict with any judgment, order, statute, law, ordinance, rule or regulation applicable to such Party or any of its properties or assets, except, in the case for violations or conflicts that, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on such Party's ability to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and

(c) the execution and delivery of this Agreement and the completion of the transactions contemplated hereby have been duly approved by the board of directors or applicable governance committee of such Party and this Agreement constitutes a valid and binding obligation of such Party enforceable against it in accordance with its terms.

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the transactions contemplated by this Agreement shall be subject to the fulfilment or satisfaction, on or before the Effective Date, of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

(a) the conditions precedent set out in the Support Agreement shall have been fulfilled, satisfied or waived pursuant to the terms of the Support Agreement;

(b) the conditions precedent set out in Article 6 of the Plan of Arrangement shall have been fulfilled, satisfied or waived by the parties pursuant to the terms of the Plan of Arrangement;

(c) the Parties shall have taken all necessary corporate actions and proceedings in connection with, and in order to give effect to, the Plan of Arrangement; and

(d) the issuance of New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares pursuant to the Arrangement shall be exempt from registration requirements under the US Securities Act and the registration and qualification requirements of all applicable state securities laws.

ARTICLE 6
NOTICES

6.1 **Notices**

Any notices or communication to be made or given hereunder shall be in writing and be made or given by the person making or giving it or by any agent of such person authorized for that purpose by personal delivery, by prepaid courier delivery or by e-mail addressed to the respective Parties as follows:

If to ICH or ICM:

iAnthus Capital Holdings, Inc.
c/o McMillan LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, Ontario
M5J 2T3

Attention: Wael Rostom, Tushara Weerasooriya and James Munro
Email: **[Redacted: Personal Contact Information]**

or to such other address as any Party may from time to time notify the others in accordance with this Section 6.1. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by e-mail and any notice or other communication given or made by prepaid mail within the five Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. All such notices and communications so given or made shall be deemed to have been received, in the case of notice by e-mail or by personal delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and, in the case of notice mailed as aforesaid, on the fifth Business Day following the date on which such notice or other communication is mailed.

ARTICLE 7
AMENDMENT

7.1 **Amendments**

This Agreement may, at any time and from time to time, but not later than the Effective Date, be amended in any respect whatsoever by written agreement of the Parties hereto without, subject to applicable law and the Support Agreement, further notice to or authorization on the part of their respective securityholders.

7.2 **Termination**

This Agreement shall be terminated if an agreement to terminate it is executed and delivered by all Parties, subject to the Support Agreement.

ARTICLE 8
GENERAL

8.1 **Binding Effect**

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

8.2 **No Assignment**

No Party may assign its rights or obligations under this Agreement without the consent of all of the other Parties.

8.3 **Equitable Remedies**

All covenants herein and opinions to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy, may only be ordered at the discretion of the Court.

8.4 **Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

8.5 **Time of Essence**

Time shall be of the essence in respect of this Agreement.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement.

IANTHUS CAPITAL HOLDINGS, INC.

Per: (signed) "*Randy Maslow*"
Name: Randy Maslow
Title: President

IANTHUS CAPITAL MANAGEMENT, LLC

Per: (signed) "*Randy Maslow*"
Name: Randy Maslow
Title: President

APPENDIX F
PLAN OF ARRANGEMENT

SCHEDULE "A" TO THE ARRANGEMENT AGREEMENT

(see attached)

SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF A PLAN OF ARRANGEMENT UNDER SECTION 288 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC, AND INVOLVING S8 RENTAL SERVICES, LLC, MPX BIOCEUTICAL ULC, BERGAMOT PROPERTIES, LLC, IANTHUS HOLDINGS FLORIDA, LLC, GROWHEALTHY PROPERTIES, LLC, FALL RIVER DEVELOPMENT COMPANY, LLC, CGX LIFE SCIENCES INC., GTL HOLDINGS, LLC, IANTHUS EMPIRE HOLDINGS, LLC, AMBARY, LLC, PAKALOLO, LLC, IANTHUS ARIZONA, LLC, S8 MANAGEMENT, LLC, SCARLET GLOBEMALLOW, LLC, GHHIA MANAGEMENT, INC., MCCRORY'S SUNNY HILL NURSERY, LLC, IA IT, LLC, PILGRIM ROCK MANAGEMENT, LLC, MAYFLOWER MEDICINALS, INC., IMT, LLC, GREENMART OF NEVADA NLV, LLC, IANTHUS NEW JERSEY, LLC, IA CBD, LLC, CITIVA MEDICAL, LLC, GRASSROOTS VERMONT MANAGEMENT SERVICES, LLC, AND FWR, INC.

IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC

PLAN OF ARRANGEMENT

August 6, 2020

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PLAN OF ARRANGEMENT

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan, unless otherwise stated:

"**Affected Equity**" means all Existing Equity other than the Existing Shares;

"**Affected Equity Claim**" means an equity claim (as defined in Section 2(1) of the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c.C-36) in respect of any iAnthus Party;

"**Affected Equityholders**" means the holders of any Affected Equity (including, for greater certainty, the holders of Options and Warrants);

"**Amended and Restated Secured Note Purchase Agreement**" means the third amended and restated secured note purchase agreement to be entered into between ICM, the New Secured Note Guarantors, the New Secured Noteholders and the Collateral Agent, each acting reasonably, which shall govern the issue of the New Secured Notes with an aggregate principal amount equal to the New Secured Notes Aggregate Principal Amount, and become effective on the Effective Date in accordance with the sequence set out in Section 4.3;

"**Arrangement**" means an arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement and Section 7.5 of this Plan or made at the direction of the Court in the Interim Order or the Final Order and with the consent of the Petitioners and the Requisite Consenting Parties, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated August 6, 2020, between ICH and ICM, as amended, modified and/or supplemented from time to time in accordance with its terms;

"**BCBCA**" means the *Business Corporations Act*, SBC 2002, c 57, as amended;

"**BCBCA Proceedings**" means the proceedings commenced by the Petitioners under the BCBCA in connection with this Plan;

"**Business Day**" means any day, other than a Saturday, Sunday or a statutory or civic holiday, on which banks are generally open for business in Toronto, Ontario, Vancouver, British Columbia or New York, New York;

"**CDS**" means the CDS Clearing and Depository Services Inc. and its successors and assigns;

"**Circular**" means the notice for each of the Secured Noteholders' Meeting, the Unsecured Debenture Holders' Meeting and the Equityholders' Meeting, and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent by ICH to the Secured Noteholders, Unsecured Debenture Holders and Equityholders in connection with the Secured Noteholders' Meeting, the Unsecured Debenture Holders' Meeting and the Equityholders' Meeting, respectively, in form and substance acceptable to the Petitioners and the Requisite Consenting Parties;

"**Claim**" means any right or claim of any Person that may be asserted or made in whole or in part against the iAnthus Parties, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express,

implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any claim made or asserted against the iAnthus Parties through any affiliate, subsidiary, associated or related person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future;

"**Closing Certificate**" means a certificate in the form attached hereto as Appendix "A" which, when signed by an authorized representative of the Petitioners, each of the Initial Supporting Unsecured Debenture Holders and the Collateral Agent (for and on behalf of the Secured Lenders), will constitute acknowledgment by such Persons that this Plan has been implemented to their respective satisfaction;

"**Collateral Agent**" means the collateral agent for the Secured Notes or New Secured Notes, as the context requires, being Gotham Green Admin 1, LLC, or its successors or assigns;

"**Company Advisors**" means McMillan LLP, Duane Morris LLP, Lax O'Sullivan Lisus Gottlieb LLP, FTI Consulting Canada Inc. and its counsel, and Canaccord Genuity Corp.;

"**Court**" means the Supreme Court of British Columbia;

"**CSE**" means the Canadian Securities Exchange;

"**Debt Exchange Common Shares**" means the 6,072,579,699 common shares in the capital of ICH to be issued to the Secured Lenders and Unsecured Debenture Holders pursuant to the Plan;

"**Debtholder Claims**" means, collectively, the Interim Lender Claims, the Secured Noteholder Claims and the Unsecured Debenture Holder Claims;

"**Direct Registration System**" means an electronic register of the Shares maintained by a transfer agent selected by ICH;

"**Distribution Record Date**" means a date to be mutually determined by ICH and the Requisite Consenting Parties for purposes of distributions under this Plan;

"**DTC**" means the Depository Trust & Clearing Corporation and its successors and assigns;

"**Effective Date**" means the date shown on the Closing Certificate;

"**Effective Time**" means the time on the Effective Date specified as the "Effective Time" on the Closing Certificate;

"**Equityholders**" means the Shareholders, the holders of Options and the holders of Warrants;

"**Equityholders' Arrangement Resolution**" means the resolution of the Equityholders relating to the Arrangement considered at the Equityholders' Meeting, substantially in the form attached as Appendix C to the Circular;

"**Equityholders' Meeting**" means the meeting of the Equityholders as of the Record Date to be called and held pursuant to the Interim Order for the purpose of considering and voting on the Equityholders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting;

"**Existing Board**" means the board of directors of ICH as at the date hereof. For the avoidance of doubt, the Existing Board is comprised of eight directors with three vacancies and the following five directors in place:

(i) Joy Chen, (ii) Dianne M. Ellis, (iii) Randy Maslow (iv) Michael P. Muldowney, and (v) Robert M. Whelan Jr.;

"**Existing Equity**" means all of the equity of ICH and any other interest in or entitlement to shares or units in the capital of ICH existing immediately prior to the Effective Time, including, without limitation, any and all Existing Shares, Options, Warrants, preferred shares, conversion privileges, calls, subscriptions, exchangeable securities or other rights, plans (including stock option plans, restricted share unit plans and deferred share unit plans), agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating ICH to issue or sell shares in the capital of ICH or any securities or obligations of any kind convertible into or exchangeable from such shares;

"**Existing Equity Holders**" means the holders of any Existing Equity;

"**Existing Shareholders**" means, as the context requires, Registered Shareholders or beneficial holders of the Existing Shares, in their capacities as such;

"**Existing Shares**" means all Shares that are issued and outstanding prior to the Effective Time;

"**Final Order**" means the Order of the Court approving the Arrangement under Section 291 of the BCBCA, which shall include such terms as may be necessary or appropriate to give effect to the Arrangement and this Plan, in form and substance acceptable to the Petitioners and the Requisite Consenting Parties, each acting reasonably;

"**Governmental Entity**" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity: (i) having or purporting to have jurisdiction on behalf of any nation, province, territory, state, municipality or any other geographic or political subdivision of any of them; or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**Guarantors**" means the guarantors under the Secured Note Purchase Agreement, being collectively, ICH, S8 Rental Services, LLC, MPX Bioceutical ULC, Bergamot Properties, LLC, iAnthus Holdings Florida, LLC, GrowHealthy Properties, LLC, Fall River Development Company, LLC, CGX Life Sciences Inc., GTL Holdings, LLC, iAnthus Empire Holdings, LLC, Ambary, LLC, Pakalolo, LLC, iAnthus Arizona, LLC, S8 Management, LLC, Scarlet Globemallow, LLC, GHHIA Management, Inc., McCrory's Sunny Hill Nursery, LLC, iA IT, LLC, Pilgrim Rock Management, LLC, Mayflower Medicinals, Inc., IMT, LLC, GreenMart of Nevada NLV, LLC, iAnthus New Jersey, LLC, iA CBD, LLC, Citiva Medical, LLC, Grassroots Vermont Management Services, LLC, and FWR, Inc.;

"**iAnthus Parties**" means, collectively, ICH, ICM, the other Guarantors and any non-Guarantor subsidiaries of ICH or ICM;

"**iAnthus Released Parties**" means, collectively, the iAnthus Parties, and each of their respective current and former officers, directors, employees, current and former shareholders, auditors, financial advisors, legal counsel and agents;

"**ICH**" means iAnthus Capital Holdings, Inc.;

"**ICM**" means iAnthus Capital Management, LLC;

"**ICM Membership Interests**" means the membership interests in ICM;

"Initial Supporting Unsecured Debenture Holder Advisors" means Cassels Brock & Blackwell LLP, Stikeman Elliott LLP and such other advisors to the Initial Supporting Unsecured Debenture Holders as agreed to with ICH from time to time;

"**Initial Supporting Unsecured Debenture Holders**" means those Unsecured Debenture Holders who were initial signatories to the Support Agreement, being each of (i) Senvest Master Fund, L.P., Senvest Global

(KY), LP (together, "**Senvest**"), (ii) Oasis Investments II Master Fund Ltd. ("**Oasis**"), and (iii) Hadron Alpha PLC – Hadron Alpha Select Fund, and Hadron Healthcare and Consumer Special Opportunities Master Fund (together, "**Hadron**"), which holders hold in aggregate not less than 75% of the aggregate principal amount of Unsecured Debentures held by all Unsecured Debenture Holders;

"**Interim Financing**" means the secured non-revolving credit facility provided by the Interim Lenders to ICM pursuant to the Secured Note Purchase Agreement and the issuance of the Interim Financing Secured Notes with an initial principal amount equal to the Interim Financing Principal Amount;

"**Interim Financing Principal Amount**" means $14,736,842.11;

"**Interim Financing Secured Notes**" means the 8.0% senior secured notes, due July 13, 2025 issued under the Secured Note Purchase Agreement;

"**Interim Lender Claims**" means any Claim of the Interim Lenders for amounts payable to it under the Secured Note Purchase Agreement, including all principal, accrued interest, make-whole premium and other amounts owing under the Secured Note Purchase Agreement;

"**Interim Lenders**" means Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P. and Gotham Green Partners SPV V, L.P. and their permitted successors and assigns;

"**Interim Order**" means the interim order of the Court in respect of the Petitioners pursuant to the BCBCA, in form and substance acceptable to the Requisite Consenting Parties, which, among other things, calls and sets the date for the Meetings, as such order may be amended from time to time in a manner acceptable to the Requisite Consenting Parties;

"**Intermediary**" means a broker, custodian, investment dealer, nominee, bank, trust company or other intermediary;

"**Law**" means any law, statute, order, decree, consent decree, judgment, rule regulation, ordinance or other pronouncement having the effect of law whether in Canada, the United States, or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity, but excluding all U.S. federal and Canadian federal, provincial or territorial laws, statutes, codes, ordinances, decrees, rules and regulations which apply to the production, trafficking, distribution, processing, extraction, sale or any transactions promoting the business or involving the proceeds of marijuana (cannabis) and related substances (collectively, the "**Excluded Laws**"), provided, however, that Excluded Laws shall not include any provision of the U.S. Internal Revenue Code, as amended (the "**Code**"), including, without limitation, Section 280E of the Code;

"**Meetings**" means, collectively, (i) the Secured Noteholders' Meeting, (ii) the Unsecured Debenture Holders' Meeting, and (iii) the Equityholders' Meeting;

"**New Board**" means the reconstituted board of directors of ICH at the Effective Time, which shall be comprised of the New Directors;

"**New Directors**" means seven (7) directors, comprised as follows: (i) three (3) nominees from the Secured Noteholders; (ii) (a) one (1) nominee by Oasis, (b) one (1) nominee by Senvest, and (c) one (1) nominee by Hadron; and (iii) the Chief Executive Officer of ICH who shall be agreed upon by the Secured Noteholders and the Initial Supporting Unsecured Debenture Holders and then appointed by the New Board;

"**New Secured Note Guarantors**" means the guarantors under the Amended and Restated Secured Note Purchase Agreement, being collectively, the Guarantors;

"**New Secured Noteholders**" means the holders of New Secured Notes after giving effect to the Plan and shall include the Interim Lenders and the Secured Noteholders;

"**New Secured Notes**" means the 8.0% senior secured notes, as amended and restated, due on the date that is five years following the Effective Date, to be issued by ICM under the Amended and Restated Secured Note Purchase Agreement;

"**New Secured Notes Aggregate Principal Amount**" means $99,736,842.11, being the aggregate of the New Secured Notes Base Principal Amount and the Interim Financing Principal Amount;

"**New Secured Notes Base Principal Amount**" means $85,000,000;

"**New Unsecured Notes**" means the $20,000,000 aggregate principal amount of 8.0% unsecured debentures, due on the date that is five years following the Effective Date, to be issued by ICM in connection with the Plan;

"**Options**" means options to purchase Shares issued and outstanding under the Stock Option Plan up to and including the Effective Date;

"**Order**" means any order of the Court in the BCBCA Proceedings;

"**Person**" is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, Government Entity or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

"**Petitioners**" means, collectively, ICH and ICM;

"**Plan**" means this plan of arrangement and any amendments, modifications or supplements hereto made in accordance with the terms hereof or made at the direction of the Court in the Interim Order or Final Order and with the consent of the Petitioners and the Requisite Consenting Parties, each acting reasonably;

"**Record Date**" means August 6, 2020;

"**Registered Shareholder**" means the holder of Shares as recorded on the books and records of ICH or the Transfer Agent;

"**Released Claims**" means, collectively, the matters that are subject to release and discharge pursuant to Section 5.1;

"**Released Parties**" means, collectively, the iAnthus Released Parties and the Securityholders' Released Parties;

"**Requisite Consenting Parties**" means each of the Initial Supporting Unsecured Debenture Holders and the Secured Noteholders;

"**Secured Lender Pro Rata Share**" means, for a Secured Lender, the percentage that (i) the aggregate of the principal amount of Secured Notes (plus accrued and unpaid interest and fees) and the principal amount of Interim Financing Secured Notes (plus accrued and unpaid interest) held by the Secured Lender, bears to (ii) the aggregate principal amount of all Secured Notes (plus accrued and unpaid interest and fees) and the Interim Financing Principal Amount (plus accrued and unpaid interest), in each case as at the Distribution Record Date;

"**Secured Lender**" means each Secured Noteholder and each Interim Lender;

"**Secured Note Amendments**" means the amendments to the Secured Note Purchase Agreement to be effected pursuant to the Amended and Restated Secured Note Purchase Agreement, including those amendments described in the Circular and/or as may otherwise be agreed to by the Petitioners and the Requisite Consenting Parties, each acting reasonably;

"**Secured Note Documents**" means, collectively, (i) the Secured Note Purchase Agreement; and (ii) all related documentation, including, without limitation, all guarantee and security documentation, certificates and other instruments, related to the foregoing;

"**Secured Note Purchase Agreement**" means the second amended and restated secured debenture purchase agreement for the Secured Notes, dated July 10, 2020, by and among ICH, ICM, the other Guarantors, the Secured Noteholders and the Collateral Agent, as amended, modified and/or supplemented from time to time as of the date hereof;

"**Secured Noteholder Advisors**" means Davies Ward Phillips & Vineberg LLP, Honigman LLP, SkyLaw Professional Corporation, and such other advisors to the Secured Noteholders as agreed to with ICH from time to time;

"**Secured Noteholder Claim**" means any Claim of a Secured Noteholder for amounts payable to it under the Secured Notes and the Secured Note Purchase Agreement, including all principal, accrued interest, make-whole, premium and other amounts owing under the Secured Notes and the Secured Note Documents;

"**Secured Noteholders**" means the holders of the Secured Notes and their permitted successors and assigns;

"**Secured Noteholders' Arrangement Resolution**" means the resolution of the Secured Noteholders relating to the Arrangement to be considered at the Secured Noteholders' Meeting, substantially in the form attached as Appendix A to the Circular;

"**Secured Noteholders' Meeting**" means the meeting of the Secured Noteholders as of the Record Date to be called and held pursuant to the Interim Order for the purpose of considering and voting on the Secured Noteholders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting;

"**Secured Notes**" means the 13.0% senior secured notes, due May 2021 issued under the Secured Note Purchase Agreement;

"**Securityholders' Released Parties**" means, collectively, the Secured Noteholders, the Interim Lenders, the Unsecured Debenture Holders, the Initial Supporting Unsecured Debenture Holders, the Collateral Agent and each of their respective current and former directors, officers, employees, auditors, financial advisors, legal counsel and agents, including the Initial Supporting Unsecured Debenture Holder Advisors and Secured Noteholder Advisors;

"**Shareholder**" means a holder of Shares;

"**Shares**" means the common shares in the capital of ICH, which, after giving effect to this Arrangement, shall be comprised of the Debt Exchange Common Shares and the Existing Shares;

"**Stock Option Plan**" means ICH's equity compensation plan effective as of November 2015, as amended and restated on October 15, 2018, and as may be further amended from time to time;

"**Support Agreement**" means the restructuring support agreement among the iAnthus Parties, the Secured Noteholders and the Initial Supporting Unsecured Debenture Holders dated July 10, 2020 (including, for certainty, the term sheet appended thereto), as may be amended or supplemented from time to time pursuant to its terms;

"**Transfer Agent**" means Computershare Investor Services Inc.;

"**Unsecured Debenture Documents**" means, collectively, (i) Unsecured Debenture Purchase Agreements; and (ii) all related documentation, including, without limitation, all certificates and other instruments, related to the foregoing;

"**Unsecured Debenture Purchase Agreements**" means the debenture purchase agreements for the Unsecured Debentures, dated March 15, 2019 or April 29, 2019, as applicable, by and among ICH and each

Unsecured Debenture Holder, as amended, modified and/or supplemented from time to time as of the date hereof;

"**Unsecured Debenture Holders**" means the holders of Unsecured Debentures and their permitted successors and assigns;

"**Unsecured Debenture Holder Claim**" means any Claim of an Unsecured Debenture Holder for amounts payable to it under the Unsecured Debentures and the Unsecured Debenture Purchase Agreements, including all principal, accrued interest, make-whole, premium and other amounts owing under the Unsecured Debentures and the Unsecured Debenture Documents;

"**Unsecured Debenture Holder Pro Rata Share**" means the percentage that the principal amount of Unsecured Debentures held by an Unsecured Debenture Holder bears to the aggregate principal amount of all Unsecured Debentures as at the Distribution Record Date;

"**Unsecured Debenture Holders' Arrangement Resolution**" means the resolution of the Unsecured Debenture Holders relating to the Arrangement to be considered at the Unsecured Debenture Holders' Meeting, substantially in the form attached as Appendix B to the Circular;

"**Unsecured Debenture Holders' Meeting**" means the meeting of the Unsecured Debenture Holders as of the Record Date to be called and held pursuant to the Interim Order for the purpose of considering and voting on the Unsecured Debenture Holders' Arrangement Resolution and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting;

"**Unsecured Debentures**" means the 8.0% unsecured convertible debentures maturing on March 15, 2023 issued pursuant to one or more Unsecured Debenture Purchase Agreements between each of the Unsecured Debenture Holders and ICH;

"**US Dollars**" or "**US$**" means the lawful currency of the United States of America;

"**US Securities Act**" means the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder, or any successor statute;

"**Voting Agreement**" means the voting agreement to be entered into among ICH, ICM and the Secured Lenders and Initial Supporting Unsecured Debenture Holders, in form and substance acceptable to the Secured Lenders and the Initial Supporting Unsecured Debenture Holders; and

"**Warrants**" means all of the issued and outstanding warrants to purchase Shares.

1.2 Certain Rules of Interpretation

For the purposes of this Plan:

(a) Unless otherwise expressly provided herein, any reference in this Plan to an instrument, agreement or an Order or an existing document or exhibit filed or to be filed means such instrument, agreement, Order, document or exhibit as it may have been or may be amended, modified, or supplemented in accordance with its terms;

(b) The division of this Plan into Articles and Sections is for convenience of reference only and does not affect the construction or interpretation of this Plan, nor are the descriptive headings of Articles and Sections intended as complete or accurate descriptions of the content thereof;

(c) The use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of this Plan to such Person (or Persons) or circumstances as the context otherwise permits;

(d) The words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean

"includes but is not limited to" and "including but not limited to", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

(e) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends;

(f) Unless otherwise provided, any reference to a statute or other enactment of parliament, a legislature or other Government Entity includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;

(g) References to a specific Recital, Article or Section shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specific Recital, Article or Section of this Plan, whereas the terms "this Plan", "hereof", "herein", "hereto", "hereunder" and similar expressions shall be deemed to refer generally to this Plan and not to any particular Recital, Article, Section or other portion of this Plan and include any documents supplemental hereto; and

(h) The word "or" is not exclusive.

1.3 Governing Law

This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

1.4 Currency

Unless otherwise stated, all references in this Plan to sums of money are expressed in, and all payments provided for herein shall be made in, United States Dollars.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.6 Time

Time shall be of the essence in this Plan. Unless otherwise specified, all references to time expressed in this Plan and in any document issued in connection with this Plan mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day.

ARTICLE 2
TREATMENT OF AFFECTED PARTIES

2.1 Treatment of Secured Noteholders

(a) On the Effective Date, and in accordance with the steps and in the sequence set forth in Section 4.3:

(i) the Secured Note Purchase Agreement shall be amended and restated as the Amended and Restated Secured Note Purchase Agreement, which Amended and Restated Secured Note Purchase Agreement shall include the Secured Note Amendments;

(ii) the Secured Noteholders shall receive: (A) New Secured Notes in the amount of their Secured Lender Pro Rata Share of the New Secured Notes Aggregate Principal Amount; (B) their Secured Lender Pro Rata Share of 25% of the New Unsecured Notes issued in

connection with the Arrangement; and (C) their Secured Lender Pro Rata Share of 50% of the Debt Exchange Common Shares issued in connection with the Arrangement; and

(iii) the Secured Noteholders shall and shall be deemed to irrevocably and finally exchange their Secured Notes (and all Secured Noteholder Claims thereon) for the number of New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares provided for in Section 2.1(a)(ii)(A), (B) and (C);

(b) the issuance of New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares to the Secured Noteholders pursuant to this Plan has not been and will not be registered under the US Securities Act or the securities laws of any state of the United States, but will be issued pursuant to the exemption set forth in Section 3(a)(10) of the US Securities Act.

(c) On the Effective Date, all of the reasonable and documented fees and expenses of the Secured Noteholder Advisors up to and including the Effective Date shall have been paid in full in accordance with the Interim Financing Budget (as defined in the Support Agreement).

2.2 Treatment of Unsecured Debenture Holders

(a) On the Effective Date and in accordance with the steps and sequence as set forth in Section 4.3, each Unsecured Debenture Holder shall receive:

(i) its Unsecured Debenture Holder Pro Rata Share of 75% of the New Unsecured Notes issued in connection with the Arrangement; and

(ii) its Unsecured Debenture Holder Pro Rata Share of 50% of the Debt Exchange Common Shares issued in connection with the Arrangement,

which shall, and shall be deemed to, be received in full and final settlement of its Unsecured Debentures and Unsecured Debenture Holder Claims.

(b) After giving effect to the terms of this Section 2.2, the obligations of the iAnthus Parties with respect to the Unsecured Debentures and the Unsecured Debenture Purchase Agreements shall, and shall be deemed to, have been irrevocably and finally extinguished, each Unsecured Debenture Holder shall have no further right, title or interest in or to the Unsecured Debentures or its Unsecured Debenture Holder Claim, and the Unsecured Debentures and the Unsecured Debenture Purchase Agreements shall be cancelled.

(c) The issuance of New Unsecured Notes and Debt Exchange Common Shares in exchange for Unsecured Debentures and Unsecured Debenture Holder Claims pursuant to this Plan has not been and will not be registered under the US Securities Act or the securities laws of any state of the United States, but will be issued pursuant to the exemption set forth in Section 3(a)(10) of the US Securities Act.

(d) On the Effective Date, all of the reasonable and documented fees and expenses of the Initial Supporting Debenture Holders' Advisors up to and including the Effective Date shall have been paid in full in accordance with the Interim Financing Budget (as defined in the Support Agreement).

2.3 Treatment of Interim Lenders

(a) On the Effective Date, and in accordance with the steps and in the sequence set forth in Section 4.3:

(i) the Secured Note Purchase Agreement shall be amended and restated as the Amended and Restated Secured Note Purchase Agreement, which Amended and Restated Secured Note Purchase Agreement shall include the Secured Note Amendments;

(ii) the Interim Lenders shall receive: (A) New Secured Notes in the amount of their Secured Lender Pro Rata Share of the New Secured Notes Aggregate Principal Amount; (B) their

Secured Lender Pro Rata Share of 25% of the New Unsecured Notes issued in connection with the Arrangement; and (C) their Secured Lender Pro Rata Share of 50% of the Debt Exchange Common Shares issued in connection with the Arrangement; and

(iii) the Interim Lenders shall and shall be deemed to irrevocably and finally exchange their Interim Financing Secured Notes (and all Interim Lender Claims thereon) for the number of New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares provided for in Section 2.3(a)(ii)(A), (B) and (C).

(b) The issuance of New Secured Notes, New Unsecured Notes and Debt Exchange Common Shares to the Interim Lenders in exchange for the Interim Financing Secured Notes and Interim Lender Claims pursuant to this Plan has not been and will not be registered under the US Securities Act or the securities laws of any state of the United States, but will be issued pursuant to the exemption set forth in Section 3(a)(10) of the US Securities Act.

2.4 Treatment of Existing Equity Holders

(a) Each Existing Shareholder shall retain its Existing Shares, such that Existing Shareholders shall hold in aggregate 2.75% of the Shares of ICH issued and outstanding immediately following the implementation of this Plan.

(b) Pursuant to this Plan and in accordance with the steps and sequences set forth herein, all of the Affected Equity shall be terminated and cancelled and shall be deemed to be terminated and cancelled without the need for any repayment of capital thereof or any other liability, payment or compensation therefor and, for greater certainty, no Affected Equityholders shall be entitled to receive any interest, dividends, premium or other payment in connection therewith.

(c) The Affected Equity Claims shall constitute Released Claims and be treated in the manner set forth in Section 5.1.

ARTICLE 3
ISSUANCES, DISTRIBUTIONS AND PAYMENTS

3.1 Delivery of New Secured Notes and New Unsecured Notes

(a) The delivery of the New Secured Notes to be issued to the New Secured Noteholders pursuant to the Plan shall be made by way of directly registered certificates in respect of the New Secured Notes and delivered directly to the New Secured Noteholders.

(b) The delivery of the New Unsecured Notes to be issued to the Secured Lenders and the Unsecured Debenture Holders pursuant to the Plan shall be made by way of directly registered certificates in respect of the New Unsecured Notes and delivered directly to the Secured Lenders and the Unsecured Debenture Holders.

3.2 Issuance and Delivery of Debt Exchange Common Shares

(a) On the Effective Date, all Debt Exchange Common Shares issued in connection with this Plan shall be deemed to be duly authorized, validly issued, fully paid and non-assessable.

(b) On the Effective Date, ICH shall deliver a treasury direction to the Transfer Agent that directs the Transfer Agent to issue all Debt Exchange Common Shares to be distributed under this Plan and direct the Transfer Agent to cause such Debt Exchange Common Shares to be distributed on the Effective Date (or such other date as the Petitioners and Requisite Consenting Parties may agree, each acting reasonably).

(c) The delivery of Debt Exchange Common Shares will be made, at the recipient's option, either (i) through the facilities of DTC and/or CDS to Intermediaries who, in turn, will make delivery of the Debt Exchange Common Shares to the ultimate beneficial recipients thereof pursuant to standing

instructions and customary practices of DTC and/or CDS, or (ii) by providing Direct Registration System advices or confirmations in the name of the applicable recipient thereof (or its Intermediary) and registered electronically in ICH's records which will be maintained by the Transfer Agent.

(d) The aggregate number of Debt Exchange Common Shares shall be equal to 6,072,579,699 Debt Exchange Common Shares, subject to Section 4.2 of the Plan; provided that the aggregate number of Debt Exchange Common Shares is calculated based on the 171,718,192 Existing Shares issued and outstanding as of the Record Date that shall, following the issuance of the Debt Exchange Common Shares pursuant to this Plan, equal 2.75% of the Shares of ICH issued and outstanding immediately following the implementation of the Plan. If the number of Existing Shares outstanding on the Distribution Record Date is not 171,718,192, then the Aggregate Number of Debt Exchange Common Shares shall be amended proportionately by ICH to reflect the aggregate number of Existing Shares to be actually issued and outstanding on the Effective Date prior to the Effective Time.

3.3 No Liability in respect of Deliveries

None of the iAnthus Parties, nor their respective directors or officers, shall have any liability or obligation in respect of any deliveries, directly or indirectly, from: (i) DTC and/or CDS, (ii) the Intermediaries; or (iii) any other duly appointed agent, in each case to the ultimate beneficial recipients of any consideration payable or deliverable by the iAnthus Parties pursuant to this Plan.

3.4 Surrender and Cancellation of Secured Notes, Interim Financing Secured Notes and Unsecured Debentures

(a) On the Effective Date, each of the Secured Noteholders shall surrender, or cause the surrender of, the certificate(s) representing the Secured Notes to ICM for cancellation in exchange for the consideration payable to Secured Noteholders under Section 2.1 of this Plan.

(b) On the Effective Date, each of the Unsecured Debenture Holders shall surrender, or cause the surrender of, the certificate(s) representing the Unsecured Debentures to ICH for cancellation in exchange for the consideration payable to Unsecured Debenture Holders under Section 2.2 of this Plan.

(c) On the Effective Date, each of the Interim Lenders shall surrender, or cause the surrender of, the certificate(s) representing the Interim Financing Secured Notes to ICM for cancellation in exchange for the consideration payable to Interim Lenders under Section 2.3 of this Plan.

3.5 Application of Plan Distributions

All amounts paid or payable hereunder on account of the Debtholder Claims (including, for greater certainty, any securities received hereunder) shall be applied in a manner acceptable to the Petitioners, the Secured Lenders and the Initial Supporting Unsecured Debenture Holders.

3.6 Withholding Rights

The Petitioners shall be entitled to deduct and withhold from any consideration or other amount deliverable or otherwise payable to any Person hereunder such amounts as the Petitioners are required to deduct or withhold with respect to such payment under the *Income Tax Act* (Canada), or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the relevant Person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity.

3.7 No Novation

For greater certainty, the issuance of the New Secured Notes pursuant to the Amended and Restated Secured Note Purchase Agreement in exchange for the Secured Notes and the Interim Financing Secured Notes under this Plan is

not intended to result in a novation or the issuance of new indebtedness of ICH or ICM, but rather the same indebtedness as evidenced by the Remaining Secured Notes, subject to the Secured Note Amendments, will continue to exist, with full force and effect, in amended form, under the New Secured Notes and the Amended and Restated Secured Note Purchase Agreement.

ARTICLE 4
IMPLEMENTATION

4.1 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of any members of the iAnthus Parties will occur and be effective as of the Effective Date (or such other date as the Petitioners and the Requisite Consenting Parties may agree, each acting reasonably), and will be authorized and approved under this Plan and by the Court, where appropriate, as part of the Final Order, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of the iAnthus Parties. All necessary approvals to take actions shall be deemed to have been obtained from the directors or the shareholders of the iAnthus Parties, as applicable.

4.2 Fractional Interests

(a) No certificates representing fractional Shares shall be allocated under this Plan, and fractional share interests shall not entitle the owner thereof to vote or to any rights of a Shareholder. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional Shares pursuant to this Plan shall be rounded up to the nearest whole number.

(b) The principal amount of New Secured Notes that each Secured Lender shall be entitled to under this Plan shall in each case be rounded down to the nearest $0.01 without compensation therefor.

(c) The principal amount of New Unsecured Notes that each Secured Lender and each Unsecured Debenture Holder shall be entitled to under this Plan shall in each case be rounded down to the nearest $0.01 without compensation therefor.

4.3 Effective Date Transactions

Commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected, in the following order, in an uninterrupted sequence, in five minute increments (unless otherwise indicated) and at the times set out in this Section 4.3 (or in such other manner or order or at such other time or times as the Petitioners and the Requisite Consenting Parties may agree, each acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided herein:

(a) All Affected Equity shall be cancelled and extinguished for no consideration.

(b) The following shall occur concurrently (unless otherwise indicated):

(i) the aggregate outstanding principal amount of each Secured Lender's Secured Notes and Interim Financing Secured Notes, plus all accrued and unpaid interest on such principal amount, shall be forgiven, settled and extinguished to the extent such amount exceeds the aggregate of: (A) the principal amount of the New Secured Notes to be issued to it in accordance with Section 4.3(c)(ii)(A); (B) the principal amount of its Secured Lender Pro Rata Share of 25% of the New Unsecured Notes to be issued to it in accordance with Section 4.3(c)(ii)(B); and (C) the fair market value on the Effective Date of its Secured Lender Pro Rata Share of 50% of the Debt Exchange Common Shares to be issued to it in accordance with Section 4.3(c)(ii)(C) (the remaining principal amount of each Secured Lender's Secured Notes and Interim Financing Secured Notes following such forgiveness, settlement and extinguishment being, collectively, the "**Remaining Secured Notes**"); and

(ii) the outstanding principal amount of each Unsecured Debenture Holder's Unsecured Debentures, plus all accrued and unpaid interest on such principal amount, shall be forgiven, settled and extinguished to the extent such amount exceeds the aggregate of (A) the principal amount of its Unsecured Debenture Holder Pro Rata Share of 75% of the New Unsecured Notes to be issued to it pursuant to in accordance with Section 4.3(d)(i); and (B) the fair market value on the Effective Date of its Unsecured Debenture Holder Pro Rata share of 50% of the Debt Exchange Common Shares to be issued to it in accordance with Section 4.3(d)(ii) (the remaining principal amount of each Unsecured Debenture Holder's Unsecured Debentures following such forgiveness, settlement and extinguishment being the "**Remaining Unsecured Debentures**").

(c) The following shall occur consecutively:

(i) ICM, the New Secured Note Guarantors, the New Secured Noteholders and the Collateral Agent shall enter into the Amended and Restated Secured Note Purchase Agreement together with all related documentation as agreed by ICM, the New Secured Note Guarantors, the New Secured Noteholders, the Collateral Agent, and the Initial Supporting Unsecured Debenture Holders each acting reasonably, which shall amend and restate the Secured Note Purchase Agreement;

(ii) in exchange for, and in full and final settlement of, the Remaining Secured Notes, ICH or ICM, as applicable, shall pay to each Secured Lender:

(A) its New Secured Notes in an aggregate principal amount equal to its Secured Lender Pro Rata Share of the New Secured Notes Aggregate Principal Amount, which New Secured Notes shall be distributed in the manner described in Section 3.1;

(B) its Secured Lender Pro Rata Share of 25% of the New Unsecured Notes to be issued pursuant to the Plan, which New Unsecured Notes shall be distributed in the manner described in Section 3.1; and

(C) its Secured Lender Pro Rata Share of 50% of the Debt Exchange Common Shares to be issued pursuant to the Plan, which Debt Exchange Common Shares shall be distributed in the manner described in Section 3.2; and

(d) Concurrently with the steps set forth in Section 4.3(c) above, in exchange for, and in full and final settlement of, the Remaining Unsecured Debentures, ICH or ICM, as applicable, shall pay to each Unsecured Debenture Holder:

(i) its Unsecured Debenture Holder Pro Rata Share of 75% of the New Unsecured Notes to be issued pursuant to the Plan, which New Unsecured Notes shall be distributed in the manner described in Section 3.1; and

(ii) its Unsecured Debenture Holder Pro Rata Share of 50% of the Debt Exchange Common Shares to be issued pursuant to the Plan, which Debt Exchange Common Shares shall be distributed in the manner described in Section 3.2.

(e) Concurrently with the delivery of the New Unsecured Notes and the Debt Exchange Common Shares to be issued to the Unsecured Debenture Holders in accordance with Section 4.3(d):

(i) the Unsecured Debenture Holder Claims shall, and shall be deemed to be, irrevocably and finally extinguished and such Unsecured Debenture Holder shall have no further right, title or interest in and to the Unsecured Debentures or its Unsecured Debenture Holder Claim; and

(ii) the Unsecured Debentures and the Unsecured Debenture Documents shall be cancelled, provided that the Unsecured Debenture Documents shall remain in effect solely to allow the applicable persons, as necessary, to make the distributions set forth in this Plan.

(f) Concurrently with the steps set forth in Section 4.3(c)(ii) above, as consideration for ICH issuing the Debt Exchange Common Shares to the Secured Lenders pursuant to Section 4.3(c)(ii)(C), ICM shall issue to ICH such number of ICM Membership Interests as is equal in value to the fair market value on the Effective Date of the Debt Exchange Common Shares issued to the Secured Lenders pursuant to Section 4.3(c)(ii)(C) of the Plan.

(g) Immediately following the issuance of the ICM Membership Interests provided for in Section 4.3(f), the number of ICM Membership Interests shall be consolidated such that the number of issued and outstanding ICM Membership Interests will equal the number of ICM Membership Interests that were issued and outstanding immediately prior to the issuances provided for in Section 4.3(f).

(h) IAH shall pay in full in cash the outstanding reasonable and documented fees and expenses of the Secured Noteholder Advisors and the Initial Supporting Unsecured Debenture Holder Advisors pursuant to the terms and conditions of set out in the Support Agreement (except as such terms relate to the timing for payment of such reasonable and documented outstanding fees and expenses).

(i) IAH shall pay in full in cash the outstanding reasonable and documented fees and expenses of the Company Advisors pursuant to the terms and conditions of applicable fee arrangements entered into by ICH with such advisors (except as such terms relate to the timing for payment of such reasonable and documented outstanding fees and expenses).

(j) The releases referred to in Section 5.1 shall become effective.

(k) The Voting Agreement shall become effective.

(l) The Existing Board shall be reconstituted through the staggered resignations of all directors of the Existing Board and the New Board shall be deemed to fill the vacancies created by such resignations without the necessity of the holding of a further ICH shareholders' meeting.

ARTICLE 5
RELEASES

5.1 Release of Released Parties

At the applicable time pursuant to Section 4.3, each of the Released Parties shall be released and discharged from all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and Claims of any kind or nature whatsoever (other than liabilities or claims attributable to any Released Party's gross negligence, fraud or wilful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction) arising on or prior to the Effective Date in connection with the Secured Notes, the Secured Note Documents, the Interim Financing, the Interim Financing Secured Notes, the Unsecured Debentures, the Unsecured Debenture Documents, the Affected Equity, the Affected Equity Claims, the Support Agreement, this Plan, the BCBCA Proceedings, the transactions contemplated hereunder and any proceedings commenced with respect to or in connection with this Plan, and any other actions or matters related directly or indirectly to the foregoing, provided that nothing in this paragraph shall release or discharge any of the Released Parties from or in respect of its obligations under this Plan, the Support Agreement, and the Amended and Restated Secured Note Purchase Agreement.

5.2 Injunctions

All Persons are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Date, with respect to any and all Released Claims, from (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever against the Released Parties, as applicable; (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (c) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the

Released Parties or their property; or (d) taking any actions to interfere with the implementation or consummation of this Plan; provided, however, that the foregoing shall not apply to the enforcement of any obligations under this Plan.

ARTICLE 6
CONDITIONS PRECEDENT AND IMPLEMENTATION

6.1 Conditions to Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by Section 6.2) of the following conditions:

(a) The Court shall have granted the Final Order, the operation and effect of which shall not have been stayed, reversed or amended, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;

(b) If determined necessary by ICH and the Requisite Consenting Parties, acting reasonably, the Final Order shall have been recognized in recognition proceedings pursuant to applicable Law in the United States and all court materials (including any recognition order granted) in connection with the recognition proceedings shall be in form and substance acceptable to the Requisite Consenting Parties;

(c) No Law shall have been passed and become effective, the effect of which makes the consummation of this Plan illegal or otherwise prohibited;

(d) All conditions to implementation of this Plan set out in the Support Agreement shall have been satisfied or waived in accordance with their terms and the Support Agreement shall not have been terminated and the iAnthus Parties and Requisite Consenting Parties shall have delivered a Closing Certificate respecting same;

(e) ICH shall be a public company following the implementation of the Plan and the Shares shall be approved for trading on the CSE, or if necessary, the NEO Exchange Inc. or on another stock exchange acceptable to the Secured Noteholders and the Initial Supporting Unsecured Debenture Holders, subject only to receipt of customary final documentation; and

(f) The Petitioners shall have paid the reasonable and documented fees and expenses of the Company Advisors, the Secured Noteholder Advisors and the Initial Supporting Unsecured Debenture Holder Advisors up to and including the Effective Date.

6.2 Waiver of Conditions

The Petitioners and the Requisite Consenting Parties, upon unanimous agreement, may at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out herein, to the extent and on such terms as such parties may agree, each acting reasonably, provided however that the conditions set out in Sections 6.1(a), (c), and (f) cannot be waived.

6.3 Effectiveness

(a) This Plan will become effective in the sequence described in Section 4.3 on the execution of the Closing Certificate, and shall be binding on and enure to the benefit of the iAnthus Parties, the Secured Noteholders, the Unsecured Debenture Holders, the Interim Lenders, all Existing Equity Holders, the Released Parties, the directors and officers of the iAnthus Parties and all other Persons named or referred to in, or subject to, this Plan and their respective successors and assigns and their respective heirs, executors, administrators and other legal representatives, successors and assigns. The Closing Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions in Section 4.3 has become effective in the sequence set forth therein. No portion of this Plan shall take effect with respect to any party or Person until the Effective Time.

(b) Notwithstanding the foregoing, to the extent the approval, consent or authorization of any U.S. state or local Governmental Entity is required under applicable Law to approve the transactions contemplated by this Plan with respect to any Guarantor, this Plan shall not be effective with respect to such Guarantor until the approval, consent or authorization of the applicable Governmental Entity(ies) is obtained.

ARTICLE 7
GENERAL

7.1 Deemed Consents, Waivers and Agreements

At the Effective Time:

(a) each Secured Noteholder, Unsecured Debenture Holder, Interim Lender and Existing Equity Holder shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety (both as a Secured Noteholder, Unsecured Debenture Holder, Interim Lender and as a holder of Existing Equity, if applicable);

(b) each iAnthus Party, Secured Noteholder, Unsecured Debenture Holder, Interim Lender and Existing Equity Holder shall be deemed to have executed and delivered to the other parties all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety; and

(c) all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety shall be deemed to have been executed and delivered to the iAnthus Parties.

7.2 Waiver of Defaults

From and after the Effective Time, all Persons shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety. Without limiting the foregoing, all Persons shall be deemed to have:

(a) waived any and all defaults or events of default or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, lease, licence, guarantee, agreement for sale or other agreement, written or oral, in each case relating to, arising out of, or in connection with, the Secured Notes or the Secured Note Purchase Agreement, the Unsecured Debentures, the Unsecured Debenture Purchase Agreement, the Secured Note Documents, the Unsecured Debenture Documents, the Interim Financing Secured Notes, the Support Agreement, the Arrangement, the Arrangement Agreement, this Plan, the transactions contemplated hereunder and any proceedings commenced with respect to or in connection with this Plan and any and all amendments or supplements thereto. Any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection with any of the foregoing shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the iAnthus Parties and their respective successors from performing their obligations under this Plan; and

(b) agreed that, if there is any conflict between the provisions of any agreement or other arrangement, written or oral, existing between such Person and the iAnthus Parties and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are deemed to be amended accordingly.

7.3 Paramountcy

From and after the Effective Date, any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, by-laws or other agreement, written or oral, and any and all amendments or supplements thereto existing between one or more of the Secured Noteholders, the Interim Lenders or the Unsecured Debenture Holders, on the one hand, and any of the iAnthus Parties, on the other hand, as at the

Effective Date shall be deemed to be governed by the terms, conditions and provisions of this Plan and the Final Order, which shall take precedence and priority.

7.4 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

7.5 Modification of Plan

Subject to the terms and conditions of the Support Agreement:

(a) the Petitioners reserve the right to amend, restate, modify and/or supplement this Plan at any time and from time to time, provided that (except as provided in subsection (c) below) any such amendment, restatement, modification or supplement must be contained in a written document that is (i) filed with the Court and, if made following the Meetings, approved by the Court, (ii) agreed to by each of the Requisite Consenting Parties, and (iii) communicated to the Secured Noteholders, Unsecured Debenture Holders and Existing Shareholders in the manner required by the Court (if so required);

(b) any amendment, modification or supplement to this Plan may be proposed by the Petitioners, with the consent of each of the Requisite Consenting Parties, at any time prior to or at the Meetings, with or without any prior notice or communication (other than as may be required under the Interim Order), and if so proposed and accepted at the Meetings, shall become part of this Plan for all purposes; and

(c) any amendment, modification or supplement to this Plan may be made following the Meetings by the Petitioners, with the consent of each of the Requisite Consenting Parties, and without requiring filing with, or approval of, the Court, provided that it concerns a matter which is of an administrative nature and is required to better give effect to the implementation of this Plan and is not materially adverse to the financial or economic interests of any of the Secured Noteholders, Unsecured Debenture Holders and Existing Shareholders.

7.6 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail or email addressed to the respective parties as follows:

(a) If to the Petitioners, or any other of the iAnthus Parties, at:

iAnthus Capital Holdings, Inc.
c/o McMillan LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, Ontario
M5J 2T3

Attention: Wael Rostom, Tushara Weerasooriya and James Munro
Email: **[Redacted: Personal Contact Information]**

(b) If to any of the Secured Lenders or the Collateral Agent:

c/o Gotham Green Partners, LLC
1437 4th Street, Suite 200
Santa Monica, California 90401

Attention: David Rosenthal
Email: **[Redacted: Personal Contact Information]**

with a required copy (which shall not be deemed notice) to:

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, Ontario M5V 3J7

Attention: Robin B. Schwill
Email: **[Redacted: Personal Contact Information]**

Honigman LLP
660 Woodward Avenue
2290 First National Building
Detroit, Michigan 48226

Attention: Michael D. DuBay
Email: **[Redacted: Personal Contact Information]**

SkyLaw Professional Corporation
Suite 204, 3 Bridgman Avenue
Toronto, Ontario M5R 3V4

Attention : Kevin R. West
Email: **[Redacted: Personal Contact Information]**

(c) If to any of the Supporting Unsecured Debenture Holders (except in respect of Oasis Investments II Master Fund Ltd.):

Senvest Management LLC
540 Madison Avenue, 32nd Floor
New York, New York 10022

Attention: Bobby Trahanas
Email: **[Redacted: Personal Contact Information]**

and to:

Hadron Capital
5 Royal Exchange Buildings
London, United Kingdom Ec3V 3NL

Attention: Marco D'Attansio
Email: **[Redacted: Personal Contact Information]**

with a required copy (except in respect of Oasis Investments II Master Fund Ltd.) (which shall not be deemed notice) to:

Cassels Brock & Blackwell LLP
Suite 2100, 40 King Street West
Scotia Plaza
Toronto, Ontario M5H 3C2

Attention: Ryan Jacobs, Michael Wunder and Jeff Roy
Email: **[Redacted: Personal Contact Information]**

If to Oasis Investments II Master Fund Ltd.:

Oasis Management (Hong Kong)
21/F Man Yee Building

68 Des Voeux Road Central
Central, Hong Kong

Attention: General Counsel
Email: **[Redacted: Personal Contact Information]**

and in respect of Oasis Investments II Master Fund Inc., with a required copy (which shall not be deemed notice) to:

Stikeman Elliott LLP
Suite 5300, 199 Bay Street
Commerce Court West
Toronto, Ontario M5L 1B9

Attention: Brian M. Pukier and Ashley Taylor
Email: **[Redacted: Personal Contact Information]**

or to such other address as any party above may from time to time notify the others in accordance with this Section 7.6. In the event of any strike, lock-out or other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by email and any notice or other communication given or made by prepaid mail within the five Business Day period immediately preceding the commencement of such interruption, unless actually received, shall be deemed not to have been given or made. Any such notices and communications so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of emailing, provided that such day in either event is a Business Day and the communication is so delivered or emailed before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. The unintentional failure by the Petitioners to give a notice contemplated hereunder to any particular Noteholder shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

7.7 Different Capacities

Subject to the Support Agreement and the Interim Order, if any Person holds more than one type, series or class of Existing Shares, Secured Notes, Interim Financing Secured Notes or Unsecured Debentures, as the case may be, such Person shall have all of the rights given to a holder of each particular type, series or class of Existing Shares, Secured Notes, Interim Financing Secured Notes or Unsecured Debentures so held. Subject to the Support Agreement and the Interim Order, nothing done by a Person acting in its capacity as a holder of a particular type, series or class of Existing Shares, Secured Notes, Interim Financing Secured Notes or Unsecured Debentures, as the case may be, affects such Person's rights as a holder of another type, series or class of Existing Shares, Secured Notes, Interim Financing Secured Notes or Unsecured Debentures.

7.8 Consent of Requisite Consenting Parties

For the purposes of this Plan:

(a) any matter requiring the agreement, waiver, consent or approval of the Initial Supporting Unsecured Debenture Holders shall be deemed to have been agreed to, waived, consented to or approved by such Initial Supporting Unsecured Debenture Holders if such matter is agreed to, waived, consented to or approved in writing by Cassels Brock & Blackwell LLP (except in respect of Oasis Investments II Master Fund Ltd.) and Stikeman Elliot LLP (only in respect of Oasis Investments II Master Fund Ltd.), provided that each of Cassels Brock & Blackwell LLP and Stikeman Elliot LLP expressly confirms in writing (which can be by way of e-mail) that it is providing such agreement, consent, waiver or approval on behalf of the applicable Initial Supporting Unsecured Debenture Holders; and

(b) any matter requiring the agreement, waiver, consent or approval of the Secured Lenders shall be deemed to have been agreed to, waived, consented to or approved by the Secured Lenders if such matter is agreed to, waived, consented to or approved in writing by Davies Ward Phillips and Vineberg LLP, provided that Davies Ward Phillips and Vineberg LLP expressly confirms in writing (which can be by way of e-mail) that it is providing such agreement, consent, waiver or approval on behalf of the Secured Lender.

7.9 Further Assurances

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan without any further act or formality, each of the Persons named or referred to in, affected by or subject to, this Plan will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.

APPENDIX "A"
FORM OF CLOSING CERTIFICATE

RE: Arrangement Agreement dated August 6, 2020 between iAnthus Capital Holdings, Inc. and iAnthus Capital Management, LLC (the "Arrangement Agreement")

Defined terms used but not defined in this certificate shall have the meanings ascribed thereto in the Arrangement Agreement.

Each of the undersigned hereby confirms that the undersigned is satisfied that the conditions precedent to its respective obligations to complete the Arrangement Agreement, including but not limited to those conditions precedent set out in the Restructuring Support Agreement dated July 10, 2020 among, *inter alia*, the undersigned, have been satisfied and that the Arrangement is completed as of _____ (am/pm Toronto time) (the "**Effective Time**") on _____ (the "**Effective Date**").

[signatures pages follow]

[Signatures to be added]

APPENDIX G
DESCRIPTION OF THE NEW SECURED NOTES

Issuer	iAnthus Capital Management, LLC ("**ICM**")
Guarantors	The New Secured Note Guarantors, being iAnthus and all of its other subsidiaries, other than immaterial subsidiaries
Security to be Issued	The New Secured Notes will be issued pursuant the Amended and Restated Secured Note Purchase Agreement in accordance with the Plan of Arrangement by way of amendment to the outstanding Secured Notes and Interim Financing Secured Notes issued pursuant to the current Secured Note Purchase Agreement
Ranking	First lien, senior secured position over all assets of ICM and the New Secured Note Guarantors, ranking senior to the New Unsecured Notes
Holders	In accordance with the terms of the Plan of Arrangement, on the Effective Date Secured Lenders shall be issued New Secured Notes equal to their Secured Lender Pro Rata Share of the New Secured Notes Aggregate Principal Amount;
Interest	Interest shall accrue at 8% per annum, compounding quarterly and paid-in-kind
Maturity	The maturity date shall be five years after the Effective Date
Non-callable	The New Secured Notes are non-callable for three years after the Effective Date
Conversion or Exchange Rights	The New Secured Notes are not convertible nor exchangeable for equity securities
Events of Default	Customary events of default as set out in the Secured Note Purchase Agreement

APPENDIX H
FAIRNESS OPINION

(see attached)

pwc

iAnthus Capital Holdings, Inc.

Fairness Opinion in Respect of the Proposed Recapitalization of iAnthus Capital Holdings, Inc.

July 28, 2020

pwc

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July 28, 2020

The Special Committee of the Board of Directors of iAnthus Capital Holdings, Inc.
22 Adelaide Street West, Suite 2740
Toronto, ON M5H 4E3

Fairness Opinion in Respect of the Proposed Recapitalization Transaction of iAnthus Capital Holdings, Inc.

Mandate Overview

Assignment

PricewaterhouseCoopers LLP ("**PricewaterhouseCoopers**" or "**PwC**"), has been engaged by iAnthus Capital Holdings, Inc. ("**iAnthus**" or the "**Company**") to provide a fairness opinion in regards to the proposed recapitalization transaction (the "**Proposed Recapitalization Transaction**") set forth in the restructuring support agreement (the "**Restructuring Support Agreement**") entered into July 10th, 2020.

PwC understands that in April 2020, the Company's Board of Directors (the "**Board**") established a Special Committee (the "**Special Committee**") to complete a strategic review of alternatives available to the Company after defaulting on March 31, 2020 interest payments due on its Senior Secured Convertible Debentures (the "**Secured Debentures**") and Unsecured Convertible Debentures (**"Unsecured Debentures**"). The Special Committee engaged Canaccord Genuity Corp. ("**Canaccord**") as its financial advisors to assist in analyzing various strategic alternatives to address the Company's capital structure. Legal and financial advisors McMillan LLP ("**McMillan**") and FTI Consulting ("**FTI**"), respectively were also engaged to assist with the review.

Following completion of the review of strategic alternatives in July 2020, the Company entered into the Restructuring Support Agreement with 100% of its secured lenders (the "**Secured Lenders**") that are holders of the Secured Debentures, included in which are certain funds affiliated with Gotham Green Partners, LLC ("**Gotham**"), and over 91% of other third party unsecured debenture holders ("**Unsecured Debenture Holders**") of the Unsecured Debentures issued by iAnthus to effect the following (see Details of Proposed Recapitalization Transaction):

i. The Proposed Recapitalization Transaction;

ii. Provision of US$14M interim financing to the Company (the, "**Interim Financing**"); and,

iii. Secured Lender and Unsecured Debenture Holder forbearance from further exercising any rights or remedies in connection with any events of default of iAnthus.

The Proposed Recapitalization Transaction is expected be implemented pursuant to arrangement proceedings commenced under the British Columbia Business Corporations Act ("**Arrangement Proceedings**") or, only if necessary, proceedings under the Companies' Creditors Arrangement Act ("**CCAA Proceedings**").

Engagement, Credentials and Independence of PwC

Engagement

Pursuant to an agreement entered into between PwC and iAnthus dated July 17, 2020 (the "**Engagement Agreement**"), PwC was engaged by iAnthus, at the direction of the Special Committee, to provide an opinion (referred to as the "**Fairness Opinion**") as to whether the Proposed Recapitalization Transaction is fair, from a financial point of view, to the Company's existing common shareholders (the "**Existing Common Shareholders**").

PwC is to receive a fee, as stipulated in the Engagement Agreement, for completing the engagement. In addition, PwC is entitled to recover reasonable costs and expenses incurred in fulfilling the Engagement Agreement. The fee payable to PwC is not contingent, in whole or in part, on whether the Proposed Recapitalization Transaction is completed, or on the conclusions reached in our Fairness Opinion. In addition, pursuant to the Engagement Agreement, our legal liability to iAnthus is limited and PwC will be indemnified by iAnthus under certain circumstances for liabilities arising in connection with our Fairness Opinion.

PwC understands that our Fairness Opinion will be for the use of the Board and the Special Committee and will be one factor, among others, that the Board and/or the Special Committee will consider in determining whether to approve and recommend the Proposed Recapitalization Transaction. Subject to the limitations noted herein, we further understand that our Fairness Opinion, and references thereto or summaries thereof, will be included in an information circular related to the Proposed Recapitalization Transaction (the "**Information Circular**") which may be filed on SEDAR, EDGAR, and in Court.

All amounts are expressed in United States dollars ("**$**"), unless otherwise stated.

Credentials of PwC

PwC Canada helps organizations and individuals create value for their stakeholders. Our 6,800 partners and staff in offices across the country are committed to delivering quality in assurance, tax, consulting and deals services. PwC Canada is a member of the PwC network of firms (www.pwc.com) with more than 223,000 people in 157 countries. The PwC network of firms is one of the world's largest professional services networks. Unless otherwise indicated, "**PwC**" refers to PricewaterhouseCoopers LLP, Canada, an Ontario limited liability partnership.

The Canadian Deals practice helps clients do better deals and create value through mergers, acquisitions, disposals, restructurings and forensics services. We advise our clients in developing the right strategy before the deal, executing their deals seamlessly, identifying issues and points of negotiation and value, and implementing changes to deliver synergies and improvements after the deal. What we call Deals is made up of six core competencies: Transaction Services, Valuations, Modelling & Disputes, Corporate Advisory and Restructuring, Corporate Finance, Forensics Services and Infrastructure & Project Finance.

Our Valuations, Modelling and Disputes group was formed in 1970 and has been at the center of business and security valuation activity since that time. Our Corporate Finance group specializes in providing M&A-related investment banking advisory services to domestic and international clients across the globe. PwC's Corporate Finance's global network has been ranked #1 by deal count by MergerMarket in 2019 with over 550 transactions completed globally.

PwC has been a financial advisor in a significant number of transactions worldwide, including transactions subject to public scrutiny, the sale or purchase of an entity or assets by related parties, assistance in

resolving shareholders' disputes, tax-based corporate reorganizations, estate planning and merger and acquisition activity.

Independence

While there are no independence requirements governing fairness opinions, we confirm that we are independent of iAnthus for the purposes of providing our Fairness Opinion. PwC confirms that we are not the current auditor of iAnthus, nor are we an associated or affiliated entity or issuer insider of iAnthus, and have no material ownership position in iAnthus. From time to time, we may have undertaken audit, accounting, tax and advisory assignments for parties that may be involved in the Proposed Recapitalization Transaction. Our fees in this respect are not contingent upon the outcome of the Proposed Recapitalization Transaction. We may undertake future audit, accounting, tax and advisory assignments for iAnthus, its affiliates or for parties that may be involved in the Proposed Recapitalization Transaction.

PwC confirms that, to the best of our knowledge, after all due and reasonable inquiry, PwC has disclosed to you all material facts that could reasonably be considered relevant to our qualifications and independence for the purposes of this engagement.

Limitations and General Assumptions

Limitations

The Fairness Opinion is subject to the following limitations, restrictions and qualifications, any changes to which could have a significant impact on PwC's assessment of the fairness of the Proposed Recapitalization Transaction.

1. PwC has relied, without independent verification, upon the accuracy, completeness and fair presentation of all financial and other information that was obtained by PwC from public sources or that was provided to PwC by management of iAnthus ("**Management** and any of its affiliates, associates, advisors or otherwise (collectively the "**Information**"). Parts of the Information were received or obtained by PwC directly or indirectly, and in various ways (oral, written, inspection), from third parties (i.e. individuals or entities other than iAnthus and its directors, officers and employees). PwC has assumed that the Information is complete, accurate, and not misleading and does not omit any material facts. Our Fairness Opinion is conditional upon such completeness, accuracy, and fair presentation. Subject to the exercise of professional judgment and except as expressly described herein, PwC has not attempted to independently verify the completeness, accuracy or fair presentation of any of the Information.

2. In preparing the Fairness Opinion, PwC has relied upon a written letter of representation from Management stating that, among other things:

    i. to the best of their knowledge, and without independent inquiry, all of the Information provided, orally or in writing, to PwC, is complete, true and correct in all material respects and does not contain any untrue statement of a material fact in respect of iAnthus, its operating assets, or the Proposed Recapitalization Transaction;

    ii. Following the time that Information was provided to PwC, there have been, to the best of their knowledge, and without independent inquiry in respect of the subject matter, no material changes in the Information, or in factors surrounding the Proposed Recapitalization Transaction or any part thereof which would have, or other material intervening event which would reasonably be expected to have, a material effect on the conclusions contained herein; and

    iii. They have reviewed the full text of PwC's Fairness Opinion dated July 28, 2020 (the "**Opinion Date**") and, to the best of their knowledge, they are not aware of any errors, omissions or misrepresentations of facts therein which might have a significant impact on the conclusions contained herein.

3. The Fairness Opinion is based on the securities markets, economic, general business and financial conditions prevailing as of the Opinion Date and the conditions and prospects, financial or otherwise, of iAnthus as they were reflected in the Information reviewed by PwC. In preparing the Fairness Opinion, PwC made numerous assumptions with respect to financial performance, general business, economic and market conditions, and other matters, the outcome of which are beyond the control of PwC, iAnthus or any party involved with the Proposed Recapitalization Transaction.

4. As part of this engagement, PwC has not conducted an audit or review of the financial affairs of iAnthus at the Opinion Date, nor has PwC sought external verification, unless otherwise noted herein, of the Information or that which was extracted from public sources. PwC accepts no responsibility or liability for any losses occasioned by any party as a result of our reliance on the financial and non-financial information that was provided to PwC or that PwC has obtained from third parties.

5. The Fairness Opinion is limited to the fairness of the Proposed Recapitalization Transaction, from a financial point of view and not the strategic or legal merits of the Proposed Recapitalization Transaction. The Fairness Opinion does not provide assurance that the best possible price or transaction was or would be obtained. It represents impartial expert judgments, not a statement of facts.

6. The Fairness Opinion has been provided for the use of the Board and Special Committee and should not be construed as a recommendation to vote in favour of the Proposed Recapitalization Transaction. The Fairness Opinion may not be used by any other person or relied upon by any other person without the express prior written consent of PwC. PwC will not be held liable for any losses sustained by any person should the Fairness Opinion be circulated, distributed, published, reproduced or used contrary to the provisions of this paragraph. In addition, pursuant to the Engagement Agreement, PwC's liability is limited, and PwC will be indemnified under certain circumstances.

7. The Fairness Opinion is given as of the Opinion Date only and PwC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to PwC's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter after the date hereof, PwC reserves the right to change, modify or withdraw the Fairness Opinion.

8. The Fairness Opinion is rendered as at the Opinion Date. It must be recognized that Fair Market Value ("**FMV**"), and hence fairness from a financial point of view, changes from time to time, not only as a result of internal factors, but also because of external factors such as changes in the economy, competition and changes in consumer/investor preferences.

9. Nothing contained herein is to be construed as a legal interpretation, an opinion on any contract or document, or a recommendation to invest or divest.

10. The reader must consider the Fairness Opinion in its entirety, as selecting and relying on only a specific portion of the analysis or factors considered by PwC, without considering all factors and analyses together, could create a misleading view of the processes underlying the Fairness Opinion. The preparation of the Fairness Opinion is a complex process and it is not appropriate to extract partial analyses or make summary descriptions. Any attempt to do so could lead to undue and incorrect emphasis on any particular factor or analysis.

11. Our Fairness Opinion does not constitute a calculation, estimate or comprehensive valuation as defined by the Canadian Institute of Chartered Business Valuators (also known as a valuation opinion) of the Proposed Recapitalization Transaction.

General Assumptions

The Fairness Opinion is based on several assumptions including the following, any changes to which could have a significant impact on our conclusion as stated in this Fairness Opinion:

1. The Proposed Recapitalization Transaction will be completed substantially on the terms as described herein, consistent with the documents and agreements, listed as draft where appropriate, as noted in the Scope of Our Work section;

2. All contracts and agreements, including drafts, as outlined in the Scope of Our Work below, will be executed and enforceable in accordance with their terms and that all parties will comply with the provisions of their respective agreements;

3. There have been no material changes in the operations or financial position of iAnthus from both the draft consolidated working papers and the net outstanding debt summary as prepared by Management as at March 31, 2020, and July 23, 2020, respectively, unless otherwise noted herein;
4. PwC's conclusions are based on the latest financial and operational information available for iAnthus at the Opinion Date;
5. Management has made available to PwC all information they believe is relevant to the preparation of the Fairness Opinion;
6. iAnthus has no material unrecorded assets or unaccrued liabilities that can be quantified, unless otherwise noted herein;
7. iAnthus' contingent liability associated with outstanding litigation cannot be meaningfully quantified at this time;
8. iAnthus has no material unrecorded assets or unaccrued liabilities, unless otherwise noted herein positive or negative; and,
9. iAnthus can obtain or renew all required licenses, from all applicable government or private organizations that are relevant for this analysis.

Details of Proposed Recapitalization Transaction

Completion of the Recapitalization Transaction through the Arrangement Proceedings will be subject to, among other things, requisite stakeholder approval of the plan of arrangement at meetings expected to be held in September 2020, such other approvals as may be required by the Supreme Court of British Columbia (the "**Court**"), approval of the Arrangement Proceedings by the Court and the receipt of all necessary regulatory and stock exchange approvals (collectively, the "**Requisite Approvals**"). If the Requisite Approvals are obtained, the plan of arrangement will bind all Secured Lenders, Unsecured Debenture Holders and Existing Common Shareholders.

The Proposed Recapitalization Transaction, if consummated, is expected to have the following key terms:

1. The Secured Debentures will be amended to:
    a) Reduce the existing principal balance from $97.5 million, plus accrued and unpaid interest and fees, to $85 million;
    b) Increase the principal balance by $14.7 million, to $99.7 million, to include the Interim Financing principal balance and accrued and unpaid interest;
    c) Reduce the interest rate by 5% per annum;
    d) Eliminate cash pay interest;
    e) Extend the original maturity date by over four years; and,
    f) Remove the conversion feature.
2. The $60 million principal amount of Unsecured Debentures, plus accrued and unpaid interest and fees, will be exchanged and no longer outstanding;
3. iAnthus will issue $20.0 million principal amount of new non-convertible unsecured debentures (the "**Junior Debt**"), that will rank junior to the restructured Secured Debentures described above, with the following key terms:
    a) Secured Debenture holders and the Interim Financing providers shall be issued their pro rata share of $5.0 million of Junior Debt;
    b) Unsecured Debenture holders shall be issued their pro rata share of $15.0 million of Junior Debt;
    c) Interest shall accrue at 8% per annum, compounding annually and paid-in-kind;
    d) Maturity Date shall be five years; and
    e) Junior Debt is non-callable for a period of three years.
4. The Secured Debenture and Unsecured Debentures holders will each be issued an equal amount of common shares of the Company (the "**Common Shares**") such that each will own 48.625% of the Common Shares upon completion of the Proposed Recapitalization Transaction;
5. Only if the Proposed Recapitalization Transaction is consummated through the Arrangement Proceedings, the Existing Common Shareholders at the time of completion will retain 2.75% of the ownership of the Common Shares. If the Proposed Recapitalization Transaction is completed through CCAA Proceedings, the Existing Common Shareholders will not receive a recovery and the 2.75% interest will instead be allocated equally as among the Secured Lenders and Unsecured Debenture holders (i.e. 50% each if completed through CCAA Proceedings); and,
6. All existing options and warrants of iAnthus will be cancelled.

In connection with execution of the Restructuring Support Agreement, certain funds affiliated with Gotham provided US$14M Interim Financing to iAnthus. Interim Financing was issued subject to a 5%

original discount (i.e., the principal has been grossed up to approximately US$14.7M). If the Recapitalization Transaction is pursued pursuant to the CCAA Proceedings, certain funds affiliated with Gotham may provide additional funding (up to US$1M, or more).

Scope of Our Work

In preparing the Fairness Opinion, PwC relied upon financial and other information, including prospective financial information, obtained from Management, iAnthus' advisors and from various public, financial and industry sources, including but not limited to:

1. The Restructuring Support Agreement, dated July 10, 2020;
2. The Second Amended and Restated Secured Debenture Purchase Agreement, dated July 10, 2020;
3. iAnthus' financial forecast for 2019 – 2021 and longer-term directional guidance;
4. iAnthus' New Jersey upside financial forecast for 2020 – 2024;
5. iAnthus' New York upside financial forecast for 2021 – 2025;
6. iAnthus' audited financial statements for 2016 – 2018;
7. iAnthus' unaudited draft financial statements for 2019 and the three months ending March 31, 2020;
8. iAnthus' draft May year to date financials, dated June 25, 2020;
9. iAnthus' interim financing budget, dated July 10, 2020;
10. iAnthus' capitalization table, dated 23 July 2020;
11. Listing of principal, accrued interest, and exit fees due to the Secured Debenture holders, undated;
12. Listing of iAnthus' licenses/permits by state, undated;
13. iAnthus' analysis named 'Analysis of State of Control and Board Approval Requirements', dated July 2, 2020;
14. iAnthus' 2018 U.S. corporation income tax return, dated October 14, 2019;
15. iAnthus' 2020 tax estimate payment schedule, undated;
16. iAnthus' inventory schedule as at March 31, 2020;
17. iAnthus' intangible asset schedule as at December 31, 2019 and March 31, 2020;
18. iAnthus' itemized fixed asset schedule as at March 31, 2020;
19. iAnthus' goodwill impairment testing (FASB ASC 350) as of December 31, 2019, dated May 19, 2020, and prepared by Andersen Tax LLC;
20. Canaccord's presentation named 'Project Phoenix – Process Update and Recommendation', dated July 7, 2020;
21. iAnthus' teaser document named 'Project Phoenix', undated, and prepared by Canaccord;
22. iAnthus' confidential information memorandum named 'Project Phoenix – Confidential Information Memorandum', dated April 2020, and prepared by Canaccord;
23. Various emails, discussions, and communications from Management and iAnthus' other advisors;
24. Certain publicly available financial, stock trading, and transaction information regarding somewhat comparable public companies; and,

25. Research and analysis on general economic conditions and relevant as PwC considered necessary or appropriate in the circumstances.

PwC has not, to the best of its knowledge, been denied access by Management to any information requested by PwC.

Fairness Opinion

Approach to Fairness

In concluding on the Fairness Opinion, PwC:

1. Gained an understanding of the strategic review and sales process that led to the Proposed Recapitalization Transaction with Management, the Special Committee, Canaccord, FTI, and McMillan;
2. Reviewed and assessed the offers received and contemplated under the sales process;
3. Reviewed and discussed with Management the historical operations, current financial position, financial outlook, and long-term cash flow forecasts of iAnthus;
4. Performed economic and market research to support our selected valuation approaches;
5. Performed value analysis of the en bloc equity value of iAnthus using a range of valuation approaches;
6. Consideration of market research, market trends and trading multiples of publicly traded companies somewhat comparable to iAnthus;
7. Considered other factors relevant to the Proposed Recapitalization Transaction, that could have impact on the fairness, from a financial point of view, which included but were not limited to:
    i. The terms of the Proposed Recapitalization Transaction;
    ii. Research on recent insolvency proceedings and common shareholder recovery results; and
    iii. Representations addressed to us from Management as to the completeness and accuracy of the information upon which the Fairness Opinion is based.

Fairness Opinion Criteria

For the purposes of the Fairness Opinion, in addition to the forgoing, we considered that the Proposed Recapitalization Transaction would be fair, from a financial point of view, to the Existing Common Shareholders if the Proposed Recapitalization Transaction provides the Existing Common Shareholders with a per share value that is greater than or equal to the current FMV per share, as determined in our valuation approach, among other financial considerations.

Fairness Considerations

In considering the fairness, from a financial point of view, we considered various factors related to or resulting from the Proposed Recapitalization Transaction, the most important of which are discussed below.

iAnthus Value Analysis

We considered a range of value indicators for iAnthus common shares based on indications of interest received by Canaccord during the market solicitation stage of its strategic review process as well as value indications implied by traditional valuation methodologies, including discounted cash flow analysis, market benchmarks and public company multiples.

We also considered the common share trading price but did not view the trading price to be necessarily indicative of current FMV on the basis that the common shares are currently OTC traded but are very thinly traded and have ceased trading on the CSE and analysts have suspended guidance.

Our valuation analysis under a range of traditional approaches indicates that the FMV of the common shares is nil or nominal after deducting the Secured and Unsecured Debentures. This observation is also supported by the common share value implied by the indications of interest received by Canaccord. Accordingly, the 2.75% equity interest retained by the Existing Common Shareholders is greater than or equal to the FMV of issued and outstanding common shares held by Existing Common Shareholders under the current, distressed scenario.

Additional Fairness Opinion Considerations

In addition to the foregoing, in concluding on the fairness, from a financial point of view, to the Existing Common Shareholders, we considered various factors related to or resulting from the Proposed Recapitalization Transaction, including but not limited to:

1. Extensive market solicitation process

The Board engaged the services of, including but not limited to Canaccord, to review strategic alternatives in an effort to fund the liquidity requirements of the Company. An extensive process was undertaken by Canaccord including:

- Canaccord pursued a broad mandate with regards to a sale transaction involving the Company as a whole or individual state level assets as well as financing or refinancing alternatives with new or existing creditors;
- Canaccord solicited over 100 parties and the market solicitation process was publicly known and therefore accessible to unsolicited bidders. Multiple indications of interest were received but none enabled Existing Common Shareholders to realize superior value compared to the 2.75% retained interest contemplated by the Proposed Recapitalization Transaction; and
- Restructuring negotiations with existing lenders were sustained throughout the strategic review process, which based on our understanding did not materially progress until the market solicitation evoked competing solutions.

2. The Company is in default of its secured and unsecured debt obligations

The Company was compelled to act as Secured Lenders were unwilling to waive the payment default, the loans had accelerated, and the Secured Lenders were not prepared to enter into a forbearance agreement at acceptable terms to the Company. In addition, the Secured Lenders initiated enforcement proceedings in the United States, including their own market solicitation for a foreclosure sale, which limited the options available for the Company in relation to strategic alternatives.

3. Current liquidity constraints and inability to arrange additional debt or equity financing

The Company was unable to cure the interest payment default within the prescribed timeframe and was unable to refinance the debt during a period of reduced investment in the industry:

- iAnthus is not able to produce sufficient cash flow from its operations to meet its debt obligations or fund its operations and business plan.

- Canaccord was unable to source third party financing or identify viable Debtor-in-Possession ("**DIP**") financing solutions (that were not tied to M&A transactions) due to the lack of unencumbered assets, negative covenants, and uncertainty in respect of recognition of a Canadian CCAA order in the United States under Chapter 15 of the US Bankruptcy Code (**"Chapter 15").** This uncertainty stems from the fact that cannabis is a federally illegal substance in Schedule 1 of the United States Controlled Substances Act and therefore it is unclear whether a court would recognize a Canadian CCAA order under Chapter 15. Therefore funding was only available from the Secured Lenders which is conditional on the Proposed Recapitalization Transaction.
- Secured Lenders would not allow new senior or pari passu debt and Canaccord's market solicitation did not identify parties willing to provide financing that would sit junior to existing secured debt.
- Minority equity investment alternatives were also explored but the Secured Lenders had already accelerated debt repayment and were taking enforcement actions; therefore, this investment would not have provided the liquidity required for the Company to pursue alternative transactions.
- Capital flows into the Cannabis industry declined in 2020 capital recent highs in 2018 & 2019 with equity raises declining 89% (first six months of 2020 vs. same period in 2019) and US Q2 2020 middle market loan issuance volume (<$350m) were the lowest since Q1 2009 (across all industries). Reduced capital flows and emerging industry dynamics have resulted in at least 11 liquidations/insolvency filings in the Canadian industry since December 2019.

4. Liquidation analysis

Based on our analysis, a liquidation of the Company's assets would likely not result in any recovery for the Existing Common Shareholders:

- iAnthus has insufficient time or funding to pursue an orderly liquidation.
- In a forced liquidation process, prospective buyers would be aware the Company is compelled to sell assets, which may have a negative impact on the value to be realized. Typically forced liquidations produce proceeds at a nominal percentage of net book value.
- To further complicate a liquidation of the Company's assets, we understand the flow of funds to iAnthus Canadian entities for distribution to the Existing Common Shareholders is restricted by regulatory issues associated with the Company's primary operating assets located in the U.S. and the regulatory restrictions imposed on U.S. cannabis companies.

5. CCAA alternative

We understand that the Company will have no option but to stay enforcement via CCAA Proceedings if the Proposed Recapitalization Transaction is not approved. In this scenario, the Existing Common Shareholders will receive nil recovery under the Proposed Recapitalization Transaction:

- If the Proposed Recapitalization Transaction proceeds through a CCAA Plan of Arrangement, the Company through the Restructuring Support Agreement has the requisite votes (in number and value) to pass a vote on the plan at a meeting of creditors. The Secured Lenders and Unsecured Debenture Holders have indicated they will not support a plan (through a CCAA Plan of Arrangement) that would provide any recovery for Existing Common Shareholders.
- As aforementioned, our analysis indicates that a forced liquidation would not realize proceeds for the Existing Common Shareholders.
- Precedent CCAA filings indicate that companies are either: (i) sold and cash proceeds are simply distributed to creditors; or (ii) where a Plan of Arrangement is presented to creditors, voted on and

sanctioned the capital structure is reorganized to typically eliminate any common shareholders. In either of these scenarios proceeds to common shareholders are typically nil while the Proposed Recapitalization Transaction enables Existing Common Shareholders to retain a 2.75% equity interest in the recapitalized entity.

6. Sale of individual state-level assets is infeasible and does not solve liquidity constraints

Sale of individual state-level assets is infeasible and does not solve liquidity constraints for a number of reasons:

- Due to the complex regulatory environment and uncertainty around the Company's ability to obtain recognition of a Canadian CCAA order in the United States, support from the Secured Lenders and Unsecured Debenture Holders was required to facilitate asset sales unless the proceeds were sufficient to settle outstanding debt.
- Transaction values indicated that the Unsecured Debenture holders are the fulcrum creditors and therefore their support was essential. We understand Unsecured Debentures Holders ultimately did not support any of the state-level sale transactions alternatives.
- State-level sales would divest the Company's primary cash generating assets, stranded costs would impact Existing Common Shareholder recoveries and use of proceeds to repay creditors would further erode the Company's liquidity position and impact shareholder value.
- Multiple state transactions and U.S. cannabis licenses' varied regulatory framework implied substantial completion / execution risk.
- The Company would require creditor forbearance and additional financings due to the time required to complete individual state sales which based on the strategic alternatives process was not a viable option.

7. En-bloc share sale not viable

Canaccord's market solicitation process identified en-bloc sale opportunities that were subject to significant closing risk (due to financing conditions and regulatory considerations) and conditions requiring Unsecured Debenture Holders to rollover or convert Unsecured Debentures into equity. We understand Unsecured Debentures Holders ultimately did not support any of the en-bloc share sale alternatives.

In addition, the most developed en-bloc going concern offer for iAnthus (as an alternative to the Proposed Recapitalization Transaction) solicited during the sales process would have resulted in a nominal recovery for Existing Common Shareholders.

8. Continued Existing Common Shareholders participation

As aforementioned, the Proposed Recapitalization Transaction would permit continued Existing Common Shareholder participation in iAnthus' growth and/or future strategic initiatives while improving iAnthus' solvency and liquidity to execute its business plan. Further, Arrangement Proceedings would avoid operational disruption by not impairing iAnthus' contractual relationships with its trade vendors or any amounts owing to them.

9. Proposed Recapitalization Transaction is the only viable alternative

Based on discussions with Management, the Board and the Company's advisors we are not aware of any feasible alternatives that are better than the Proposed Recapitalization Transaction.

10. Existing Common Shareholder Equality

We understand that all the Existing Common Shareholders are treated equally under the Proposed Recapitalization Transaction.

11. Key Stakeholder and Advisor support for the Proposed Recapitalization Transaction

Based on our discussions, the Proposed Recapitalization Transaction is supported by the Secured Lenders and Unsecured Debenture Holders, the Special Committee, the Board, Management, Canaccord, McMillan, and FTI.

Fairness Opinion

Based on our scope of review, assumptions and limitations, the Proposed Recapitalization Transaction is fair, from a financial point of view, to the Existing Common Shareholders.

Yours very truly,

Helen Mallovy Hicks, FCPA, FCA, FCBV
Partner
PricewaterhouseCoopers LLP

APPENDIX I
INTERIM ORDER

(see attached)

No. S-207785
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS CORPORATIONS ACT,* S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT OF IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC, AND INVOLVING S8 RENTAL SERVICES, LLC, MPX BIOCEUTICAL ULC, BERGAMOT PROPERTIES, LLC, IANTHUS HOLDINGS FLORIDA, LLC, GROWHEALTHY PROPERTIES, LLC, FALL RIVER DEVELOPMENT COMPANY, LLC, CGX LIFE SCIENCES INC., GTL HOLDINGS, LLC, IANTHUS EMPIRE HOLDINGS, LLC, AMBARY, LLC, PAKALOLO, LLC, IANTHUS ARIZONA, LLC, S8 MANAGEMENT, LLC, SCARLET GLOBEMALLOW, LLC, GHHIA MANAGEMENT, INC., MCCRORY'S SUNNY HILL NURSERY, LLC, IA IT, LLC, PILGRIM ROCK MANAGEMENT, LLC, MAYFLOWER MEDICINALS, INC., IMT, LLC, GREENMART OF NEVADA NLV, LLC, IANTHUS NEW JERSEY, LLC, IA CBD, LLC, CITIVA MEDICAL, LLC, GRASSROOTS VERMONT MANAGEMENT SERVICES, LLC, AND FWR, INC.

IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE	THE HONOURABLE MR. JUSTICE GOMERY	AUGUST 6, 2020

ON THE APPLICATION of the Petitioners, iAnthus Capital Holdings, Inc. ("**iAnthus Capital Holdings**" or the "**Company**") iAnthus Capital Management, LLC ("**ICM**", and together with the Company, the "**Petitioners**") for an Interim Order pursuant to its Application filed on July 4 2020, without notice, and coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on August 6, 2020, and on hearing Vicki Tickle, counsel for the Petitioners, and upon

reading the Notice of Application filed herein, and Affidavit #1 of Julius Kalcevich, sworn August 4, 2020, and filed herein.

THIS COURT ORDERS THAT:

1. Capitalized terms used but not otherwise defined in the body of this Order shall have the meanings given to them in Schedule "A" hereto.

THE MEETINGS

Secured Noteholders' Meeting

2. The Petitioners are authorized and directed to call, hold and conduct a meeting of the Secured Noteholders as of the Record Date (as defined below) (the "**Secured Noteholders' Meeting**"), to be held by electronic communications medium only on September 14 at 9:00 a.m. (Vancouver time), or at such other time and location to be determined by the Petitioners, with the consent of the Requisite Consenting Parties, provided that the Secured Noteholders have due notice of same. The Secured Noteholders' Meeting is deemed to be held at McMillan LLP, Royal Centre, 1055 W Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7 (the "**McMillan Offices**").

3. At the Secured Noteholders' Meeting, the Secured Noteholders will, *inter alia*, consider, and if deemed advisable, approve one or more special resolutions (the "**Secured Noteholders' Arrangement Resolution**"), in the form attached as Appendix "A" to the management information circular of iAnthus Capital Holdings prepared in connection with the Meeting (the "**Information Circular**"), a substantially complete draft of which is attached as part of Exhibit "A" to Affidavit #1 of Julius Kalcevich, sworn August 4, 2020 and filed herein, adopting, with or without amendment, the arrangement (the "**Arrangement**") of iAnthus Capital Holdings and ICM, and involving S8 Rental Services, LLC, MPX Bioceutical, ULC, Bergamont Properties, LLC, iAnthus Holdings Florida LLC, Growhealthy Properties, LLC, Fall River Development Company, LLC, CGX Life Sciences Inc., GTL Holdings, LLC, iAnthus Empire Holdings, LLC, Ambary,

LLC, MPX Luxembourg SARL, IA Northern Nevada, LLC, Pakalolo, LLC, iAnthus Arizona, LLC, iAnthus Arizona, LLC, S8 Management, LLC, Scarlet Globemallow, LLC, Ghhia Management, Inc., McCrory's Sunny Hill Nursery, LLC, IA IT, LLC, Pilgrim Rock Management, LLC, Mayflower Medicinals, Inc., IMT, LLC, Greenmart of Nevada NLV, LLC, iAnthus New Jersey, LLC, IA CBD, LLC, Citivia Medical, LLC, Grassroots Vermont Management Services, LLC and FWR, Inc., as set forth in the plan of arrangement (the "**Plan of Arrangement**"), a copy of which is attached as Appendix "F" to the Information Circular.

4. At the Secured Noteholders' Meeting, the Petitioners, with the consent of the Requisite Consenting Parties, may also transact such other business as is contemplated by the Information Circular or as otherwise may be properly brought before the Secured Noteholders' Meeting.

5. The Secured Noteholders' Meeting will be called, held and conducted in accordance with the Notice of Meeting of Secured Noteholders (the "**Secured Noteholders' Notice**") to be delivered in substantially the form attached to and forming part of the Information Circular, and in accordance with the applicable provisions of the BCBCA, the terms of this Interim Order (the "**Interim Order**") and any further order of this Court, the rulings and directions of the Chairman of the Secured Noteholders' Meeting, and in accordance with the terms, restrictions and conditions of the articles of iAnthus Capital Holdings, including quorum requirements and all other matters, and provided that the foregoing shall be consistent in all respects with the terms of the Restructuring Support Agreement. To the extent of any inconsistency or discrepancy between this Interim Order and the terms of any of the foregoing, this Interim Order will govern.

Unsecured Debenture Holders' Meeting

6. The Petitioners are authorized and directed to call, hold and conduct a meeting of the Unsecured Debenture Holders as of the Record Date (as defined below) (the "**Unsecured Debenture Holders' Meeting**"), to be held by electronic communications medium only on September 14 at 10:00 a.m. (Vancouver time), or at such other time and location to be determined by the Petitioners, with the consent of the Requisite Consenting Parties,

provided that the Unsecured Debenture Holders have due notice of same. The Unsecured Debenture Holders' Meeting is deemed to be held at the McMillan Offices.

7. At the Unsecured Debenture Holders' Meeting, the Unsecured Debenture Holders will, *inter alia*, consider, and if deemed advisable, approve one or more special resolutions (the "**Unsecured Debenture Holders' Arrangement Resolution**"), in the form attached as Appendix "B" to the Information Circular, adopting, with or without amendment, the Arrangement as set forth in the Plan of Arrangement.

8. At the Unsecured Debenture Holders' Meeting, the Petitioners, with the consent of the Requisite Consenting Parties, may also transact such other business as is contemplated by the Information Circular or as otherwise may be properly brought before the Unsecured Debenture Holders' Meeting.

9. The Unsecured Debenture Holders' Meeting will be called, held and conducted in accordance with the Notice of Meeting of Unsecured Debenture Holders (the "**Unsecured Debenture Holders' Notice**") to be delivered in substantially the form attached to and forming part of the Information Circular, and in accordance with the applicable provisions of the BCBCA, the terms of this Interim Order and any further order of this Court, the rulings and directions of the Chairman of the Unsecured Debenture Holders' Meeting, and in accordance with the terms, restrictions and conditions of the articles of iAnthus Capital Holdings, including quorum requirements and all other matters, and provided that the foregoing shall be consistent in all respects with the terms of the Restructuring Support Agreement. To the extent of any inconsistency or discrepancy between this Interim Order and the terms of any of the foregoing, this Interim Order will govern.

Equityholders' Meeting

10. The Petitioners are authorized and directed to call, hold and conduct a special meeting of the Equityholders as of the Record Date (the "**Equityholders' Meeting**"), to be held by electronic communications medium only on September 14 at 11:00 a.m. (Vancouver time), or at such other time and location to be determined by the Petitioners, with the

consent of the Requisite Consenting Parties, provided that the Equityholders have due notice of same. The Equitholders' Meeting is deemed to be held at the McMillan Offices.

11. At the Equityholders' Meeting, the Equityholders will, *inter alia*, consider, and if deemed advisable, approve one or more special resolutions (the "**Equityholders' Arrangement Resolution**"), in the in the form attached as Appendix "C" to the Information Circular, adopting, with or without amendment, the Arrangement as set forth in the Plan of Arrangement.

12. At the Equityholders' Meeting, the Petitioners, with the consent of the Requisite Consenting Parties, may also transact such other business as is contemplated by the Information Circular or as otherwise may be properly brought before the Equityholders' Meeting.

13. The Equityholders' Meeting will be called, held and conducted in accordance with the Notice of Special Meeting of Equityholders (the "**Equityholders' Notice**") to be delivered in substantially the form attached to and forming part of the Information Circular, and in accordance with the applicable provisions of the BCBCA, the terms of this Interim Order and any further order of this Court, the rulings and directions of the Chairman of the Equityholders' Meeting, and in accordance with the terms, restrictions and conditions of the articles of iAnthus Capital Holdings, including quorum requirements and all other matters, and provided that the foregoing shall be consistent in all respects with the terms of the Restructuring Support Agreement. To the extent of any inconsistency or discrepancy between this Interim Order and the terms of any of the foregoing, this Interim Order will govern.

RECORD DATE FOR NOTICE

14. The record date for determination of the Secured Noteholders, Unsecured Debenture Holders and Equityholders entitled to receive the Secured Noteholders' Notice (in the case of the Secured Noteholders), the Unsecured Debenture Holders' Notice (in the case of the Unsecured Debenture Holders), the Equityholders' Notice (in the case of the

Equityholders), the Information Circular, this Interim Order and a form of proxy (collectively and , the "**Meeting Materials**") is the close of business (Pacific Time) on August 6, 2020 (the "**Record Date**"), or such other date as the directors of iAnthus Capital Holdings may determine in accordance with the articles of iAnthus Capital Holdings, the BCBCA, or as disclosed in the Meeting Materials, in each case with the consent of the Requisite Consenting Parties..

NOTICE OF MEETINGS

15. The Meeting Materials, with such amendments or additional documents as counsel for the Petitioners may advise are necessary or desirable, and that are not inconsistent with the terms of this Interim Order and agreed to by the Requisite Consenting Parties, will be sent at least 10 days before the date of the Meetings, excluding the date of mailing or personal delivery, to:

(a) the Secured Noteholders;

(b) the Unsecured Debenture Holders; and

(c) the Equityholders,

on the Record Date.

16. The applicable Meeting Materials will be sent by prepaid ordinary mail addressed to each Secured Noteholder, Unsecured Debenture Holder and Equityholder at his, her or its address as appearing in the Central Securities Register, or other corporate records, of iAnthus Capital Holdings or ICM, as applicable, or by delivery of same by personal delivery courier service, as well as by electronic transmission to each Secured Noteholder, Unsecured Debenture Holder and Equityholder at his, her or its email address as appearing in the records of iAnthus Capital Holdings.

17. The Meeting Materials will be sent by electronic transmission to each iAnthus Capital Holdings director, each ICM director, the auditor of iAnthus Capital Holdings and the auditor of ICM at his, her or its email address as appearing in the records of iAnthus Capital Holdings or ICM, as applicable.

18. Substantial compliance with paragraphs 15 to 17 above will constitute good and sufficient notice of the Meetings and delivery of the Meeting Materials.

19. The accidental failure or omission by the Petitioners or either of them to give notice of the Meetings or non-receipt of such notice shall not constitute a breach of the Interim Order or a defect in the calling of the relevant Meeting(s) and shall not invalidate any resolution passed or taken at the relevant Meeting(s) provided that the relevant Meeting(s) meets iAnthus Capital Holdings' quorum requirements.

20. The Meeting Materials are hereby deemed to represent sufficient and adequate disclosure and iAnthus Capital Holdings shall not be required to send to the Secured Noteholders, the Unsecured Debenture Holders, Equityholders or any other party, any other or additional information.

DEEMED RECEIPT OF MEETING MATERIALS

21. The Meeting Materials will be deemed, for the purposes of this Interim Order, to have been received by the Secured Noteholders, the Unsecured Debenture Holders and the Equityholders:

    (a) in the case of mailing or personal courier delivery, on the day (Saturdays, Sundays and holidays excepted) following the date of mailing or acceptance by the courier service, respectively; and

    (b) in the case of delivery by electronic transmission, on the day that it was transmitted.

22. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the meeting, to the Secured Noteholders, the Unsecured Debenture Holders and the Equityholders by press release, news release or newspaper advertisement, in which case such notice will be deemed to have been received at the time of publication, or by notice sent by any of the means set forth in paragraph 16, as determined to be the most appropriate method of communication by the Petitioners.

23. In the event of a postal strike, lockout or event that prevents, delays, or otherwise interrupts mailing or delivery of the Meeting Materials pursuant to paragraphs 15 to 17 of this Interim Order, the issuance of a press released containing the details of the date, time and place of the Meetings, steps that may be taken by the Secured Noteholders, the Unsecured Debenture Holders and the Equityholders, as applicable, to deliver or transmit proxies, and the that the Information Circular will be provided by electronic mail or by courier upon request made by a Secured Noteholder, Unsecured Debenture Holder or Equityholder, will be deemed good and sufficient service upon those parties of the Meeting Materials.

PERMITTED ATTENDEES

24. The persons entitled to attend the Secured Noteholders' Meeting will be the Secured Noteholders, the officers, directors and advisors (including the Secured Noteholder Advisors) of the Secured Noteholders and of the Petitioners, the Unsecured Debenture Holders and their respective advisors (including the Initial Supporting Unsecured Debenture Holder Advisors) for observational purposes only, and such other persons who may receive the consent of the Chairman of the Secured Noteholders' Meeting.

25. The persons entitled to attend the Unsecured Debenture Holders' Meeting will be the Unsecured Debenture Holders (including the Initial Supporting Unsecured Debenture Holders), the officers, directors and advisors of the Unsecured Debenture Holders (including the Initial Supporting Unsecured Debenture Holder Advisors) and of the Petitioners, the Secured Noteholders and their respective advisors (including the Secured Noteholder Advisors) for observational purposes only, and such other persons who may receive the consent of the Chairman of the Unsecured Debenture Holders' Meeting.

26. The persons entitled to attend the Equityholders' Meeting will be the Equityholders, the officers, directors, and advisors of the Petitioners, the Secured Noteholders and Unsecured Debenture Holders and their respective advisors (including the Secured Noteholder Advisors and the Initial Supporting Unsecured Debenture Holder Advisors) for observational purposes only, and such other persons who receive the consent of the Chairman of the Equityholders' Meeting.

QUORUM & VOTING AT THE MEETINGS

Secured Noteholders' Meeting

27. The quorum required at the Secured Noteholders' Meeting shall be the presence in person or by proxy of two or more Secured Noteholders entitled to vote at the Secured Noteholders' Meeting.

28. The only persons entitled to vote at the Secured Noteholders' Meeting will be registered Secured Noteholders appearing on the records of ICM as of the close of business on the Record Date and their valid proxy holders as described in the Information Circular and as determined by the Chairman of the Secured Noteholders' Meeting in consultation with the Scrutineer (defined below) and legal counsel to the Petitioners.

29. The required level of approval of the Secured Noteholders' Arrangement Resolution taken at the Secured Noteholders' Meeting will be not less than a majority (50% + 1) in number of the Secured Noteholders voting in person or by proxy at the Secured Noteholders' Meeting, representing ¾ (75%) in value of the votes cast by the Secured Noteholders present in person or by proxy at the Secured Noteholders' Meeting and entitled to vote on the Secured Noteholders' Arrangement Resolution. Each Secured Noteholder will be entitled to one vote for each US$1,000 principal amount of Secured Notes held.

Unsecured Debenture Holders' Meeting

30. The quorum required at the Unsecured Debenture Holders' Meeting shall be the presence in person or by proxy of two or more Unsecured Debenture Holders entitled to vote at the Unsecured Debenture Holders' Meeting.

31. The only persons entitled to vote at the Unsecured Debenture Holders' Meeting will be the registered Unsecured Debenture Holders appearing on the records of iAnthus Capital Holdings as of the close of business on the Record Date and their valid proxy holders as described in the Information Circular and as determined by the Chairman of the

Unsecured Debenture Holders' Meeting in consultation with the Scrutineer (defined below) and legal counsel to the Petitioners.

32. The required level of approval of the Unsecured Debenture Holders' Arrangement Resolution taken at the Unsecured Debenture Holders' Meeting will be not less than a majority (50% + 1) in number of the Unsecured Debenture Holders voting in person or by proxy at the Unsecured Debenture Holders' Meeting, representing not less ¾ (75%) in value of the votes cast by Unsecured Debenture Holders present in person or by proxy at the Unsecured Debenture Holders' Meeting and entitled to vote on the Unsecured Debenture Holders' Meeting. Each Unsecured Debenture Holder will be entitled to one vote for each US$1,000 principal amount of Unsecured Debentures held.

Equityholders' Meeting

33. The quorum required at the Equityholders' Meeting shall be at least one person who is, or who represents by proxy, one or more persons holding, in the aggregate, at least 5% of the issued Shares entitled to be voted at the Equityholders' Meeting.

34. The only persons permitted to vote at the Equityholders' Meeting in respect of the Equityholders' Arrangement Resolution, will be the Equityholders, Option Holders and Warrant Holders appearing on the records of iAnthus Capital Holdings as of the close of business on the Record Date and their valid proxy holders as described in the Information Circular and as determined by the Chairman of the Equityholders' Meeting upon consultation with the Scrutineer (defined below) and legal counsel to the Petitioners.

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

36. In all other respects, the terms, restrictions and conditions of the constating documents of iAnthus Capital Holdings, including quorum requirements and other matters, will apply in respect of the Meetings.

ADJOURNMENT OF MEETINGS

37. Subject to the terms of the Arrangement Agreement, if iAnthus Capital Holdings deems advisable and notwithstanding the provisions of the BCBCA or the articles of iAnthus Capital Holdings, iAnthus Capital Holdings is specifically authorized (with the consent of the Requisite Consenting Parties) to adjourn or postpone one or more of the Meetings on one or more occasions without the necessity of first convening the Meeting(s) or first obtaining any vote of the Secured Noteholders, the Unsecured Debenture Holders or the Equityholders, as applicable, respecting the adjournment or postponement and without the need for approval of the Court, provided that the Secured Noteholders, the Unsecured Debenture Holders or the Equityholders, as applicable have due notice given by press release, news release, newspaper advertisement, in which case such notice will be deemed to have been received at the time of publication, or by notice sent by any of the means set forth in paragraph 16, as determined to be the most appropriate method of communication by the Petitioners.

38. The Record Date for Secured Noteholders, Unsecured Debenture Holders and Equityholders entitled to notice of and to vote at the applicable Meetings will not change in respect of adjournments or postponements of the applicable Meeting(s).

AMENDMENTS

39. iAnthus Capital Holdings is authorized, with the consent of the Requisite Consenting Parties, to make such amendments, revisions and/or supplements to draft Information Circular attached to Affidavit #1 of Julius Kalcevich as they may determine, provided it has obtained any required consents under the Arrangement Agreement or otherwise, and the Information Circular as so amended, revised and/or supplemented, shall be the Information Circular to be distributed in accordance with this Interim Order.

40. iAnthus Capital Holdings is authorized, with the consent of the Requisite Consenting Parties, to make such amendments, revisions or supplements to the Plan of Arrangement as it may determine, provided it has obtained any required consents under the Arrangement Agreement or otherwise, and the Plan of Arrangement as so amended, revised or supplemented will be the Plan of Arrangement which is submitted to the Meetings and which will thereby become the subject of the Arrangement Resolutions.

SCRUTINEER

41. The Chairman of the Meetings, or such other person as may be designated by the Chairman of the Meetings upon consultation with legal counsel to the Petitioners, will be authorized to act as scrutineer for the Meetings (the "**Scrutineer**").

PROXY SOLICITATION

42. iAnthus Capital Holdings is authorized to permit the Secured Noteholders, the Unsecured Debenture Holders and the Equityholders to vote by proxy using a form or forms of proxy that comply with the articles of iAnthus Capital Holdings and the provisions of the BCBCA relating to the form and content of proxies, and iAnthus Capital Holdings may in its discretion, and with the consent of the Requisite Consenting Parties, waive generally the time limits for deposit of proxies by the Secured Noteholders, the Unsecured Debenture Holders or the Equityholders if iAnthus Capital Holdings deems it reasonable to do so.

43. The procedures for the use of proxies at the Meetings shall be as set out in the Meeting Materials.

DELIVERY OF COURT MATERIALS

44. iAnthus Capital Holdings will include in the Meeting Materials a copy of this Interim Order and the Notice of Hearing of Petition for Final Order (the "**Court Materials**") and will make available to any Secured Noteholder, Unsecured Debenture Holder or Equityholder requesting same, a copy of each of the Petition herein and the accompanying Affidavit #1 of Julius Kalcevich, sworn August 4, 2020.

45. Delivery of the Court Materials with the Meeting Materials in accordance with this Interim Order will constitute good and sufficient service or delivery of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service or delivery need be made and no other material need to be served on or delivered to such persons in respect of these proceedings.

FINAL APPROVAL HEARING

46. Upon the approval, with or without variation, by the Secured Noteholders, the Unsecured Debenture Holders and the Equityholders of the Arrangement in the manner set forth in this Interim Order, the Petitioners may set the Petition down for hearing and apply for an order of this Court (i) approving the Plan of Arrangement pursuant to Section 291(4)(a) of the BCBCA and (ii) determining that the Arrangement is procedurally and substantively fair and reasonable pursuant to section 291(4)(c) of the BCBCA (collectively, the "**Final Order**"), at 2:00 p.m. on September 25, 2020, or such later date as counsel may be heard or the Court may direct.

47. Any Secured Noteholder, Unsecured Debenture Holder or Equityholder, or other interested party has the right to appear (either in person or by counsel) and make submissions at the hearing of the Petition provided that, other than in the case of the Requisite Consenting Parties, such party file a Response by no later than 4:00 p.m. (Pacific Time) on September 21, 2020, in the form prescribed by the British Columbia *Supreme Court Civil Rules*, with this Court and deliver a copy of the filed Response together with a copy of all materials on which such Secured Noteholder, Unsecured Debenture Holder, Equityholder or interested party intends to rely at the hearing of the Petition, including an outline of such Secured Noteholder, Unsecured Debenture Holder, Equityholder or interested party's proposed submissions to: (i) the Petitioners, c/o counsel for iAnthus Capital Holdings: McMillan LLP, Barristers and Solicitors, Suite 1500, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, Canada, V6E 4N7, Attention: Vicki Tickle; (ii) the Secured Noteholders, c/o counsel for the Secured Noteholders: Davies Ward Phillips & Vineberg LLP, Barristers and Solicitors,

40th Floor, 155 Wellington Street West, Toronto, Ontario, Canada, M5V 3J7, Attention: Robin Schwill; and (iii) the Initial Consenting Unsecured Debenture Holders, c/o Cassels Brock & Blackwell LLP, Barristers & Solicitors, Suite 2100, Scotia Plaza, 40 King Street West, Toronto, Ontario, Canada, M5H 3C2, Attention: Ryan Jacobs and Lance Williams, and Stikeman Elliott LLP, Barristers and Solicitors, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, Canada, M5L 1B9, Attention: Brian Pukier and Ashley Taylor, subject to the direction of the Court.

48. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response, in accordance with the preceding paragraph of this Interim Order, need to be served with notice of the adjourned date.

49. The Final Order, if granted, will provide the basis for the Company and ICM to rely on the exemption from registration provided in Section 3(a)(10) of the U.S. Securities Act of 1933, as amended, with respect to the issuance of securities pursuant to the Arrangement.

50. The Petitioners shall not be required to comply with Rules 8-1 and 16-1 of the *Supreme Court Civil Rules* in relation to the hearing of the Petition for the Final Order approving the Plan of Arrangement, and any materials to be filed by the Petitioners in support of the application for the Final Order may be filed up to two business days prior to the hearing of the application for the Final Order without further order of this Court.

51. **VARIANCE**

52. The Petitioners are at liberty to apply to this Honourable Court to vary the Interim Order or for advice and direction with respect to the Plan of Arrangement or any of the matters related to the Interim Order.

ENDORSEMENT

53. Endorsement of this Order by counsel appearing on this application other than counsel for the Petitioners is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Vicki Tickle,
Lawyer for Petitioners.

By the Court

Registrar

SCHEDULE "A"

Definitions

Defined Term	Meaning
"Arrangement Agreement"	The arrangement agreement dated [•], 2020, among the iAnthus Parties, as amended, modified, and/or supplemented from time to time in accordance with its terms, the full text of which is set out as Appendix E to the Information Circular.
"Arrangement Resolutions"	Collectively, the Secured Noteholders' Arrangement Resolution, the Unsecured Debenture Holders' Arrangement Resolution, and the Equityholders' Arrangement Resolution.
"BCBCA"	*Business Corporations Act*, SBC 2002, c 57.
"Collateral Agent"	The collateral agent for the Secured Notes, being Gotham Green Admin 1, LLC, or its successors or assigns.
"Equityholders"	Collectively, the Shareholders, Option Holders, and Warrant Holders.
"Existing Shares"	All Shares that are issued and outstanding prior to the Effective Date (as defined in the Plan of Arrangement).
"Guarantors"	The guarantors under the secured Note Purchase Agreement, being collectively, iAnthus Capital Holdings, S8 Rental Services, LLC, MPX Bioceutical ULC, Bergamot Properties, LLC, iAnthus Holdings Florida, LLC, GrowHealthy Properties, LLC, Fall River Development Company, LLC, CGX Life Sciences Inc., GTL Holdings, LLC, iAnthus Empire Holdings, LLC, Ambary, LLC, Pakalolo, LLC, iAnthus Arizona, LLC, S8 Management, LLC, Scarlet Globemallow, LLC, GHHIA Management, Inc., McCrory's Sunny Hill Nursery, LLC, iA IT, LLC, Pilgrim Rock Management, LLC, Mayflower Medicinals, Inc., IMT, LLC, GreenMart of Nevada NLV, LLC, iAnthus New Jersey, LLC, iA CBD, LLC, Citiva Medical, LLC, Grassroots Vermont Management Services, LLC, and FWR, Inc.
"iAnthus Parties"	Collectively, iAnthus Capital Holdings, ICM, the Guarantors and any non-Guarantor subsidiaries of iAnthus Capital Holdings or ICM.
"Initial Supporting Unsecured Debenture	Cassels Brock & Blackwell LLP, Stikeman Elliott LLP and such other advisors to the Initial Supporting Unsecured Debenture Holders as agreed to with iAnthus Capital Holdings from time to

Holder Advisors"	time.
"Initial Supporting Unsecured Debenture Holders"	Those Unsecured Debenture Holders that are initial signatories to the Restructuring Support Agreement, being each of: (i) Senvest Master Fund, LP, Senvest Global (KY), LP; (ii) Oasis Investments II Master Fund Ltd., and (iii) Hadron Alpha PLC – Hadron Alpha Select Fund and Hadron Healthcare and Consumer Special Opportunities Master Fund, which Unsecured Debenture Holders hold an aggregate of not less than 75% of the aggregate principal amount of Unsecured Debentures held by all Unsecured Debenture Holders.
"Related Shareholders"	Shareholders that are "interested parties", "related parties" of any interested parties and "joint actors" of the foregoing (as such terms are defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, as amended or replaced from time to time).
"Meetings"	Collectively, the Secured Noteholders' Meeting, the Unsecured Debenture Holders' Meeting, and the Equityholders' Meeting.
"Option Holders"	The holders of Options.
"Options"	Options to purchase Shares issued and outstanding under the Stock Option Plan.
"Requisite Consenting Parties"	Each of the Initial Supporting Unsecured Debenture Holders and the Secured Noteholders.
"Restructuring Support Agreement"	The restructuring support agreement among the iAnthus Parties, the Secured Noteholders and the Initial Supporting Unsecured Debenture Holders dated July 10, 2020 (including, for certainty, the term sheet appended thereto), as may be amended or supplemented from time to time pursuant to its terms.
"Secured Note Purchase Agreement"	The second amended and restated secured debenture purchase agreement for the Secured Notes, dated July 10, 2020, by and among iAnthus Capital Holdings, ICM , the other Guarantors, the Secured Noteholders and the Collateral Agent, as amended, modified and/or supplemented from time to time as of the date hereof.
"Secured Noteholder Advisors"	Davies Ward Phillips & Vineberg LLP, Honigmann LLP, SkyLaw and such other advisors to the Secured Noteholders as agreed to with iAnthus Capital Holdings from time to time.
"Secured Noteholders"	The holders of the Secured Notes.

"Secured Notes"	The 13.0% senior secured notes, due May 2021 issued under the Secured Note Purchase Agreement.
"Shareholders"	The holders of Shares.
"Shares"	The common shares in the capital if iAnthus Capital Holdings.
"Stock Option Plan"	iAnthus Capital Holdings equity compensation plan effective as of November 15, 2015, as amended and restated on October 15, 2018, as may be further amended from time to time.
"Unsecured Debenture Holders"	The holders of Unsecured Debentures.
"Unsecured Debenture Purchase Agreements"	The debenture purchase agreements for the Unsecured Debentures, dated March 15, 2019 or April 29, 2019, as applicable, by and among iAnthus Capital Holdings and each Unsecured Debenture Holder, as amended, modified and/or supplemented from time to time.
"Unsecured Debentures"	The 8.0% unsecured convertible debentures maturing on March 15, 2023 issued pursuant to one or more Unsecured Debenture Purchase Agreements between each of the Unsecured Debenture Holders and iAnthus Capital Holdings.
"Warrant Holders"	The holders of Warrants.
"Warrants"	All of the issued and outstanding warrants to purchase Shares.

No. S-207785
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS CORPORATIONS ACT,* S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT OF IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC, AND INVOLVING S8 RENTAL SERVICES, LLC, MPX BIOCEUTICAL ULC, BERGAMOT PROPERTIES, LLC, IANTHUS HOLDINGS FLORIDA, LLC, GROWHEALTHY PROPERTIES, LLC, FALL RIVER DEVELOPMENT COMPANY, LLC, CGX LIFE SCIENCES INC., GTL HOLDINGS, LLC, IANTHUS EMPIRE HOLDINGS, LLC, AMBARY, LLC, PAKALOLO, LLC, IANTHUS ARIZONA, LLC, S8 MANAGEMENT, LLC, SCARLET GLOBEMALLOW, LLC, GHHIA MANAGEMENT, INC., MCCRORY'S SUNNY HILL NURSERY, LLC, IA IT, LLC, PILGRIM ROCK MANAGEMENT, LLC, MAYFLOWER MEDICINALS, INC., IMT, LLC, GREENMART OF NEVADA NLV, LLC, IANTHUS NEW JERSEY, LLC, IA CBD, LLC, CITIVA MEDICAL, LLC, GRASSROOTS VERMONT MANAGEMENT SERVICES, LLC, AND FWR, INC.

IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC

PETITIONERS

ORDER MADE AFTER APPLICATION

mcmillan
McMillan LLP
1500 – 1055 West Georgia Street
Vancouver, BC V6E 4N7
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Attention: Vicki Tickle
File No. 273348

APPENDIX J
PETITION FOR THE FINAL ORDER

(see attached)

SUPREME COURT
OF BRITISH COLUMBIA
VANCOUVER REGISTRY

AUG 04 2020

S-207785

No.
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS CORPORATIONS ACT,* S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC, AND INVOLVING S8 RENTAL SERVICES, LLC, MPX BIOCEUTICAL ULC, BERGAMOT PROPERTIES, LLC, IANTHUS HOLDINGS FLORIDA, LLC, GROWHEALTHY PROPERTIES, LLC, FALL RIVER DEVELOPMENT COMPANY, LLC, CGX LIFE SCIENCES INC., GTL HOLDINGS, LLC, IANTHUS EMPIRE HOLDINGS, LLC, AMBARY, LLC, MPX LUXEMBOURG SARL, IA NORTHERN NEVADA, LLC, PAKALOLO, LLC, IANTHUS ARIZONA, LLC, , IANTHUS ARIZONA, LLC, S8 MANAGEMENT, LLC, SCARLET GLOBEMALLOW, LLC, GHHIA MANAGEMENT, INC., MCCRORY'S SUNNY HILL NURSERY, LLC, IA IT, LLC, PILGRIM ROCK MANAGEMENT, LLC, MAYFLOWER MEDICINALS, INC., IMT, LLC, GREENMART OF NEVADA NLV, LLC, IANTHUS NEW JERSEY, LLC, IA CBD, LLC, CITIVA MEDICAL, LLC, GRASSROOTS VERMONT MANAGEMENT SERVICES, LLC, AND FWR, INC.

IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC
PETITIONERS

PETITION TO THE COURT

THIS IS THE PETITION OF:

iAnthus Capital Holdings Inc. and iAnthus Capital Management, LLC
c/o McMillan LLP
Suite 1500 – 1055 West Georgia Street
P.O. Box 11117
Vancouver, BC
V6E 4N7

ON NOTICE TO:

IT IS NOT INTENDED TO GIVE NOTICE OF THIS PETITION TO ANY PERSON, EXCEPT AS MAY BE DIRECTED BY THE COURT.

This proceeding has been started by the Petitioner for the relief set out in Part 1 below.

If you intend to respond to this petition, you or your lawyer must

(a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and

(b) serve on the petitioner(s)

(i) 2 copies of the filed response to petition, and

(ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the Petitioner,

(a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,

(b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,

(c) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or

(d) if the time for response has been set by order of the court, within that time.

(1) The address of the registry is: The Law Courts 800 Smithe Street Vancouver, British Columbia V6Z 2E1
(2) The ADDRESS FOR SERVICE of the Petitioners is: iAnthus Capital Holdings Inc. and iAnthus Capital Management, LLC c/o McMillan LLP Suite 1500 – 1055 West Georgia Street P.O. Box 11117 Vancouver, British Columbia V6E 4N7 Telephone: 232-826-3022 Attention: Vicki Tickle Fax number for delivery (if any): 604-685-7084 E-mail address for service (if any): vicki.tickle@mcmillan.ca

(3) The name and office address of the Petitioner's lawyer is: Same as above

CLAIM OF THE PETITIONER

Part 1: ORDERS SOUGHT

1. The Petitioners apply to this Court for a Final Order substantially in the form attached as Schedule "**A**" (the "**Final Order**") pursuant to section 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") and Rule 16-1 of the *Supreme Court Civil Rules*.

Part 2: FACTUAL BASIS

Overview

2. The Petitioner, iAnthus Capital Holdings, Inc. ("**iAnthus Capital Holdings**" or the "**Company**"), is incorporated under the BCBCA with a registered and records office located at 1055 West Georgia Street, PO Box 11117, Vancouver, British Columbia. The Company is the publicly traded, top-level holding company for the broader group of companies, including the other Petitioner, iAnthus Capital Management, LLC ("**ICM**"), that operate under the iAnthus brand (collectively, "**iAnthus**"). ICM is a Delaware limited liability company that is wholly-owned by the Company and is the issuer of the Secured Notes (described in more detail below).

Affidavit #1 of Julius Kalcevich, sworn August 4, 2020 ("**Kalcevich Affidavit**") at paras 1, 13.

3. Unless stated otherwise, all dollar amounts referred to herein are in the lawful currency of the United States.

4. iAnthus develops, owns, and operates medical and adult use licensed cannabis cultivation, processing, and dispensary facilities, offers innovative branded cannabis products across ten states, and develops and distributes cannabidiol ("**CBD**") products throughout the United States.

Kalcevich Affidavit at paras 4-5.

5. At the end of March, 2020, iAnthus missed an interest payment due on certain convertible secured notes issued, as more particularly described below. iAnthus had insufficient liquidity to make the payment. The missed interest payment resulted in cross defaults on secured and unsecured debentures.

Kalcevich Affidavit at para 6.

6. On April 6, 2020, the Board created a special committee of the Board (the "**Special Committee**") to, among other things, explore and consider strategic alternatives available in light of its prospective liquidity requirements (the "**Strategic Review Process**"). The Special Committee engaged Canaccord Genuity Corp. (the "**Financial Advisor**") to assist and advise, from a financial perspective, on the Strategic Review Process.

Kalcevich Affidavit at para 7.

7. The Strategic Review Process led to the execution on July 10, 2020 of a restructuring support agreement (the "**RSA**") among the Company, 100% of the holders of the Secured Notes (as defined below) and certain unsecured debenture holders representing approximately 91% of the outstanding indebtedness under the Unsecured Debentures (as defined below) (the "**Initial Consenting Debenture Holders**"). The RSA contemplates that a restructuring of iAnthus would be pursued pursuant to an arrangement process under the BCBCA (the "**Arrangement**") as set out in the proposed plan of arrangement (the "**Plan of Arrangement**") attached as Appendix "C" to the information circular (which is included as Exhibit "F" to the Kalcevich Affidavit) (the "**Information Circular**"). If the Arrangement fails, the RSA contemplates that the restructuring would be pursued pursuant to a pre-packaged plan of arrangement under the *Companies' Creditors Arrangement Act* (the "**CCAA**").

Kalcevich Affidavit at para 10.

8. The Company expects to enter an arrangement agreement providing for the Arrangement before seeking an interim order from the court on an application within this proceeding.

The Company and ICM now advance this Petition to ultimately seek court approval of the Arrangement.

Kalcevich Affidavit at para 11.

Corporate Structure and Business

9. iAnthus Capital Holdings has its head office in Toronto, Ontario. From there, it carries out its corporate planning and consolidated financial reporting.

Kalcevich Affidavit at para 13.

10. In 2016, iAnthus Capital Holdings was the first multi-state cannabis company to publicly trade on the Canadian Securities Exchange with licensed multi-state cannabis operations in the United States (the "**U.S.**").

Kalcevich Affidavit at para 14.

11. Through 38 direct and indirect subsidiaries (each, a "**Subsidiary**" and collectively, the "**Subsidiaries**") and their affiliates, iAnthus Capital Holdings operates 36 dispensaries and 12 cultivation or processing, or cultivation and processing, facilities throughout the U.S. It distributes cannabis and CBD products to over 220 dispensaries and 2,300 retail stores, respectively.

Kalcevich Affidavit at para 15.

Assets and Liabilities

12. iAnthus Capital Holdings' assets consist primarily of equity in the Subsidiaries. iAnthus' gross tangible fixed asset values (i.e. asset values before depreciation and amortization) and net fixed asset values amounted to approximately $145.2 million and $132.9 million, respectively, as at December 31, 2019. These tangible assets include land, buildings, leasehold and building improvements, vehicles, equipment, furniture and fixtures, construction in progress and right-of-use assets.

Kalcevich Affidavit at para 16.

13. iAnthus' intangible assets (net of amortization) and goodwill totaled $396.7 million as at December 31, 2019. These intangible assets include licenses to operate cannabis assets, trademarks, websites and software. The licenses iAnthus holds had a value on a gross (i.e., before amortization) and net basis totaling $157.9 million and $144.1 million, respectively, as at December 31, 2019.

Kalcevich Affidavit at para 17.

14. iAnthus' long-term investments totaled $2.6 million as at December 31, 2019. These long-term investments include interest due on a promissory note from Citiva Jamaica, LLC, a 24.6% equity investment in Reynold Green & Associates, LLC, and 137,048 shares (less than 1% equity interest) in 4Front Ventures Corp. (another publicly traded U.S. cannabis operator). iAnthus' other long-term assets totaled $2.7 million as at December 31, 2019, and include security deposits and an amount owed from a related party.

Kalcevich Affidavit at para 18.

15. As described in detail in the Kalcevich Affidavit, iAnthus owes an aggregate of $97,507,778 before interest and fees under three tranches of convertible secured debentures (the "**Secured Notes**") issued by ICM pursuant to the second amended and restated secured debenture purchase agreement dated July 10, 2020 (the "**Amended and Restated Secured Note Purchase Agreement**") among, *inter alios*, the Company, ICM, the noteholders thereunder (the "**Secured Noteholders**") and Gotham Green Admin 1, LLC (the "**Collateral Agent**"). The Secured Notes bear interest at 13% per annum and mature on May 14, 2021. To date, $8,640,273 of interest has accrued on the Secured Notes for a total indebtedness of $106,148,050 as of August 4, 2020. Interest continues to accrue at a rate of approximately $1.3 million per month. In addition, outside of the RSA, the Collateral Agent reserves its right to claim a $10,000,000 exit fee, as described in certain transaction documents delivered in connection with the issuance of the Secured Notes.

Kalcevich Affidavit at paras 20-29.

16. iAnthus also owes the principal amount of $60,000,000 plus accrued but unpaid interest and all other amounts (including fees, costs and expenses) in connection with the issuance of convertible unsecured debentures (the "**Unsecured Debentures**") by the Company to a number of U.S. funds and companies (collectively, the "**Unsecured Debenture Holders**"). Unsecured Debenture Holders holding $55,000,000 of the principal amount of the Unsecured Debentures constitute the Initial Consenting Debenture Holders as follows:

a. Oasis Investment II Master Fund Ltd.;

b. Hadron Healthcare and Consumer Special Opportunities Master Fund;

c. Hadron Alpha PLC-Hadron Alpha Select Fund;

d. Senvest Global (KY), LP; and

e. Senvest Master Fund, LP.

Kalcevich Affidavit at paras 34-36.

17. iAnthus is involved in three securities class actions, two of which were commenced in the U.S. District Court for the Southern District of New York, and one of which was commenced in the Ontario Superior Court Justice, each against iAnthus Capital Holdings and other defendants (the "**Class Actions**"), as more fully described in the Kalcevich Affidavit. The plaintiffs in the Class Actions allege that iAnthus Capital Holdings made materially false and misleading statements to investors relating to, among other things, the release of funds escrowed to ensure the payment of interest in connection with certain iAnthus Capital Holdings debt obligations, and concerning the release of 2019 financial statements in related disclosure. The total amounts claimed in these lawsuits have not been quantified at the present time. A proceeding advanced on a similar basis (the "**Related Action**") was commenced by Hi-Med, LLC, a holder of Unsecured Debentures that is also a shareholder.

Kalcevich Affidavit at paras 37-41.

Events Leading to the Arrangement

18. As described above, the Board created the Special Committee on April 6, 2020 to pursue the Strategic Review Process with the assistance of the Financial Advisor. Initially, the Strategic Review Process focused on the solicitation of non-binding expressions of interest for restructuring or investment transactions with iAnthus. More than 100 parties were contacted, confidential evaluation material was sent to more than 50 parties, detailed follow-up diligence responses were provided to over a dozen parties, and several non-binding indications of interest were received from over a dozen parties representing a total of 35 individual offers, which non-binding indications of interest were for either individual states or a broader company transaction.

Kalcevich Affidavit at paras 46-49.

19. The Special Committee, in consultation with its counsel and the Financial Advisor, evaluated each of the non-binding indications of interest. The Special Committee pursued numerous potential transactions, including with strategic bidders.

Kalcevich Affidavit at para 50.

20. In parallel with its discussions with the strategic bidders, the Special Committee maintained an ongoing constructive dialogue with the Collateral Agent, considering multiple proposals from the Secured Noteholders. However, on June 22, 2020, the Collateral Agent delivered, through counsel, a demand letter together with notices of intention to enforce their security in accordance with section 244 of the *Bankruptcy and Insolvency Act*. Accordingly, as of July 2, 2020, the Collateral Agent was in a position to enforce on the security granted in connection with the Secured Notes.

Kalcevich Affidavit at paras 51-53.

21. The Company and the Special Committee involved the Initial Consenting Debenture Holders both in the discussions with the strategic bidders and in the dialogue with the Collateral Agent, as the support of the Initial Consenting Debenture Holders was required for each of the proposed transactions that were under consideration in the Strategic

Review Process by the Special Committee.

Kalcevich Affidavit at para 54.

22. Ultimately, the Initial Consenting Debenture Holders were supportive of a transaction that flowed from the dialogue with the Collateral Agent and certain of the Secured Noteholders. That dialogue led to the negotiation beginning June 29, 2020 of a restructuring support agreement among the Company, the Collateral Agent, the Secured Noteholders and the Initial Consenting Debenture Holders. The Special Committee worked with its counsel and counsel to the Company to negotiate with the Collateral Agent, the Secured Noteholders and the Initial Consenting Debenture Holders the best terms available for the Company and its stakeholders. Two meetings were held on July 10, 2020, the first where the Special Committee recommended to the Board that it resolve in favour of executing the RSA and the restructuring transaction contemplated thereby, and another where the Board accepted the Special Committee's recommendation and voted unanimously to approve the transaction.

Kalcevich Affidavit at para 55.

23. Pursuant to the RSA, its signatories negotiated the terms of the Arrangement now being proposed, as well as interim financing in the amount of $14,736,842 advanced on July 15, 2020 (the "**Interim Financing**" and, the debentures comprising such Interim Financing, the "**Interim Financing Secured Notes**") by certain of the Secured Noteholders (collectively, the "**Interim Lenders**"). The Interim Financing will ensure that the Company has sufficient liquidity to maintain its operations until the Arrangement has been implemented or the CCAA proceedings, if any, have concluded.

Kalcevich Affidavit at para 56.

The Proposed Arrangement

24. The successful implementation of the Arrangement will strengthen iAnthus' financial position by reducing its pro forma outstanding indebtedness from $168.7 million

(excluding fees and accrued and unpaid interest thereon) as at June 30, 2020 to $121.4 million.

Kalcevich Affidavit at para 58.

25. The Arrangement is described in detail in the Information Circular, and the specific steps of the Arrangement are set out in the Plan of Arrangement. The Arrangement will become effective on the date the conditions described in Section 6.1 of the Plan of Arrangement are satisfied (such date, the "**Effective Date**"), and will be binding on the Lenders, the Unsecured Debenture Holders, existing holders of the Company's common shares (the "**Existing Shares**" and the holders of such Existing Shares, the "**Existing Shareholders**"), holders of stock options of the Company, and holders of warrants of the Company (collectively with the Existing Shareholders, the "**Equityholders**"), and all other persons and parties named or referred to in, or subject to, the Plan of Arrangement.

Kalcevich Affidavit at para 59.

26. The Company's obligations to its employees, customers and suppliers will not be affected by the Arrangement and are expected to continue to be satisfied in the ordinary course.

Kalcevich Affidavit at para 60.

Effect of the Plan of Arrangement on the Secured Noteholders

27. The secured debt to be subject to the Arrangement comprises the debt represented by the Secured Notes. Pursuant the Plan of Arrangement, the Secured Notes will be amended to reduce the principal amount outstanding under the notes and the applicable interest rate. Other rights under the Secured Notes will also be amended.

Kalcevich Affidavit at para 61.

28. In exchange for the above noted compromise of the Secured Notes, the Lenders will receive an aggregate of $5 million of non-convertible unsecured debentures (the "**New Unsecured Notes**") and will be issued new common shares of the Company (the "**New Common Shares**") representing 48.625% of the outstanding common shares of the Company following implementation of the Arrangement.

Kalcevich Affidavit at para 62.

Effect of the Plan of Arrangement on the Unsecured Debenture Holders

29. Only unsecured debt composed of the Unsecured Debentures is to be subject to the Arrangement. The Company's other unsecured creditors, including employees, suppliers, and customers, will be unaffected by the Arrangement.

Kalcevich Affidavit at paras 60, 64.

30. Pursuant to the Plan of Arrangement, the Unsecured Debentures, plus accrued and unpaid interest and fees, will be exchanged for (i) an aggregate of $15 million of New Unsecured Notes on the same terms as the New Unsecured Notes issued to the Secured Noteholders, and (ii) New Common Shares representing 48.625% of the outstanding common shares of the Company following implementation of the Arrangement.

Kalcevich Affidavit at para 65.

Effect of the Plan of Arrangement on the Equityholders

31. Pursuant to the Plan of Arrangement, on the Effective Date, the Equityholders shall retain only their Existing Shares which (subject to the issuance of New Common Shares to the Secured Noteholders and the Unsecured Debenture Holders, as outlined above) will represent approximately, 2.75% of the outstanding common shares of the Company immediately following implementation of the Arrangement, subject to any further dilution that may arise in respect of any management incentive plan.

Kalcevich Affidavit at para 66.

32. Pursuant to the RSA if, among other things, certain milestones and conditions set out in the RSA in respect of these proceedings are not met or it is otherwise determined by iAnthus, the Secured Noteholders, and the Initial Consenting Debenture Holders, the Arrangement will be effected through a plan of compromise and arrangement under the CCAA (the "**CCAA Plan**"). If the Arrangement is consummated under the CCAA, the Equityholders will not receive a recovery and the New Common Shares will instead be allocated equally as between the Secured Noteholders and the Unsecured Debenture

Holders, such that each will hold 50% of the outstanding Common Shares of iAnthus following implementation of the CCAA Plan.

Kalcevich Affidavit at para 67.

33. It is a condition of the Arrangement that, following its implementation, (i) the common shares (including the Existing Shares and New Common Shares) of the Company shall be listed for trading on a recognized securities exchange, and (ii) iAnthus shall remain a reporting issuer in each province of Canada in which it is currently a reporting issuer.

Kalcevich Affidavit at para 68.

34. All outstanding warrants, options, rights or similar instruments derived from, relating to, or exercisable, convertible or exchangeable therefor in respect of the Company's existing equity (except for the Existing Shares) shall be cancelled on the implementation of the Arrangement pursuant to the Plan of Arrangement. Similarly, all Affected Equity Claims of the Equityholders will be released upon implementation of the Arrangement, as described below.

Kalcevich Affidavit at para 69.

35. The Equityholders have had notice that the Arrangement may result in a material dilution of the Existing Shares since the issuance of the Company's press release issued July 13, 2020 announcing the commencement of these proceedings, and will receive further notice when served with the interim order the company will seek (the "**Interim Order**").

Kalcevich Affidavit at para 70.

36. In addition to the parties served with the Petition, if the proposed Interim Order is granted, iAnthus will issue a press release (the "**Interim Order Press Release**") detailing, among other things, the terms of the Arrangement and the meetings to be provided for in the Interim Order (the "**Meetings**"). The proposed Interim Order also provides that following granting of the Interim Order, the Petitioners shall provide all counsel representing the plaintiffs in each of the Class Actions and the Related Action with a copy of, among other things, copies of the Petition and the Kalcevich Affidavit.

Kalcevich Affidavit at para 71.

37. iAnthus believes that the proposed Arrangement is the best alternative available for the Company and its stakeholders, including the Equityholders, given, among other things, the results of the Strategic Review Process, the financial situation of the Company and the fact that the Equityholders would not receive any recovery in the event the proposed Arrangement is effected through a CCAA Plan.

Kalcevich Affidavit at para 72.

Implementation

38. The Arrangement is being implemented pursuant to the Plan of Arrangement. As noted above, iAnthus has the ability, to the extent certain milestones and conditions set out in the RSA in respect of these proceedings are not met or it is otherwise determined by iAnthus, the Secured Noteholders, and the Initial Consenting Debenture Holders (each as defined in the RSA), to advance the Arrangement on substantially the same terms as described herein, pursuant to any alternative proceeding commenced by iAnthus under the CCAA. That CCAA proceeding will be supported by such parties pursuant to the RSA, subject to certain agreed milestones (the "**Alternative Implementation Method**") and any necessary and/or agreed amendments.

Kalcevich Affidavit at para 73.

39. In order to be in the best position to advance the Alternative Implementation Method, the Information Circular contains a description of same. In addition, in the event the proposed Arrangement is effected through the Alternative Implementation Method, iAnthus plans to obtain the CCAA court's recognition of the votes cast at the Meetings as votes in the CCAA proceeding for the purposes of sanctioning a CCAA Plan. However, as outlined herein, iAnthus expects to be in a position to complete and implement the Plan of Arrangement pursuant to these proceedings.

Kalcevich Affidavit at para 74.

Conditions to Implementation

40. The Arrangement and implementation thereof is subject to certain conditions precedent being satisfied, completed or waived pursuant to the terms of the RSA and the Plan of Arrangement, including, among others, the following key matters:

(a) the Plan of Arrangement shall have been approved by the Secured Noteholders, the Unsecured Debenture Holders and the Equityholders at the Meetings in accordance with the terms of the Interim Order;

(b) the Plan of Arrangement shall have been approved pursuant to the Final Order by no later than September 28, 2020;

(c) the Arrangement authorized pursuant to the Plan of Arrangement shall have been fully implemented on or prior to June 30, 2021;

(d) the releases in favour of the Released Parties (as defined below) shall form part of the Plan of Arrangement and be effective as of the Effective Date pursuant to the terms of the Plan of Arrangement;

(e) all consents, waivers and filings required to be made by iAnthus and its Subsidiaries shall have been obtained or made, as applicable;

(f) all conditions to implementation of the Plan of Arrangement set out in the RSA shall have been satisfied or waived in accordance with their terms; and

(g) iAnthus shall have paid the documented fees and expenses of the Creditor Advisors (as defined in the RSA) up to and including the Effective Date.

Kalcevich Affidavit at para 75.

Releases

41. The proposed Plan of Arrangement includes releases (the "**Releases**") in connection with the implementation of the Arrangement in favour of the Company and its Subsidiaries, the Secured Noteholders, the Interim Lenders, the Unsecured Debenture Holders, the Initial Supporting Unsecured Debenture Holders, the Collateral Agent (as defined in the

Plan of Arrangement), and each of the foregoing persons' respective current and former directors, officers, managers, partners, employees, auditors, financial advisors, legal counsel and agents (collectively, the "**Released Parties**") from all present and future actions, causes of action, damages, judgments, executions, obligations, liabilities and claims of any kind or nature whatsoever (other than liabilities or claims attributable to any Released Party's gross negligence, fraud or willful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction) arising on or prior to the Effective Date in connection with, among other things, the Secured Notes, the Unsecured Debentures, the Affected Equity Claims (as defined below), the Affected Equity Claims, the RSA, the Plan of Arrangement, the Interim Financing, the Interim Financing Secured Notes, these proceedings, the transactions contemplated in the Plan of Arrangement, and any proceeding commenced with respect to or in connection with the Plan of Arrangement, and any other actions or matters related directly or indirectly to the foregoing (collectively, the "**Released Claims**"), provided that nothing in the Plan of Arrangement will release or discharge any of the Released Parties from or in respect of its obligations under the Plan or Arrangement, the RSA, or the Amended and Restated Secured Note Purchase Agreement.

Kalcevich Affidavit at para 76.

42. The Releases do not release any liabilities or claims attributable to any of such Released Parties' gross negligence, fraud or willful misconduct as determined by the final, non-appealable judgment of a court of competent jurisdiction, and the Released Parties shall not be released from or in respect of any of their respective obligations under the RSA, the Plan of Arrangement, or any document ancillary to any of the foregoing.

Kalcevich Affidavit at para 77.

43. The proposed Plan of Arrangement also includes an injunction (the "**Injunction**"), pursuant to which all persons are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Date (as defined in the Plan of Arrangement) with respect to any and all Released Claims, from (a) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of

any nature or kind whatsoever against the Released Parties, as applicable; (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Released Parties; (c) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind against the Released Parties or their property; or (d) taking any actions to interfere with the implementation or consummation of the Arrangement; provided, however, that the foregoing will not apply to the enforcement of any obligations under the Plan of Arrangement.

Kalcevich Affidavit at para 78.

44. From time to time, the Company has become involved in various legal and administrative proceedings, certain of which, including the U.S. Class Action and the Related Action, qualify as "equity claims" as defined in the CCAA (such equity claims, the "**Affected Equity Claims**"). Pursuant to the Plan of Arrangement, the effect of the Releases and the Injunction, will be to fully and finally release and bar the Affected Equity Claims.

Kalcevich Affidavit at para 79.

Part 3: LEGAL BASIS

45. The Petitioners rely on Part 9, Division 5 of the BCBCA.

46. Section 288(1) of the BCBCA permits a company to propose an arrangement with its creditors or other persons that provides for, among other things, a compromise between the company and its creditors and transfers rights and interests of the company to another corporation in exchange for rights and interests of that other corporation. Whereas the term "company" is defined in the BCBCA to mean an entity incorporated under that statute, the term "corporation" is defined more broadly to include any legal entity.

47. Here, the Arrangement is one contemplated by section 288 of the BCBCA. The Arrangement provides for a compromise of debt and other interests of the Lenders and Unsecured Debenture Holders in exchange for further rights and interests in the Company.

48. Section 288(2) of the BCBCA sets out two preconditions for an arrangement to take effect:

(a) the adoption of the arrangement in accordance with section 289; and (b) court approval under section 291.

49. Where an arrangement is proposed with a class of creditors, section 289(1)(d) sets out the threshold level of support among that class of creditors that must be achieved before the plan is adopted. The Petitioners expect to achieve that threshold level of support in advance of seeking a final order.

50. This Court has recognized that section 291 of the BCBCA contemplates three steps in the process of approving an arrangement:

a. An application for an interim order for directions calling a shareholders' meeting to consider and vote on the arrangement;

b. A meeting of shareholders where the arrangement must be voted on and approved by special resolution; and

c. An application for final court approval of the arrangement.

See *Plutonic Power Corporation (Re)*, 2011 BSCS 804 at para 16.

51. The Petitioners intend to apply for an interim order for directions, and following meetings to be held in compliance with the terms of the interim order, return to this court for approval of the Arrangement.

52. With respect to the approval of the Arrangement pursuant to section 291, Justice Fitzpatrick of this Court recently offered guidance on the basic framework courts should apply in *First Bauxite Corporation (Re)*. In that case, Justice Fitzpatrick observed that *BCE Inc v 1976 Debentureholders* establishes a three-part test for the approval of an arrangement. A petitioner must establish that:

a. the arrangement is made in good faith;

b. the statutory requirements have been met; and

c. the arrangement is fair and reasonable.

First Bauxite Corporation (Re), 2019 BCSC 89 at para 55 [*First Bauxite*] citing *BCE Inc v 1976 Debentureholders*, 2008 SCC 69 [*BCE*].

53. On the question of good faith, the Arrangement is the product of months of negotiations among the parties to the RSA and will permit the continued operation of iAnthus as a going concern while maintaining its public company status and value for existing shareholders. If the Arrangement is not approved, a CCAA proceeding will follow, and Equityholders will not receive any recovery.

54. The Petitioners also anticipate that at the hearing for approval of the Final Order, they will satisfy this Court that the relevant statutory requirements have been met. Section 228 of the BCBCA provides, relevantly:

> (1) Despite any other provision of this Act, a company may propose an arrangement with shareholders, creditors or other persons and may, in that arrangement, make any proposal it considers appropriate, including a proposal for one or more of the following:
>
> ...
>
> (i) a compromise between the company and its creditors or any class of its creditors, or between the company and the persons holding its securities or any class of those persons.
>
> (2) Before an arrangement proposed under this section takes effect, the arrangement must be
>
> (a) adopted in accordance with section 289, and
>
> (b) approved by the court under section 291.

55. Section 289(1)(d) of the BCBCA provides:

"Despite section 264 and 265, an arrangement is adopted for the purposes of section 288(2)(a) if

...

> (d) in respect of an arrangement proposed with creditors of the company or a class of creditors of the company, a majority in number and ¾ in value of the creditors or class of creditors, as the case may be, present and voting, either in person or by proxy, approve the arrangement at a meeting if at least 21 days' notice of the meeting, and of the intention to propose the arrangement, has been sent to all of those creditors with whom the arrangement is proposed."

56. As for whether the arrangement is fair and reasonable, courts require an affirmative answer on two questions:

a. is there a valid business purpose for the arrangement; and

b. does the arrangement resolve objections in a fair and balanced way?

First Bauxite, supra at para 56.

57. A valid business purpose is evidenced by positive business value offsetting the fact that rights are being altered. Put another way, the arrangement has to further the interests of the corporation as an ongoing concern. In *BCE*, the Supreme Court of Canada wrote:

> If the plan of arrangement is necessary for the corporation's continued existence, courts will more willingly approve it despite its prejudicial effect on some security holders. Conversely, if the arrangement is not mandated by the corporation's financial or commercial situation, courts are more cautious and will undertake a careful analysis to ensure that it was not in the sole interest of a particular stakeholder. Thus, the relative necessity of the arrangement may justify negative impact on the interests of affected security holders.

First Bauxite at para 127 citing *BCE* at paras 145-146.

58. Here, the Arrangement is necessary for the Company's continued existence and, in particular, preservation of value for the Equityholders. If the Arrangement is implemented instead by way of the CCAA Plan, there will be no value available for the Equityholders. Therefore, the Petitioners submit that there is a valid business purpose for the Arrangement.

59. As for whether objections are resolved in a fair and balanced way, indicia of fairness

include the following:

a. whether the majority of security holders voted to approve the arrangement;

b. proportionality of compromise between various security holders;

c. the security holders' position before and after the arrangement;

d. impact on security holders' rights;

e. repute of the directors and advisors endorsing the arrangement; and

f. the presence of a fairness opinion from a reputable expert.

First Bauxite at para 14 citing *BCE* at paras 152-155.

60. In *First Bauxite*, Fitzpatrick J. held that: the shareholder vote, the process by which the arrangement transaction was chosen, the absence of alternatives for the company, the market response and the presence of dissent rights all supported the position that objections were resolved in a fair and balanced way.

First Bauxite at para 144.

61. Here, the comprehensive process that led to the Arrangement, following the Strategic Review Process, the Company's present financial circumstances, alternatives available to the Company and the presence of the Fairness Opinion are all relevant to any consideration of fairness. The high degree of support from the Company's secured creditors and the large majority of its unsecured creditors, whose legal rights are being compromised, also indicate fairness. While the economic interests of Equityholders are affected through the Arrangement by way of dilution of the Existing Shares, their interests are treated fairly having regard to the alternative to the Arrangement, namely a CCAA Plan pursuant to which Equityholders would receive nothing.

62. The Arrangement is not contingent upon a favourable vote of the Equityholders. Since the Equityholders' legal rights are not being impacted, they are not entitled to a vote.

BCE at paras 133-135

63. Such treatment is consistent with the BCBCA and with this court's decision in *Telus Corporation (Re)*.

64. With respect to the BCBCA, section 289 calls for certain voting thresholds to be met for the adoption of an arrangement. However, shareholder voting is only contemplated in that section where an arrangement is proposed *with* shareholders. Where, for example, an arrangement is proposed with creditors, section 289 does not call for any vote of shareholders at all.

65. In *Telus Corporation (Re)*, Justice Fitzpatrick accepted that where a stakeholder's legal (as opposed to economic) rights are unaffected, the stakeholder has no right to vote on an arrangement. Accordingly, it was appropriate that shareholders whose economic interests were being diluted, but not legally affected, were voting on an *ex gratia* basis only.

Telus Corporation (Re), 2012 BCSC 1919 at paras 284-288

See also *Smoothwater Capital Corporation v Marquee Energy Ltd.*, 2016 ABCA 360 at para 32, overturning the decision of a chambers judge holding that substantial dilution constitutes an effect on legal rights as opposed to economic rights.

66. The Arrangement also contemplates the release of claims against the Released Parties. Releases are a key feature of recapitalization transactions involving the compromise of debt claims. Releases are necessary to ensure that the positive impact on the Company resulting from the implementation of the recapitalization transaction is not subject to, effectively, a collateral attack and thereby jeopardized.

67. Courts, in deciding whether the provision of releases ought to be approved in the context of a CCAA plan of arrangement, have considered whether:

a. the released parties are essential and are contributing to the restructuring;

b. the released claims are rationally connected to the purpose of the plan;

c. the plan could succeed without the releases;

d. those whose legal rights are affected by the proposed arrangement had knowledge of the releases.

Walter Energy Canada Holdings, Inc. (Re), 2018 BCSC 1135 at para 30.

68. Releases have also been approved in the context of corporate plans of arrangement where the releases compromise claims that, were the plan to be effected by a CCAA plan of arrangement, would be of no value.

Concordia International Corp. (Re), 2018 ONSC 4165 [*Concordia*] at paras 37-51.

69. The Petitioners submit that each of the foregoing factors support the releases sought. The Arrangement was heavily negotiated and would not be possible without the contributions of each of the Released Parties.

70. With respect to releases in favour of the Company's directors and officers, those parties have certain rights of indemnification from the Company. Accordingly, absent such releases of directors and officers, the Company would remain exposed to future liability in connection with rights that would otherwise be finally compromised by implementation of the Arrangement.

71. The presence of releases will be brought to the attention of all parties affected by the Arrangement through service in accordance with the anticipated Interim Order.

72. In connection with the above-referenced releases, the Class Actions and the Related Claim will be effectively compromised for no consideration under the Arrangement. If the Arrangement is effected through a CCAA Plan, the claims in those proceedings would be considered "equity claims" as defined in the CCAA. As claims of the Secured Noteholders and the Unsecured Debenture Holders will not be paid in full in either the Arrangement or an alternative CCAA Plan, equity claims (including the Affected Equity Claims) have no value. In those circumstances, courts have held that a release of claims in the nature of the Class Actions and the Related Claim is appropriate in a corporate arrangement proceeding.

Concordia at paras 37-51.

73. The Final Order, if granted, will provide the basis for the Company and ICM to rely on the exemption from registration provided in Section 3(a)(10) of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), with respect to the issuance ,pursuant to the Arrangement, of New Common Shares by the Company, the New Unsecured Notes by ICM, and, if the proposed amendment to the Secured Notes is deemed to involve the offer and sale of new securities (the "**New Secured Notes**") by ICM for the purposes of the U.S. Securities Act, the New Secured Notes.

74. The Petitioners also rely on Rules 16-1 and 8-1 of the *Supreme Court Civil Rules*.

Part 4: MATERIAL TO BE RELIED UPON

75. Affidavit #1 of Julius Kalcevich, sworn August 4, 2020 together with such further affidavits and other materials as may be required in support of the application for the Final Order.

The Petitioners estimate that the hearing of the petition will take 2 hours.

Date: August 4, 2020

Signature of Vicki Tickle,
Counsel for the Petitioners

To be completed by the court only:

Order made
[ ] in the terms requested in paragraphs ..... of Part 1 of this petition
[ ] with the following variations and additional terms:
.....
.....
.....

Date: .....[*dd/mmm/yyyy*]..... .....
Signature of [ ] Judge [ ] Master

SCHEDULE "A"

FINAL ORDER

No.
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS CORPORATIONS ACT,* S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT OF IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANGEMENT, LLC, AND INVOLVING S8 RENTAL SERVICES, LLC, MPX BIOCEUTICAL ULC, BERGAMONT PROPERTIES, LLC, IANTHUS HOLDINGS FLORIDA, LLC, GROWHEALTHY PROPERTIES, LLC, FALL RIVER DEVELOPMENT COMPANY, LLC, CGX LIFE SCIENCES INC., GTL HOLDINGS, LLC, IANTHUS EMPIRE HOLDINGS, LLC, AMBARY, LLC, PAKALOLO, LLC, IANTHUS ARIZONA, LLC, S8 MANAGEMENT, LLC, SCARLET GLOBEMALLOW, LLC, GHHIA MANAGEMENT, INC., MCCRORY'S SUNNY HILL NURSERY, LLC, IA IT, LLC, PILGRIM ROCK MANAGEMENT, LLC, MAYFLOWER MEDICINALS, INC., IMT, LLC, GREENMART OF NEVADA NLV, LLC, IANTHUS NEW JERSEY, LLC, IA CBD, LLC, CITIVA MEDICAL, LLC, GRASSROOTS VERMONT MANAGEMENT SERVICES, LLC, AND FWR, INC.

IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC
PETITIONERS

ORDER MADE AFTER APPLICATION
(FINAL ORDER)

BEFORE THE HONOURABLE)
MR. JUSTICE GOMERY) September 25, 2020
)

ON THE APPLICATION of the Petitioners, iAnthus Capital Holdings, Inc. and iAnthus Capital

Management, LLC (the "**Petitioners**"), dated [●], 2020, coming on for hearing at Vancouver, British Columbia on Friday, September 25, 2020, and on hearing Vicki Tickle, counsel for the Petitioners, and those other counsel listed in Schedule "A" hereto

AND UPON hearing counsel for the Petitioners and on hearing counsel for the Secured Noteholders, the Initial Consenting Debenture Holders and those other parties present, AND UPON reading the Petition to the Court filed herein; AND UPON reading the affidavits of Julius Kalcevich, sworn July [●], 2020 and September [●], 2020, respectively, and filed herein, AND UPON being satisfied that (i) the Secured Noteholders' Meeting, the Unsecured Debenture Holders' Meeting and the Shareholders' Meeting were called, held and conducted in accordance with the Interim Order, and (ii) the requisite approvals were obtained in each such meeting in accordance with the Interim Order, AND UPON considering the fairness of the terms and conditions of the Arrangement (as defined below) and the transactions contemplated thereunder and the rights and interests of the persons affected thereby; AND UPON BEING ADVISED by counsel for the Petitioners that the declaration by this Court of the fairness of and approval of the Arrangement contemplated in the Plan of Arrangement attached as Schedule "A" to this Order (the "**Plan of Arrangement**") will serve as the basis of a claim to an exemption, pursuant to section 3(a)(10) of the *United States Securities Act of 1933*, as amended, from the registration requirements of that statute for the issuance and exchange of securities contemplated in connection with the Plan of Arrangement,

THIS COURT ORDERS THAT:

Definitions

1. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan of Arrangement, and if not defined in the Plan of Arrangement, in the Interim Order.

Service and Compliance

2. There has been good and sufficient service, delivery and notice of this Application, the Petition, the Interim Order, the Meetings, the **[Meeting Materials]** and the Plan of Arrangement

to all Persons upon which service, delivery and notice were required by the terms of the Interim Order, all of the requirements contained in sections **[●, ● and ●]** of the Interim Order and the BCBCA.

Approval of Arrangement

3. Pursuant to section 291(4)(c) of the BCBCA,

   (a) the Court is satisfied that the Petitioners have acted, and are acting, in good faith with due diligence, and have complied with the provisions of the BCBCA and the Interim Order in all respects;

   (b) the terms and conditions of the arrangement (the "**Arrangement**"), as more particularly described in the Plan of Arrangement, are procedurally and substantively fair and reasonable.

4. The Arrangement proposed by the Petitioners as provided in the Plan of Arrangement be and the same is hereby approved pursuant to the provisions of section 291(4) of the BCBCA.

5. As of the Effective Date, and as at the times and in the sequences set forth in the Plan of Arrangement, the Plan of Arrangement and all associated steps and transactions shall be binding and effective as set out in the Plan of Arrangement, and on the terms and conditions set forth in this Order, upon the iAnthus Parties, the Secured Noteholders, the Unsecured Debenture Holders, the Equityholders, all holders of Affected Equity Claims, all holders of Released Claims, the Released Parties, the directors and officers of the iAnthus Parties and all other Persons named or referred to in, or subject to, the Plan of Arrangement.

6. From and after the Effective Date, all Persons:

   (a) shall be deemed to have waived any and all defaults or events of default or any non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, lease, licence, guarantee, agreement for sale or other agreement, written or oral, in each case relating to, arising out of, or in connection with, the Secured Notes or the Secured Note Purchase Agreement, the Unsecured

Debentures, the Unsecured Debenture Purchase Agreement, the Secured Note Documents, the Unsecured Debenture Documents, the Support Agreement, the Arrangement, the Arrangement Agreement, the Plan of Arrangement, the transactions contemplated hereunder and any proceedings commenced with respect to or in connection with this Plan and any and all amendments or supplements thereto,

(b) Any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection with any of the matters noted in paragraph 6(a) shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse the iAnthus Parties and their respective successors from performing their obligations under the Plan of Arrangement, and

(c) any conflict between the provisions of any agreement or other arrangement, written or oral, existing between such Person and the iAnthus Parties and the provisions of the Plan of Arrangement, are deemed to be governed by the terms, conditions and provisions of the Plan of Arrangement and this Order, which shall take precedence and priority and the provisions of such agreement or other arrangement are deemed to be amended accordingly.

7. From and after the Effective Date, at the time and in the sequence, as applicable, set forth in the Plan of Arrangement, the releases and injunctions set forth in Article 5 of the Plan of Arrangement shall be binding and effective as set out in the Plan of Arrangement.

8. The transactions contemplated by and to be implemented pursuant to the Plan of Arrangement shall not be void or voidable under federal or provincial law and shall not constitute and shall not be deemed to be preferences, assignments, fraudulent conveyances, transfers at undervalue, or other reviewable transactions under any applicable federal or provincial legislation relating to preferences, assignments, fraudulent conveyances or transfers at undervalue.

9. This Order will serve as the basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States *Securities Act of 1933*, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of iAnthus Capital Holdings, Inc. and iAnthus Capital Management, LLC pursuant to the Plan of Arrangement.

10. Endorsement of this Order by counsel appearing on this application other than counsel for the Petitioners is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

_____

Signature of Vicki Tickle
Lawyer for the Petitioners

BY THE COURT

_____

REGISTRAR

No. _____
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS CORPORATIONS ACT,* S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANGEMENT, LLC, AND INVOLVING S8 RENTAL SERVICES, LLC, MPX BIOCEUTICAL ULC, BERGAMONT PROPERTIES, LLC, IANTHUS HOLDINGS FLORIDA, LLC, GROWHEALTHY PROPERTIES, LLC, FALL RIVER DEVELOPMENT COMPANY, LLC, CGX LIFE SCIENCES INC., GTL HOLDINGS, LLC, IANTHUS EMPIRE HOLDINGS, LLC, AMBARY, LLC, MPX LUXEMBOURG SARL, IA NORTHERN NEVADA, LLC, PAKALOLO, LLC, IANTHUS ARIZONA, LLC, , IANTHUS ARIZONA, LLC, S8 MANAGEMENT, LLC, SCARLET GLOBEMALLOW, LLC, GHHIA MANAGEMENT, INC., MCCRORY'S SUNNY HILL NURSERY, LLC, IA IT, LLC, PILGRIM ROCK MANAGEMENT, LLC, MAYFLOWER MEDICINALS, INC., IMT, LLC, GREENMART OF NEVADA NLV, LLC, IANTHUS NEW JERSEY, LLC, IA CBD, LLC, CITIVA MEDICAL, LLC, GRASSROOTS VERMONT MANAGEMENT SERVICES, LLC, AND FWR, INC.

IANTHUS CAPITAL HOLDINGS, INC. AND IANTHUS CAPITAL MANAGEMENT, LLC

PETITIONERS

PETITION TO THE COURT

Vicki Tickle
McMillan LLP
1500 – 1055 W. Georgia Street
Box 11117, Vancouver, B.C. V6E 4N7
(604) 689-9111

File No.

APPENDIX K
ADDITIONAL INFORMATION IN RESPECT OF IANTHUS CAPITAL MANAGEMENT, LLC

The following is a summary of the principal features of ICM and should be read together with the more detailed information and financial data and statements incorporated by reference or otherwise contained elsewhere in this Circular. Capitalized terms used but not defined in this Appendix K have the meanings ascribed thereto in the Glossary of Terms.

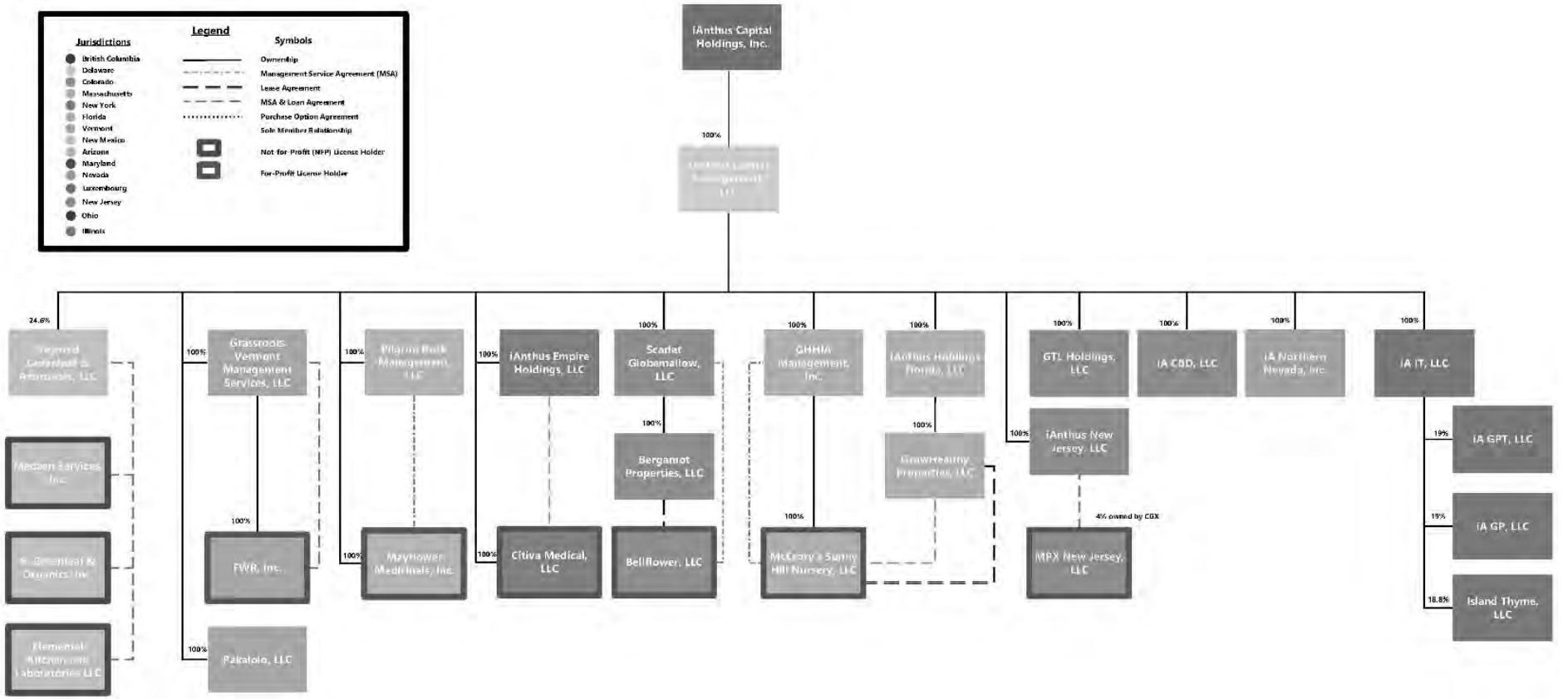
Corporate Structure

ICM

ICM was formed on September 18, 2014, as a limited liability company under the laws of the State of Delaware. ICM's head office is located at 505 Fifth Avenue, 23rd Floor, New York, New York, USA 10017 and its registered office is located at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

Intercorporate Relationships

ICM is a wholly-owned subsidiary of iAnthus. The corporate structure of ICM is outlined in the diagram below and is current as at the date of filing of this Circular.


Legend
Jurisdictions
British Columbia
Delaware
Colorado
Massachusetts
New York
Florida
Vermont
New Mexico
Arizona
Maryland
Nevada
Luxembourg
New Jersey
Ohio
Illinois
Symbols
Ownership
Management Service Agreement (MSA)
Lease Agreement
MSA & Loan Agreement
Purchase Option Agreement
Sole Member Relationship
Not-for-Profit (NFP) License Holder
For-Profit License Holder
iAnthus Capital Holdings, Inc.
100%
24.6%
100%
Grassroots Vermont Management Services, LLC
100%
Pilgrim Bulk Management, LLC
100%
iAnthus Empire Holdings, LLC
100%
Scarlet Globemallow, LLC
100%
GHHIA Management, Inc.
100%
iAnthus Holdings Florida, LLC
100%
GTL Holdings, LLC
100%
IA CBD, LLC
100%
IA Northern Nevada, Inc.
100%
IA IT, LLC
Medizen Services Inc.
Elemental Nitrogen and Laboratories LLC
100%
FWR, Inc.
100%
Pakalolo, LLC
100%
Mayflower Medicinals, Inc.
100%
Citiva Medical, LLC
100%
Bergamot Properties, LLC
100%
Bellflower, LLC
100%
McCreary's Sunny Hill Nursery, LLC
100%
GrowHealthy Properties, LLC
100%
iAnthus New Jersey, LLC
4% owned by CGX
MPX New Jersey, LLC
19%
IA GPT, LLC
19%
IA GP, LLC
18.8%
Island Thyme, LLC

For a description of the business of each of ICM's direct and indirect subsidiaries, see the 2019 Annual MD&A and 2020 Q1 MD&A that have been filed by iAnthus under iAnthus' profile on SEDAR at www.sedar.com, which are incorporated by reference into this Circular.

Principal Business of ICM

ICM is a wholly-owned subsidiary of iAnthus. ICM, through its wholly-owned subsidiaries, engages in licensed cannabis cultivation, product manufacturing and dispensary operations throughout the United States. ICM's principal activity is owning, operating and partnering with best-in-class regulated cannabis cultivators, processors and dispensaries across the United States. By being diversified across multiple states, ICM reduces the overall risk that comes with being exposed to just one state, while enhancing their overall exposure to the growth of the U.S. market.

For additional information regarding the business of iAnthus and ICM, see the 2019 Annual Financial Statements, 2019 Annual MD&A, 2020 Q1 Financial Statements and 2020 Q1 MD&A that have been filed by iAnthus under iAnthus' profile on SEDAR at www.sedar.com, which are incorporated by reference into this Circular.

Dividends or Distributions

ICM has not declared dividends on any of its securities in the past and does not intend to pay any in the foreseeable future. Any future determination to pay dividends will be at the discretion of the sole member and manager of ICM and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends and any other factors that the sole member and manager deems relevant.

Selected Financial Information

iAnthus prepares its financial statements on a consolidated basis with its subsidiaries, including ICM. For information with respect to the financial operations of ICM, see the 2019 Annual Financial Statements and 2020 Q1 Financial Statements that have been filed by iAnthus under iAnthus' profile on SEDAR at www.sedar.com, which are incorporated by reference into this Circular. Such information should be read in conjunction with the related notes and the 2019 Annual MD&A and 2020 Q1 MD&A that have been filed by iAnthus under iAnthus' profile on SEDAR at www.sedar.com, which are incorporated by reference into this Circular.

Management's Discussion and Analysis

The 2019 Annual MD&A provides an analysis of iAnthus' financial results for financial years ended December 31, 2019 and 2018, including the financial results of ICM. The 2019 Annual MD&A should be read in conjunction with the 2019 Annual Financial Statements, and the notes thereto.

The 2020 Q1 MD&A provides an analysis of iAnthus' financial results for financial three months ended March 31, 2020 and 2019, including the financial results of ICM. The 2020 Q1 MD&A should be read in conjunction with the 2020 Q1 Financial Statements, and the notes thereto.

Certain information included in the 2019 Annual MD&A and 2020 Q1 MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Forward-Looking Statements*" in this Circular for further details.

Earnings Coverage Ratios

See "Earnings Coverage".

Description of the Securities Distributed

Pursuant to the Recapitalization Transaction, on the Effective Date and in accordance with the Plan of Arrangement, ICM will issue the following securities:

Managers and Executive Officers

ICM's sole manager is iAnthus.

The following table sets out the name, jurisdiction of residence of ICM's executive officers as well as their positions with ICM and principal occupation for the previous five years, and the number and percentage of the ICM Membership Interests owned, directly or indirectly, or over which control or direction is exercised, by each of our directors and executive officers. All officers are subject standard confidentiality and non-disclosure agreements with ICM or iAnthus.

Name and Municipality of Residence[(1)]	Position held with ICM	Principal Occupation for the Past Five Years[(2)]	Membership Interests Held
Randy Maslow Delray Beach, Florida USA	President	Senior Vice President and General Counsel, IGE U.S. LLC, 2003 – 2006	nil

Notes:

(1) Information as to municipality of residence, principal occupation, securities beneficially owned or over which a director or officer exercises control or direction has been furnished by the respective individuals as of the date of this Circular.

(2) See "*Biographies*" for additional information regarding the principal occupations of the ICM's officers.

Biographies

The following are brief profiles of the executive officers of ICM, including a description of each individual's principal occupation within the past five years.

Randy Maslow (Age 65) – President

Mr. Maslow has been a president and director of iAnthus since 2016. Randy Maslow is a veteran technology industry attorney, entrepreneur and senior executive with more than 25 years of experience as General Counsel to rapidly growing companies in emerging industries. Mr. Maslow was Executive Vice President and General Counsel at one of the first online travel companies before joining the founding management team of the early nationwide internet service provider, XO Communications, Inc. ("**XO**"), as Senior Vice President for Business Development and General Counsel and as a director. Following XO's investments from prominent venture capital firms including Kleiner Perkins and Goldman Sachs Capital Partners and an initial public offering in 1997, Mr. Maslow founded Electric Ventures, a New York-based network of angel investors for start-up technology companies. In 2003, Mr. Maslow co-founded Internet Gaming Entertainment U.S. ("**IGE**"), where he served as Senior Vice President and General Counsel and as a director. IGE pioneered the currency exchange business for virtual assets in multi-player online games and became a leading worldwide publisher of multi-player computer game content, with more than 400 employees in the U.S. and Asia and over $100 million in annual revenue. Mr. Maslow is a graduate of Cornell University and the Rutgers University School of Law, where he received his J.D. with Honors and was an editor of the law review. Mr. Maslow was previously associated with the international law firm Greenberg Traurig LLP, and the Philadelphia law firms White and Williams and Blank Rome LLP.

Share Ownership by Officers

ICM's officers hold no direct interest in ICM Membership Interests.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed below, to ICM's knowledge, no existing or proposed manager, officer or promoter of ICM or a securityholder anticipated to hold a sufficient number of securities of ICM to affect materially the control of ICM, within 10 years of the date of this Circular, has been a manager, officer or promoter of any person or company that, while that person was acting in that capacity,

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

iAnthus, the sole manager of ICM, is subject to a cease trade order issued by the Ontario Securities Commission on June 22, 2020 (the "**iAnthus CTO**") as a result of iAnthus' failure to file certain continuous disclosure documents required under applicable securities law. The iAnthus CTO was revoked on August 14, 2020.

Penalties or Sanctions

To the ICM's knowledge, no existing or proposed manager, officer or promoter of ICM, or a securityholder anticipated to hold sufficient securities of ICM to affect materially the control of ICM, has:

(a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision in regards to ICM.

Personal Bankruptcies

To ICM's knowledge, no existing or proposed manager, officer or promoter of ICM, or a securityholder anticipated to hold sufficient securities of ICM to affect materially the control of ICM, or a personal holding company of such persons has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to holder the assets of the manager, officer or promoter.

Conflicts of Interest

Members of management are, and may in future be, associated with other firms involved in a range of business activities. Consequently, there are potential inherent conflicts of interest in their acting as officers and managers of ICM. Although the officers and managers are engaged in other business activities, ICM anticipates they will devote an important amount of time to our affairs.

ICM's officers and managers are now and may in the future become shareholders, officers or directors of other companies, which may be formed for the purpose of engaging in business activities similar to ICM's. Accordingly, additional direct conflicts of interest may arise in the future with respect to such individuals acting on behalf of us or other entities. Moreover, additional conflicts of interest may arise with respect to opportunities which come to the attention of such individuals in the performance of their duties or otherwise. Currently, ICM does not have a right of first refusal pertaining to opportunities that come to their attention and may relate to our business operations.

ICM's managers and officers are subject to fiduciary obligations to act in the best interest of ICM. Conflicts, if any, will be subject to the procedures and remedies of applicable corporate legislation, securities law, regulations and policies.

Executive Compensation

ICM's executive compensation is directed through iAnthus' executive compensation objectives and processes. For further information with respect to the compensation paid to ICM's executive officers, see the 2019 AGM Circular

that has been filed by iAnthus under iAnthus' profile on SEDAR at www.sedar.com, which is incorporated by reference into this Circular.

Indebtedness of Directors and Executive Officers

As at the date of this Circular none of the directors and executive officers of ICM, proposed directors and officers for ICM, or associates of such persons is indebted to ICM or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by ICM.

Audit Committee and Corporate Governance

ICM is not required to have an audit committee under applicable corporate or securities law. ICM's corporate governance procedures are provided by iAnthus. For further information with respect to the audit committee of iAnthus and other corporate governance matters applicable to iAnthus and ICM, see the 2019 AGM Circular that has been filed by iAnthus under iAnthus' profile on SEDAR at www.sedar.com, which is incorporated by reference into this Circular.

Plan of Distribution

This Circular is being provided in connection with the proposed distribution of the New Secured Notes and New Unsecured Notes. For a description of the procedures related to the distribution of the New Secured Notes and the New Unsecured Notes, see "*Description of the Recapitalization Transaction – Procedures*".

Prior to the distribution of the New Secured Notes and New Unsecured Notes pursuant to the Plan of Arrangement, a number of conditions must be met. See "*Conditions Precedent to the Implementation of Plan of Arrangement*".

Risk Factors

An investment in ICM involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of ICM. See the section entitled "*Risk Factors*" in this Circular and in the 2019 Annual MD&A that has been filed by iAnthus under iAnthus' profile on SEDAR at www.sedar.com, which is incorporated by reference into this Circular, for a complete description of risk factors relating to iAnthus' and ICM's business, the Recapitalization Transaction and risks related to the New Secured Notes and New Unsecured Notes.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risk factors should not be construed as exhaustive and should be read with the other cautionary statements in this Circular and with the risk factors described in this Circular and in the 2019 Annual MD&A.

Promoters

ICM had no promoters within its two most recently completed financial years.

Legal Proceedings and Regulatory Actions

iAnthus and ICM are involved in various legal claims, which are described in the 2019 Annual MD&A under the heading "Legal Proceedings". The 2019 Annual MD&A is incorporated by reference in this Circular and has been publicly filed on iAnthus' profile on SEDAR at www.sedar.com. Investors should review and carefully consider the legal proceedings set forth in the 2019 Annual MD&A and consider all other information contained therein and herein and in iAnthus' other public filings.

Income Tax Considerations relating to ICM Securities

For a description of certain of the principal income tax considerations applicable to holders of New Secured Notes and New Unsecured Notes, see "*Income Tax Considerations*".

Interest of Management and Others in Material Transactions

Other than as set forth in this Circular, none of (i) the managers or executive officers of ICM, (ii) the securityholders who beneficially own or control or direct, directly or indirectly, more than ten (10%) percent of ICM's outstanding voting securities, or (iii) any Associate or Affiliate of the foregoing Persons, has or has had any material interest, direct or indirect, in any transaction in which ICM has participated within the three years before the date of this Circular, that has materially affected or is reasonably expected to materially affect ICM.

Material Contracts

Other than contracts entered into in the ordinary course of business, the following are the only material contracts entered into by ICM within two years prior to the date of this Circular which are currently in effect and considered to be currently material:

(a) the Support Agreement; and

(b) the Secured Note Purchase Agreement and the related Secured Note Documents.

Copies of the above material contracts are available electronically on iAnthus' SEDAR profile at www.sedar.com.

Other Material Facts

To management's knowledge, there are no other material facts relating to ICM that are not otherwise disclosed in this Circular, or the public disclosure record of iAnthus, or are necessary for the Circular to contain full, true and plain disclosure of all material facts relating to ICM.

APPENDIX L
SECURED NOTEHOLDERS' MEETING USER GUIDE
(see attached)

iAnthus

SECURED NOTEHOLDERS' MEETING

VIRTUAL MEETING USER GUIDE

Getting Started

The Secured Noteholders' Meeting will be held virtually. You can participate online using your smartphone, tablet or computer.

By participating online, you will be able to listen to a live audio cast of the meeting, ask questions online and submit your votes in real time.

You may also provide voting instructions before the meeting by completing the Form of Proxy or voting information form that has been provided to you.

Important Notice for Non-Registered Holders:

Non-registered holders (being holders who hold their Secured Notes through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxy will not be able to participate at the meeting.

If you are a non-registered holder and wish to attend and participate at the meeting, you should carefully follow the instructions set out on your voting information form and in the management information circular relating to the meeting, in order to appoint and register yourself as proxy, otherwise you will be required to login as a guest.

In order to participate online:

Before the meeting:

1. Check that your browser for whichever device you are using is compatible. Visit https://web.lumiagm.com/402960192 on your smartphone, tablet or computer. You will need the latest version of Chrome, Safari, Edge or Firefox.
2. All securityholders MUST register any 3rd party appointments prior to 9:00 a.m. (Vancouver time) on September 10, 2020 using the link: http://www.computershare.com/Ianthus1. Failure to do so will result in the appointee not receiving login credentials.

Gather the information you need to access the online meeting:

Meeting ID: 402960192

Password: ianthus2020

To log in, you must have the following information:

Registered Holders

The 15 digit control number provided on your form of proxy provided by Computershare, which constitutes your user name.

Appointed Proxy

The user name provided by Computershare via email, provided your appointment has been registered.

The broadcast bar: Allows you to view and listen to the proceedings.

Home page icon: Displays meeting information

Questions icon: Used to ask questions

Voting icon: Used to vote. Only visible when the chairperson opens poll.

1 To proceed to the meeting, you will need to read and accept the Terms and Conditions.

2 Registered holders: Your user name is the 15 digit control number printed on your proxy form.

Appointed proxy holders: Your user name can be found in the email sent to you from Computershare.

3 Once logged in, you will see the home page, which displays the meeting documents and information on the meeting.

Icons will be displayed in different areas, depending on the device you are using.

4 To view proceedings you must tap the broadcast arrow ^ on your screen.

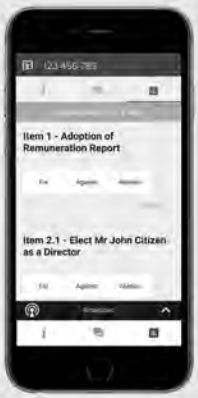
Toggle between the up and down arrow ^ to view another screen.

TO VOTE

5 When the Chair declares the poll open:

> A voting icon will appear on your device and the Meeting Resolutions will be displayed.

> To vote, tap one of the voting options. Your response will be highlighted.



The number of items you have voted on, or are yet to vote on, is displayed at the top of the screen.

Votes may be changed up to the time the chair closes the poll.

NOTE: On some devices, in order to vote, you may need to minimize the audio cast by selecting the arrow ^ in the broadcast bar. Audio will still be available. To return to the audio cast after voting, select the arrow again.

TO ASK QUESTIONS

6 Tap on the Questions icon then **press the + button** to submit a question.

Compose your question and select the send icon >.

Confirmation that your message has been received will appear.

APPENDIX M
UNSECURED DEBENTREHOLDERS' MEETING USER GUIDE
(see attached)

iAnthus

UNSECURED DEBENTUREHOLDERS' MEETING

VIRTUAL MEETING USER GUIDE

Getting Started

The Unsecured Debentureholders' Meeting will be held virtually. You can participate online using your smartphone, tablet or computer.

By participating online, you will be able to listen to a live audio cast of the meeting, ask questions online and submit your votes in real time.

You may also provide voting instructions before the meeting by completing the Form of Proxy or voting information form that has been provided to you.

Important Notice for Non-Registered Holders:

Non-registered holders (being holders who hold their Unsecured Debentures through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxy will not be able to participate at the meeting.

If you are a non-registered holder and wish to attend and participate at the meeting, you should carefully follow the instructions set out on your voting information form and in the management information circular relating to the meeting, in order to appoint and register yourself as proxy, otherwise you will be required to login as a guest.

In order to participate online:

Before the meeting:

1. Check that your browser for whichever device you are using is compatible. Visit https://web.lumiagm.com/462611187 on your smartphone, tablet or computer. You will need the latest version of Chrome, Safari, Edge or Firefox.
2. All securityholders MUST register any 3rd party appointments prior to 10:00 a.m. (Vancouver time) on September 10, 2020 using the link: http://www.computershare.com/Ianthus2. Failure to do so will result in the appointee not receiving login credentials.

Gather the information you need to access the online meeting:

Meeting ID: 462611187

Password: ianthus2020

To log in, you must have the following information:

Registered Holders

The 15 digit control number provided on your form of proxy provided by Computershare, which constitutes your user name.

Appointed Proxy

The user name provided by Computershare via email, provided your appointment has been registered.

The broadcast bar: Allows you to view and listen to the proceedings.

Home page icon: Displays meeting information

Questions icon: Used to ask questions

Voting icon: Used to vote. Only visible when the chairperson opens poll.

1 To proceed to the meeting, you will need to read and accept the Terms and Conditions.

2 Registered holders: Your user name is the 15 digit control number printed on your proxy form.

Appointed proxy holders: Your user name can be found in the email sent to you from Computershare.

3 Once logged in, you will see the home page, which displays the meeting documents and information on the meeting.

Icons will be displayed in different areas, depending on the device you are using.

4 To view proceedings you must tap the broadcast arrow ^ on your screen.

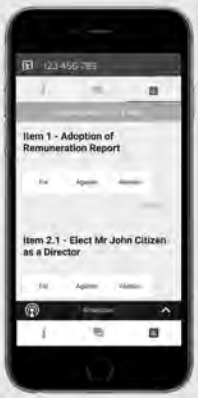
Toggle between the up and down arrow ^ to view another screen.

TO VOTE

5 When the Chair declares the poll open:

> A voting icon will appear on your device and the Meeting Resolutions will be displayed.

> To vote, tap one of the voting options. Your response will be highlighted.



The number of items you have voted on, or are yet to vote on, is displayed at the top of the screen.

Votes may be changed up to the time the chair closes the poll.

NOTE: On some devices, in order to vote, you may need to minimize the audio cast by selecting the arrow ^ in the broadcast bar. Audio will still be available. To return to the audio cast after voting, select the arrow again.

TO ASK QUESTIONS

6 Tap on the Questions icon then **press the + button** to submit a question.

Compose your question and select the send icon >.

Confirmation that your message has been received will appear.

APPENDIX N
EQUITYHOLDERS' MEETING USER GUIDE
(see attached)

iAnthus

EQUITYHOLDERS' MEETING

VIRTUAL MEETING USER GUIDE

Getting Started

The Equityholders' Meeting will be held virtually. You can participate online using your smartphone, tablet or computer.

By participating online, you will be able to listen to a live audio cast of the meeting, ask questions online and submit your votes in real time.

You may also provide voting instructions before the meeting by completing the Form of Proxy or voting information form that has been provided to you.

Important Notice for Non-Registered Holders:

Non-registered holders (being holders who hold their securities through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxy will not be able to participate at the meeting.

If you are a non-registered holder and wish to attend and participate at the meeting, you should carefully follow the instructions set out on your voting information form and in the management information circular relating to the meeting, in order to appoint and register yourself as proxy. Non-registered holders will need to register their 3rd party appointments at www.computershare.com/ianthus3 prior to 11:00 a.m. (Vancouver time) on September 10, 2020.

In order to participate online:

Before the meeting:

1. Check that your browser for whichever device you are using is compatible. Visit https://web.lumiagm.com/431892474 on your smartphone, tablet or computer. You will need the latest version of Chrome, Safari, Edge or Firefox.
2. All securityholders MUST register any 3rd party appointments prior to 11:00 a.m. (Vancouver time) on September 10, 2020 using the link: http://www.computershare.com/Ianthus3. Failure to do so will result in the appointee not receiving login credentials.

Gather the information you need to access the online meeting:

Meeting ID: 431892474

Password: ianthus2020

To log in, you must have the following information:

Registered Holders

The 15 digit control number provided on your form of proxy provided by Computershare, which constitutes your user name.

Appointed Proxy

The user name provided by Computershare via email, provided your appointment has been registered.

The broadcast bar: Allows you to view and listen to the proceedings.

Home page icon: Displays meeting information

Questions icon: Used to ask questions

Voting icon: Used to vote. Only visible when the chairperson opens poll.

1 To proceed to the meeting, you will need to read and accept the Terms and Conditions.

2 Registered holders: Your user name is the 15 digit control number printed on your proxy form.

Appointed proxy holders: Your user name can be found in the email sent to you from Computershare.

3 Once logged in, you will see the home page, which displays the meeting documents and information on the meeting.

Icons will be displayed in different areas, depending on the device you are using.

4 To view proceedings you must tap the broadcast arrow ^ on your screen.

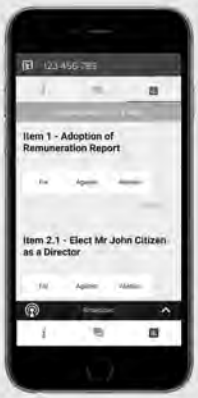
Toggle between the up and down arrow ^ to view another screen.

TO VOTE

5 When the Chair declares the poll open:

> A voting icon will appear on your device and the Meeting Resolutions will be displayed.

> To vote, tap one of the voting options. Your response will be highlighted.



The number of items you have voted on, or are yet to vote on, is displayed at the top of the screen.

Votes may be changed up to the time the chair closes the poll.

NOTE: On some devices, in order to vote, you may need to minimize the audio cast by selecting the arrow ^ in the broadcast bar. Audio will still be available. To return to the audio cast after voting, select the arrow again.

TO ASK QUESTIONS

6 Tap on the Questions icon then **press the + button** to submit a question.

Compose your question and select the send icon >.

Confirmation that your message has been received will appear.

QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITATION AGENT

North America Toll Free

1-877-452-7184

Outside North America

1-416-304-0211

Email: assistance@laurelhill.com

This is Exhibit B as Referred to in the Affidavit of Hifzur Subedar

A Commissioner, etc

Fung Wan Yin Annie
Commissaire à l'assermentation / Commissioner of Oaths #202349 Pour le Québec, avec juridiction dans tout le Canada et tous les pays / For Quebec with jurisdiction across Canada and all countries
Expire le 13 novembre 2021 / Expires November 13, 2021.

This is Exhibit C as Referred to in the Affidavit of Hifzur Rubaar

A Commissioner, etc.

Fung Wan Yin Annie
Commissaire à l'assermentation / Commissioner of Oaths #202349 Pour le Québec, avec juridiction dans tout le Canada et tous les pays / For Quebec with jurisdiction across Canada and all countries
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RICHMOND HILL ON L4B 9Z9

This is Exhibit D as Referred
to in the Affidavit of HAFSA SUBEDAR

A Commissioner, etc.

Fung Wan Yin Annie
Commissaire à l'assermentation / Commissioner of Oaths #202349 Pour le Québec, avec juridiction dans tout le Canada et tous les pays / For Quebec with jurisdiction across Canada and all countries
Expire le 13 novembre 2021 / Expires November 13, 2021.

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This is Exhibit E as Referred to in the Affidavit of HIFZUR SUBZWARI

A Commissioner, etc.

Fung Wan Yin Annie
Commissaire à l'assermentation / Commissioner of Oaths #202349 Pour le Québec, avec juridiction dans tout le Canada et tous les pays / For Quebec with jurisdiction across Canada and all countries
Expire le 13 novembre 2021 / Expires November 13, 2021.

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