

This Prospectus is not related to a public offering. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.



PROSPECTUS

NON-OFFERING PROSPECTUS

August 12, 2016

IANTHUS CAPITAL HOLDINGS, INC. (Formerly known as Genarca Holdings Ltd.)

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed by iAnthus Capital Holdings, Inc. (“**BC Co**”) with the British Columbia Securities Commission for the purpose of providing full public disclosure regarding the Transaction, as defined herein, and the plans to seek a listing on the Canadian Securities Exchange (the “**CSE**” or the “**Exchange**”). Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised in connection with this Prospectus.

The CSE has conditionally approved the listing of BC Co’s common shares. The listing is subject to BC Co fulfilling all of the listing requirements of the CSE including prescribed distribution and financial requirements.

There is no market through which the securities of BC Co may be sold. This may affect the pricing of BC Co’s securities in the secondary markets; the transparency and availability of trading prices; the liquidity of BC Co’s securities; and the extent of issuer regulation. See “Part IV – Risk Factors”.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Two of the persons providing a certificate under part 5 of National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators, are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or reside outside of Canada. The individuals, Hadley Ford and Randy Maslow, have appointed Baron Global Financial Canada Ltd. of Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3C9, as their respective agent for service of process in British Columbia. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada.

As of the date of this Prospectus, neither BC Co nor iAnthus, as defined herein, has any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Unless otherwise noted, all currency amounts in this Prospectus are stated in United States dollars.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements or information (collectively “forward-looking statements”). BC Co, iAnthus, and the Resulting Issuer, as such terms are hereinafter defined, are hereby providing cautionary statements identifying important factors that could cause the actual results of BC Co, iAnthus or the Resulting Issuer to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, BC Co, iAnthus and the Resulting Issuer have assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of BC Co, iAnthus or the Resulting Issuer.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. These forward-looking statements relate to management’s expectations, opinions and assumptions with respect to: the risks, uncertainties and other factors, many of which are beyond the control of BC Co, iAnthus or the Resulting Issuer, that could influence actual results include, but are not limited to: dependence on obtaining regulatory approvals; investing in target companies or projects which have limited or no operating history and are engaged in activities currently considered illegal under US Federal Laws; change in laws, regulations and guidelines; limited operating history; reliance on management; requirements for additional financing; competition; requirements for additional financing; competition; risks inherent in an agricultural business; vulnerability to rising energy costs; unfavorable publicity or consumer perception; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry; product liability; product recalls; reliance on key inputs; dependence on suppliers and skilled labor; difficulty in forecasting sales; conflicts of interest; litigation; price fluctuation of the Resulting Issuer Shares; no earnings or dividend record; limited market for the Resulting Issuer’s securities; regulatory or political change; unavailability of reliable data on the medical and adult-use marijuana industry; new well-capitalized entrants developing large-scale operations; unconfirmed assumptions for financial projections that may prove materially inaccurate or incorrect; limitations on certain remedies and rights to indemnification that apply; actual results may differ from the forward-looking statements contained in this document; unpredictable operational or investment results; and other factors beyond the control of BC Co, iAnthus or the Resulting Issuer.

These forward-looking statements are necessarily based on a number of factors and assumptions that, while considered reasonable by BC Co and iAnthus as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. With respect to the forward-looking statements, BC Co and iAnthus, have made assumptions, which may prove to be incorrect, regarding, among other things:

- the timely receipt of any required regulatory approvals;
- the ability of the Resulting Issuer to generate cash flow from operations and necessary financing on acceptable terms;
- government regulation of the Resulting Issuer’s activities;
- consumer perception of the medical-use and adult-use marijuana industry;
- general economic, financial market, regulatory and political conditions in which iAnthus operates;
- competition;
- anticipated and unanticipated costs;
- the ability of the Resulting Issuer to obtain qualified staff and services in a timely and cost efficient manner;

- the ability of the Resulting Issuer to enter contracts with target companies; and
- the Resulting Issuer's ability to maintain adequate internal control over financial reporting and disclosure controls and procedures.

This list is not exhaustive of the factors that may affect any of forward-looking statements or information of BC Co, iAnthus or the Resulting Issuer. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, neither BC Co, iAnthus nor the Resulting Issuer undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the businesses of BC Co, iAnthus or the Resulting Issuer or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Part IV – Risk Factors".

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications. BC Co, iAnthus and the Resulting Issuer believe that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, BC Co, iAnthus and the Resulting Issuer have not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

CONVENTIONS

Certain terms used herein are defined in the "Glossary of Terms". Unless otherwise indicated, references to CAD\$ are to Canadian dollars and references to "\$" or "dollars" are to United States dollars. All financial information with respect to iAnthus and the Resulting Issuer have been presented in US dollars in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of BC Co and iAnthus are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"\$" means United States dollars.

"4Front" means 4Front Ventures, Inc. and/or 4Front Advisors, LLC.

"Advisory Board" means the Board of Advisors of iAnthus consisting of the following individuals:

- (a) Adam Cohen,
- (b) Dr. Chris Hudalla,
- (c) Dr. Richard Boxer,
- (d) Alexandra Ford, and
- (e) Frank Bellotti.

“Affiliate” means a company that is affiliated with another company as described below:

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A company is “controlled” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person, or
- (c) an Affiliate of any Company controlled by that Person.

“Applicable Securities Law” means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time.

“Applicable U.S. Stockholders” means certain U.S. resident holders of membership interests or common shares, as the case may be, of the Investment Vehicles, as such holders are more particularly described in Schedule “F” of the Share Exchange Agreement.

“Associate” means when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the person or company;
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;
- (d) in the case of a person, a relative of that person, including:
 - (i) that person’s spouse or child; or
 - (ii) any relative of the person or of his spouse who has the same residence as that person; but
- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

“BC Co” means iAnthus Capital Holdings, Inc. (Formerly Genarca Holdings Ltd. See “Part I – Information Concerning BC Co – Name, Address and Incorporation”).

“BC Co Class A Shares” means the Class A restricted voting convertible shares in the capital of BC Co pursuant to the BC Co Share Amendment.

“BC Co Common Shares” means the common shares in the capital of BC Co.

“BC Co Share Amendment” means the amendment to the Notice of Articles and Articles of BC Co providing for an additional class of shares of BC Co, being BC Co Class A Shares, on the terms substantively set forth in Schedule “G” of the Share Exchange Agreement. The BC Co Share Amendment was completed on August 4, 2016.

“BC Co Shareholder Consent Materials” means the materials approved at a meeting of BC Co Shareholders held in accordance the requirements of the BCBCA with respect to:

- (i) the BC Co Share Amendment;
- (ii) the appointment of auditors for the Resulting Issuer to be effective upon Closing;
- (iii) the election of directors for the Resulting Issuer to be effective upon Closing; and
- (iv) the adoption of the Stock Option Plan for the Resulting Issuer to be effective upon Closing.

“BC Co Shareholders” means the holders of BC Co Common Shares and BC Co Class A Shares.

“BCBCA” means the *Business Corporations Act* (British Columbia).

“Board” or **“Board of Directors”** means the board of directors, or comparable corporate governing structure, of BC Co, iAnthus, or the Resulting Issuer, as applicable.

“Business Day” means a day other than Saturday, Sunday or a statutory holiday in British Columbia, Canada or the State of Delaware, USA.

“CBD” means Cannabidiol.

“CEO” means Chief Executive Officer.

“CFO” means Chief Financial Officer.

“COO” means Chief Operating Officer.

“Closing” means the completion of the Transaction in accordance with the terms and conditions of the Share Exchange Agreement.

“Closing Date” means the date of Closing, being August 12, 2016.

“CSE” or the **“Exchange”** means the Canadian Securities Exchange operated by the CNSX Markets Inc.

“CSE Escrow Agreement” means the escrow agreement to be entered into on the Closing Date, among the Resulting Issuer, the Transfer Agent and certain shareholders, pursuant to which 7,225,400 Resulting Issuer Shares will be held in escrow.

“CSE Escrow Shares” means the 7,500,282 Resulting Issuer Shares that are held in escrow pursuant to the CSE Escrow Agreement.

“Escrow Agent” means Computershare Trust Company of Canada.

“Final Prospectus” Means the (final) non-offering prospectus of the Resulting Issuer, prepared in accordance with NI 41-101, relating to the Transaction.

“Final Receipt” Means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in British Columbia.

“iAnthus” means iAnthus Capital Management, LLC.

“iAnthus Capital Sellers” means the founding members of iAnthus listed in the Schedule “A” of the Share Exchange Agreement.

“iAnthus Purchased Membership Interests” means all the of the membership interests of iAnthus held by the iAnthus Capital Sellers who agree to sell such iAnthus Purchased Membership Interests to BC Co, pursuant to the Share Exchange Agreement.

“iAnthus Formation” means iAnthus Formation Corp., a corporation existing under the laws of the State of Delaware, USA. iAnthus Formation is currently owned by the iAnthus Formation Shareholders.

“iAnthus Formation Purchased Shares” means all of the issued and outstanding common shares of iAnthus Formation held by the iAnthus Formation Shareholders who agree to sell such iAnthus Formation Purchased Shares to BC Co, pursuant to the Share Exchange Agreement.

“iAnthus Formation Shareholders” means the shareholders who collectively own 100% of iAnthus Formation.

“iAnthus Investor” means iAnthus Investor LLC, a limited liability company existing under the laws of Delaware. iAnthus Investor is one of the iAnthus Capital Sellers.

“iAnthus Transfer” means iAnthus Transfer Corp., a corporation existing under the laws of the State of Delaware, USA. iAnthus Transfer is currently owned by the iAnthus Transfer Shareholders.

“iAnthus Transfer Purchased Shares” means all of the issued and outstanding common shares of iAnthus Transfer held by the iAnthus Transfer Shareholders who agree to sell such iAnthus Transfer Purchased Shares to BC Co, pursuant to the Share Exchange Agreement.

“iAnthus Transfer Shareholders” means the shareholders who collectively own 100% of iAnthus Transfer.

“Investment Vehicles” means collectively iAnthus, iAnthus Transfer, and iAnthus Formation.

“Investment Vehicles’ Dilutive Securities” means the Investment Vehicles’ and iAnthus Investor’s warrants, options, convertible notes, and other dilutive securities as more particularly described in Schedule “I” to the Share Exchange Agreement and **“Investment Vehicles’ Dilutive Security”** means any one of such warrants, options, convertible security, or other dilutive securities.

“LLC” means a limited liability company, a specific private limited company in the United States.

“MJardin” means MJardin Management, LLC.

“Named Executive Officer” or **“NEO”** means:

- (a) the CEO, or comparable position;
- (b) the CFO, or comparable position;
- (c) each of the issuer’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds CAD\$150,000 per year; or
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the issuer at the end of the most recently completed financial year.

“NI 41-101” means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators.

“NI 45-102” means National Instrument 45-102 – *Resale of Securities*, of the Canadian Securities Administrators.

“NI 52-110” means National Investment 52-110 – *Audit Committees*, of the Canadian Securities Administrators.

“Options” means options granted under the Stock Option Plan to acquire Resulting Issuer Shares.

“Payment Shares” means the 11,255,000 BC Co Class A Shares and the 5,083,065 BC Co Common Shares issued to the Sellers by BC Co from treasury at the Time of Closing in consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares.

“Preliminary Prospectus” means the (preliminary) non-offering prospectus of BC Co, prepared in accordance with NI 41-101, relating to the Transaction.

“Preliminary Receipt” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Preliminary Prospectus in British Columbia.

“Principal Regulator” means the British Columbia Securities Commission.

“Private Placement Financing” means the non-brokered private placement of securities (pursuant to prospectus and registration exemptions in Canada, the United States, and in other jurisdictions acceptable to the parties to the Share Exchange Agreement, acting reasonably) of the Investment Vehicles and iAnthus Investor to raise aggregate gross proceeds of up to \$8 million through the issuance of (a) equity securities, some of which may have restricted voting rights, at a minimum offering price of \$1.25 or (b) the combination of (i) convertible security notes with one to three year terms and with a conversion price ranging from \$1.65 to \$1.00 per security and (ii) 35% warrant coverage with three year warrants with an exercise price of \$1.75 per warrant. iAnthus has, as at the date of this Prospectus, closed \$6,706,000 of the Private Placement Financing and was not required to, and did not, raise any further funds in the Private Placement Financing in order to satisfy a Closing condition.

“Person”, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“Prospectus” means collectively, the Preliminary Non-Offering Prospectus and the Final Non-Offering Prospectus (including any Supplemental Material thereto).

“ProVerde” means ProVerde Laboratories, Inc.

“Purchased Shares” means together, the iAnthus Transfer Purchased Shares and the iAnthus Formation Purchased Shares.

“Regulation S” means Regulation S promulgated under the U.S. Securities Act.

“Replacement Dilutive Securities” means warrants, options, convertible notes or other dilutive securities, as the case may be, of the Resulting Issuer for which Investment Vehicles’ Dilutive Securities shall be exchanged as provided for in the Share Exchange Agreement.

“Resulting Issuer” means BC Co after the Closing.

“Resulting Issuer Options” means options to acquire the Resulting Issuer Shares granted under the Stock Option Plan.

“Resulting Issuer Shares” means common shares and the Class A restricted voting convertible shares in the capital of the Resulting Issuer.

“RGA” means Reynold Greenleaf & Associates, LLC, a for-profit management company in New Mexico.

“Sellers” means collectively the iAnthus Capital Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, and **“Seller”** means any one of the iAnthus Capital Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders.

“Share Exchange Agreement” means the amended and restated share exchange agreement among BC Co, of the first part, iAnthus, of the second part, iAnthus Capital Sellers, of the third part, iAnthus Transfer of the fourth part, iAnthus Transfer Shareholders, of the fifth part, iAnthus Formation of the sixth part, and iAnthus Formation Shareholders of the seventh part and dated June 30, 2016 and the schedules attached thereto.

“Stock Option Plan” means the incentive stock option plan of the Resulting Issuer.

“Termination Date” means the termination date under the Share Exchange Agreement, being, August 31, 2016, or such later date as may be agreed in writing between BC Co and iAnthus.

“THC” means tetrahydrocannabinol.

“Time of Closing” means 10:00 a.m. (Vancouver time) on the Closing Date, or such other time as BC Co and iAnthus may mutually determine.

“Transfer Agent” means the transfer agent and registrar of the Resulting Issuer, being Computershare Investor Services Inc.

“Transaction” means the purchase and sale of the iAnthus Purchased Membership Interests and the Purchased Shares in accordance with the Share Exchange Agreement. The Closing occurred on August 12, 2016..

“US Securities Act” means the *U.S. Securities Act of 1933*, as amended.

“USA”, “United States”, “U.S.” or “US” means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Capitalized used but not defined in this Summary of Prospectus have the meanings ascribed thereto in the Glossary of Terms.

Principal Business of BC Co

BC Co was incorporated on November 15, 2013 under the BCBCA. BC Co changed its name from Genarca Holdings Ltd. to iAnthus Capital Holdings, Inc. on August 4, 2016.

Prior to Closing, BC Co did not conduct any material commercial operations other than: (i) issuing 600,001 BC Co Common Shares for seed funding and (ii) entering into the Share Exchange Agreement.

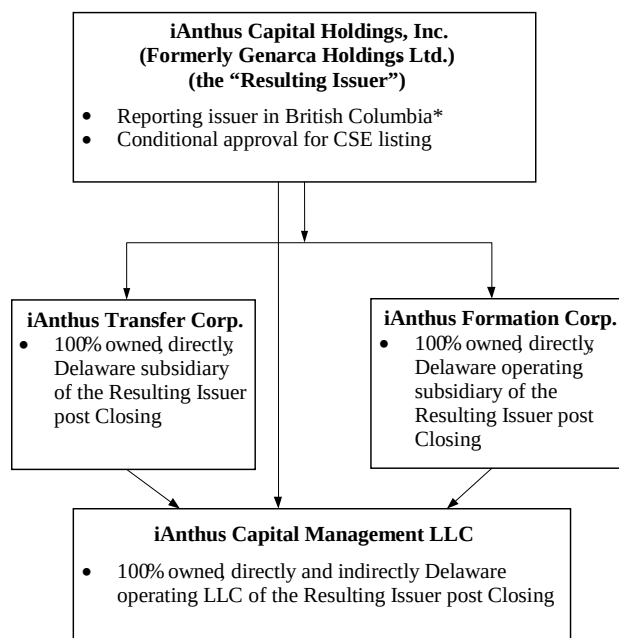
The head office of BC Co is located at Suite 1980 – 1075 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3C9. BC Co's registered and records office is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The Transaction

BC Co entered into the Share Exchange Agreement on March 11, 2016 to effect the Transaction. The Share Exchange Agreement was amended on June 30, 2016 and closed on August 12, 2016.

The CSE has conditionally approved the listing of the BC Co Common Shares. The listing is subject to BC Co fulfilling all of the listing requirements of the CSE including prescribed distribution and financial requirements.

The diagram below describes the inter-corporate relationship between BC Co and iAnthus post-Transaction:



Note:

* The Resulting Issuer becomes a reporting issuer in British Columbia upon receiving the Final Receipt

The Share Exchange Agreement

Prior to Closing, the following parties owned all of the outstanding membership interests of iAnthus:

1. iAnthus Capital Sellers;
2. iAnthus Transfer which is currently owned by the iAnthus Transfer Shareholders; and
3. iAnthus Formation which is currently owned by the iAnthus Formation Shareholders.

iAnthus, iAnthus Transfer, and iAnthus Formation are collectively referred to as the **“Investment Vehicles”**.

The iAnthus Capital Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, are collectively referred to as **“Sellers”** and **“Seller”** means any one of the iAnthus Capital Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders.

The Closing occurred on August 12, 2016. Subject to the terms and conditions of the Share Exchange Agreement:

1. BC Co purchased all of the iAnthus Purchased Membership Interests of iAnthus held by the iAnthus Capital Sellers and the iAnthus Capital Sellers sold the iAnthus Purchased Membership Interests to BC Co;
2. BC Co purchased all of the iAnthus Transfer Purchased Shares of iAnthus Transfer from the iAnthus Transfer Shareholders and the iAnthus Transfer Shareholders sold the iAnthus Transfer Purchased Shares to BC Co; and
3. BC Co purchased all of the iAnthus Formation Purchased Shares of iAnthus Formation from the iAnthus Formation Shareholders and the iAnthus Formation Shareholders sold the iAnthus Formation Purchased Shares to BC Co.

The iAnthus Transfer Purchased Shares and the iAnthus Formation Purchased Shares are collectively referred to as the **“Purchased Shares”**.

In consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, BC Co issued from treasury at the Time of Closing, an aggregate of (i) 11,255,000 BC Co Class A Shares to the Sellers that are Applicable U.S. Stockholders as such Sellers are more particularly described in Schedule “E” of the Share Exchange Agreement, and (ii) 5,083,065 BC Co Common Shares to (a) the Sellers not listed in Schedule “E” of the Share Exchange Agreement and (b) iAnthus Investor, (collectively, the **“Payment Shares”**) as follows:

- (a) 1,700,815 BC Co Common Shares to the iAnthus Investor (or as it may otherwise direct);
- (b) 1,718,500 BC Co Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 BC Co Common Shares pro rata to the iAnthus Formation Shareholders;
- (d) 65,000 BC Co Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on Schedule “A” hereto,

such that, upon Closing the iAnthus Capital Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders collectively hold approximately 96.5% of the Resulting Issuer Shares calculated on a non-diluted basis and prior to completion of the Private Placement Financing. 7,500,282 Resulting Issuer Common Shares will be subject to escrow. As summarized above, the Closing occurred on August 12, 2016.

At the Time of Closing, each holder of Investment Vehicles’ Dilutive Securities surrendered such Investment Vehicles’ Dilutive Securities to BC Co for cancellation in exchange for comparable securities of BC Co having

substantially the same terms and conditions (each a “**Replacement Dilutive Security**” and collectively, the “**Replacement Dilutive Securities**”); provided, however, that (a) the foregoing did not apply to any Investment Vehicles’ Dilutive Securities that, by their terms, expressly contemplate the delivery of equity in the Resulting Issuer (rather than equity in an Investment Vehicle or iAnthus Investor), if such Investment Vehicles’ Dilutive Securities are exercised or converted, as applicable, after the Closing; and (b) at the Time of Closing, the Resulting Issuer was deemed to automatically adopt and assume all obligations of the Investment Vehicles and iAnthus Investor under the Investment Vehicles’ Dilutive Securities referenced in clause “(a)” above.

The first directors of the Resulting Issuer are Hadley Ford, Richard Boxer, Julius Kalcevich, Randy Maslow and Paul Rosen.

The first officers of the Resulting Issuer are Hadley Ford as CEO, Randy Maslow as President, John Henderson as COO and Savio Chiu as CFO and Corporate Secretary.

Private Placement Financing

iAnthus conducted a non-brokered private placement (the “**Private Placement Financing**”) of securities (pursuant to prospectus and registration exemptions in Canada, the United States, and in other jurisdictions acceptable to the parties to the Share Exchange Agreement, acting reasonably) of the Investment Vehicles to raise aggregate gross proceeds of up to \$8 million through the issuance of (a) equity securities, some of which may have restricted voting rights, at a minimum offering price of \$1.25 or (b) the combination of (i) convertible security notes with one to three year terms and with a conversion price ranging from \$1.65 to \$1.00 per security and (ii) 35% warrant coverage with three year warrants with an exercise price of \$1.75 per warrant. iAnthus has, as at the date of this Prospectus, closed \$6,706,000 of the Private Placement Financing and was not required to, and did not, raise any further funds in the Private Placement Financing in order to satisfy a Closing condition.

Funds Available and Use of Available Funds

Upon completion of the Transaction, the Resulting Issuer will have working capital of approximately \$5,260,000, inclusive of funds raised under the Private Placement Financing. The principal purposes for the use of those funds will be as follows:

Item	\$
Funds Available	
Working capital of BC Co as at June 1, 2016	63,197
Working capital of iAnthus as at June 1, 2016	4,584,936
Additional funding from the Private Placement Financing as at May 13, 2016	4,648,133
Total	
Principal purposes for the use of available funds	
Project Investment	2,700,000 ⁽¹⁾
Accounting and Audit Related Expenses	200,000
Transaction Costs	450,000 ⁽²⁾
General and administrative costs for 12 months after completion of the Transaction	1,050,000 ⁽³⁾
Unallocated working capital	248,133
Total	4,648,133

Notes:

- (1): For a description of iAnthus’ procedure for project investments see: “Part II – Information Concerning iAnthus – Narrative Description of the Business”.
- (2): Legal and professional fees (\$437,500) and CSE listing fees (\$12,500).
- (3): General and administrative costs are broken down as follows: (i) salaries (\$72,250 per month), (ii) rent (\$11,000 per month), (iii) utilities (\$540 per month), (iv) associations and miscellaneous (\$500 per month).

The Resulting Issuer intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of funds

will be subject to the discretion of management. See “Part III – Information Concerning the Resulting Issuer – Use of Proceeds” for further detail.

Risk Factors

An investment in the Resulting Issuer involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Resulting Issuer.

The risks, uncertainties and other factors, many of which are beyond the control of BC Co, iAnthus or the Resulting Issuer, that could influence actual results include, but are not limited to: dependence on obtaining regulatory approvals; investing in target companies or projects which have limited or no operating history and are engaged in activities currently considered illegal under US Federal Laws; change in laws, regulations and guidelines; limited operating history; reliance on management; competition; requirements for additional financing; risks inherent in an agricultural business; vulnerability to rising energy costs; unfavorable publicity or consumer perception; hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry; product liability; product recalls; reliance on key inputs; dependence on suppliers and skilled labor; difficulty in forecasting sales; conflicts of interest; litigation; price fluctuation of the Resulting Issuer Shares; no earnings or dividend record; limited market for the Resulting Issuer’s securities; regulatory or political change; unavailability of reliable data on the medical and adult-use marijuana industry; new well-capitalized entrants developing large-scale operations; unconfirmed assumptions for financial projections that may prove materially inaccurate or incorrect; limitations on certain remedies and rights to indemnification that apply; actual results may differ from the forward-looking statements contained in this document; unpredictable operational or investment results; and other factors beyond the control of BC Co, iAnthus or the Resulting Issuer.

For a detailed description of certain risk factors relating to the Transaction and the ownership of the Resulting Issuer Shares which should be carefully considered before making an investment decision. See “Part IV – Risk Factors” for further detail.

Summary of Financial Information

The following selected financial information is subject to the detailed information contained in the financial statements of BC Co, iAnthus and the proforma consolidated financial statements of the Resulting Issuer, and notes thereto appearing elsewhere in the Prospectus. The selected financial information is derived from and should be read in conjunction with BC Co and iAnthus’ interim financial statements for the three-month period ended March 31, 2016, BC Co’s audited financial statements for the fiscal years ended December 31, 2015 and 2014, iAnthus’ audited financial statements for the years ended December 31, 2015 and 2014, and the proforma consolidated financial statements of the Resulting Issuer as of March 31, 2016.

As at March 31, 2016 (Unaudited)	BC Co \$	iAnthus Capital Management LLC \$	iAnthus Formation Corp. \$	iAnthus Transfer Corp \$	Pro Forma Adjustments \$	ProForma \$
Balance Sheet						
Current assets	112,973	1,425,026	-	-	4,553,485	6,091,484
Total assets	112,973	1,863,758	2,250,180	2,048,125	315,180	6,590,216
Current liabilities	48,808	692,387	2,000	2,000	450,000	1,195,195
Total liabilities	48,808	1,105,837	2,000	2,000	450,000	1,680,645
Shareholders’ Equity (accumulated deficit)	64,165	757,921	2,248,180	2,046,125	(134,820)	4,981,571

PART I – INFORMATION CONCERNING BC CO

Name, Address and Incorporation

BC Co was incorporated on November 15, 2013 under the BCBCA. BC Co changed its name from Genarca Holdings Ltd. to iAnthus Capital Holdings, Inc. on August 4, 2016.

The head office of BC Co is located at Suite 1980 – 1075 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3C9. BC Co's registered and records office is located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

Prior to Closing, BC Co did not have any subsidiaries.

The Transaction

BC Co entered into the Share Exchange Agreement on March 11, 2016, as amended on June 30, 2016, to effect the Transaction. Prior to Closing, BC Co did not conduct any material commercial operations other than: (i) issuing 600,001 BC Co Common Shares for seed funding and (ii) entering into the Share Exchange Agreement.

The CSE has conditionally approved the listing of BC Co's common shares. The listing is subject to BC Co fulfilling all of the listing requirements of the CSE including prescribed distribution and financial requirements.

The Share Exchange Agreement

Prior to Closing, the following parties owned all of the outstanding membership interests of iAnthus:

1. iAnthus Capital Sellers;
2. iAnthus Transfer which is currently owned by the iAnthus Transfer Shareholders; and
3. iAnthus Formation which is currently owned by the iAnthus Formation Shareholders.

Subject to the terms and conditions of the Share Exchange Agreement:

1. BC Co purchased all of the iAnthus Purchased Membership Interests of iAnthus currently by the iAnthus Capital Sellers and the iAnthus Capital Sellers sold the iAnthus Purchased Membership Interests to BC Co;
2. BC Co purchased all of the iAnthus Transfer Purchased Shares of iAnthus Transfer from the iAnthus Transfer Shareholders and the iAnthus Transfer Shareholders sold the iAnthus Transfer Purchased Shares to BC Co; and
3. BC Co purchased all of the iAnthus Formation Purchased Shares of iAnthus Formation from the iAnthus Formation Shareholders and the iAnthus Formation Shareholders sold the iAnthus Formation Purchased Shares to BC Co.

The iAnthus Transfer Purchased Shares and the iAnthus Formation Purchased Shares are collectively referred to as the **"Purchased Shares"**.

In consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, BC Co issued from treasury at the Time of Closing, an aggregate of (i) 11,255,000 BC Co Class A Shares to the Sellers that are Applicable U.S. Stockholders as such Sellers are more particularly described in Schedule "E" of the Share Exchange Agreement, and (ii) 5,083,065 BC Co Common Shares to (a) the Sellers not listed in Schedule "E" of the Share Exchange Agreement and (b) iAnthus Investor, (collectively, the **"Payment Shares"**) as follows:

- (a) 1,700,815 BC Co Common Shares to the iAnthus Investor (or as it may otherwise direct);
- (b) 1,718,500 BC Co Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 BC Co Common Shares pro rata to the iAnthus Formation Shareholders;
- (d) 65,000 BC Co Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on Schedule "A" hereto,

such that, upon Closing the iAnthus Capital Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders collectively hold approximately 96.5% of the Resulting Issuer Shares calculated on a non-diluted basis and prior to completion of the Private Placement Financing. 7,500,282 Resulting Issuer Common Shares will be subject to escrow. As summarized above, the Closing occurred on August 12, 2016.

At the Time of Closing, each holder of Investment Vehicles' Dilutive Securities surrendered such Investment Vehicles' Dilutive Securities to BC Co for cancellation in exchange for comparable securities of BC Co having substantially the same terms and conditions (each a "**Replacement Dilutive Security**" and collectively, the "**Replacement Dilutive Securities**"); provided, however, that (a) the foregoing did not apply to any Investment Vehicles' Dilutive Securities that, by their terms, expressly contemplate the delivery of equity in the Resulting Issuer (rather than equity in an Investment Vehicle or iAnthus Investor), if such Investment Vehicles' Dilutive Securities are exercised or converted, as applicable, after the Closing; and (b) at the Time of Closing, the Resulting Issuer was deemed to automatically adopt and assume all obligations of the Investment Vehicles and iAnthus Investor under the Investment Vehicles' Dilutive Securities referenced in clause "(a)" above.

Conditions Precedent to the Completion of the Transaction

The Transaction was subject to the conditions precedent as set out in the Share Exchange Agreement including but not limited to:

- (a) receipt of evidence of the approval of the Sellers (received);
- (b) the BC Co Shareholders shall have approved the BC Co Shareholder Consent Materials (approved);
- (c) conditional approval of the CSE for the listing of the Resulting Issuer on the facilities of the CSE (received);
- (d) receipt of executed resignations and releases (in form satisfactory to iAnthus Capital, acting reasonably) from the current directors of BC Co (received); and
- (e) the board of directors of the Resulting Issuer immediately after Closing shall consist of 5 directors, being Hadley Ford, Richard Boxer, Julius Kalcevich, Randy Maslow and Paul Rosen (confirmed).

Intellectual Property

BC Co does not have any intellectual property.

Dividends and Distribution

BC Co has neither declared nor paid any dividends on its common shares since its inception.

Selected Financial Information and Management's Discussion and Analysis

The following table sets forth selected financial information for BC Co, summarized from its audited financial statements for the fiscal years ended December 31, 2015, 2014 and 2013 along with the unaudited interim period

ended March 31, 2016. This selected financial information should be read in conjunction with BC Co's financial statements, including the notes thereto, which are attached to this Prospectus as Appendix A.

	March 31, 2016 (Unaudited) \$	December 31, 2015 (Audited) \$	December 31, 2014 (Audited) \$
Total expense	31,087	16,967	10,295
Cash	111,430	106,893	1
Total assets	112,973	106,920	1
Shareholder's equity (deficiency)	64,165	91,016	(9,797)

Management's Discussion and Analysis

BC Co's Management's Discussion and Analysis provides an analysis of BC Co's financial results for the period from inception to March 31, 2016, and should be read in conjunction with the financial statements of BC Co for the period, and the notes thereto respectively. BC Co's Management's Discussion and Analysis is attached to this Prospectus as Appendix A1 and A2.

Certain information included in BC Co's Management's Discussion and Analysis 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 "Caution Regarding Forward-Looking Statements" for further detail.

Off-Balance Sheet Arrangements

BC Co has not entered into any off-balance sheet arrangements.

Related Party Transactions

BC Co, prior to Closing, did not engage in any related party transactions.

Changes in Accounting Policies Including Initial Adoption

The preparation of financial statements in accordance with International Financial Reporting Standards ("IFRS") requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically. Actual results may differ from these estimates by material amounts.

Description of the Securities

Common Shares

Prior to Closing, BC Co authorized to issue an unlimited number of BC Co Common Shares and an unlimited number of BC Co Class A Shares of which, as of the date immediately before Closing, 600,001 BC Co Common Shares are issued and outstanding as fully paid and non-assessable and no BC Co Class A Shares were issued and outstanding. Holders of BC Co Common Shares are entitled to dividends if, as and when declared by the directors, to one vote per BC Co Common Share at meetings of shareholders and, upon liquidation, dissolution or winding-up of BC Co, to share pro rata the remaining assets of the Issuer as are distributable to holders of BC Co Common Shares. The BC Co Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

See in this Part I, "The Transaction" for details of securities proposed to be issued on closing of the Transaction. See also: "Part III – Information Concerning the Resulting Issuer – Pro Forma Consolidated Financial Information", "Part III – Information Concerning the Resulting Issuer – Description of the Securities", "Part III – Information

Concerning the Resulting Issuer – Options to Purchase Securities” and “Part III – Information Concerning the Resulting Issuer – Fully Diluted Share Capital”.

Preferred Shares

BC Co is also authorized to issue an unlimited number of Preferred Shares without par value, issuable in series with special rights or restrictions attached, none of which are issued and outstanding as of the date of this Prospectus and none of which are proposed to be issued in connection with either the Transaction or the Financing.

Class A Shares

In connection with the Transaction BC Co created an additional class of shares, being BC Co Class A Shares. BC Co is authorized to issue an unlimited number of BC Co Class A Shares and such shares will have the attributes set forth below.

The holders of the BC Co Class A Shares, including those issued in connection with the Transaction, are entitled to receive notice of and to attend all meetings of the shareholders of the Resulting Issuer and to one vote per share at any meeting of the shareholders of the Resulting Issuer provided that the holders of the BC Co Class A Shares shall not be entitled to vote for the election or removal of the directors of the Resulting Issuer. Except as otherwise described herein or as required by law, holders of BC Co Common Shares and BC Co Class A Shares shall vote as one class at all meetings of shareholders of the Resulting Issuer. The holders of BC Co Class A Shares will also be entitled to receive dividends as and when declared by the board of directors on the BC Co Class A Shares as a class, provided that no dividend may be declared or paid in respect of BC Co Class A Shares unless concurrently therewith the same dividend is declared or paid on the BC Co Common Shares. The holders of the BC Co Class A Shares shall be entitled, in the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, or any other distribution of assets among the Resulting Issuer’s shareholders for the purpose of winding up its affairs, (collectively, a “**Liquidation Event**”) to share rateably, together with the holders of the BC Co Common Shares in such assets of the Resulting Issuer as are available for distribution. No BC Co Class A Share shall be transferred by any holder thereof pursuant to an Exclusionary Offer unless concurrently with such an offer, an offer to acquire BC Co Common Shares is made that is identical to the Exclusionary Offer in terms of price per share, percentage of outstanding shares to be taken up (excluding those held by the offeror) and in all other material respects. In the event of a Change of Control, all then outstanding BC Co Class A Shares shall automatically convert, without further action on the part of BC Co or the holder of such shares, into BC Co Common Shares on a one-for-one basis on the date of the Change of Control. For these purposes, an “**Exclusionary Offer**” means an offer to purchase BC Co Class A Shares which must be made by reason of applicable securities legislation or the rules or policies of a stock exchange to all or substantially all of the holders of the BC Co Class A Shares and “**Change of Control**” means an occurrence when a majority of the directors elected at any annual or extraordinary meeting of the shareholders of the Resulting Issuer are not individuals nominated by the Resulting Issuer’s then-incumbent Board.

Each BC Co Class A Share shall be convertible into one BC Co Common Share, without payment of additional consideration, at the option of the holder thereof as follows:

- (a) with the consent of the board of directors of the Resulting Issuer;
- (b) at any time that is not a Restricted Period;
- (c) if the Resulting Issuer determines that it has ceased to be a Foreign Issuer, as such term is defined in Rule 902(e) of the US Securities Act, and has notified the holders of the BC Co Class A Shares of such determination; or
- (d) if there is an offer to purchase the BC Co Common Shares which must be made by reason of applicable securities legislation or the rules or policies of a stock exchange to all or substantially all of the holders of BC Co Common Shares any of whom are in, or whose last address as shown on the books of the corporation is in, a province or territory of Canada to which the relevant requirement applies.

For these purposes, a “**Restricted Period**” means any time at which the board of directors of the Resulting Issuer reasonably believes that the Resulting Issuer is not a “**Domestic Issuer**” under applicable United States securities laws and would become a Domestic Issuer as a result of the issuance of BC Co Common Shares upon the conversion of a BC Co Class A Share.

In addition, each BC Co Class A Share may be converted into one BC Co Common Share at any time and from time to time at the option of the Resulting Issuer upon notice to the holder thereof.

All BC Co Class A Shares outstanding after completion of the Transaction will be fully paid and non-assessable and not subject to any pre-emptive rights, retraction or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital. The BC Co Class A Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless contemporaneously therewith the BC Co Common Shares are adjusted proportionately.

Options to Purchase Securities

Prior to Closing, BC Co did not grant stock options. The Resulting Issuer’s Stock Option Plan is a “rolling” stock option plan, pursuant to which the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants, non-assignable and non-transferable options to purchase the Resulting Issuer Shares, provided that the number of the Resulting Issuer Shares reserved for issuance will not exceed 10% of the then issued and outstanding shares. The options are exercisable up to 10 years from the date of grant, so long the optionee maintains the optionee’s position with the Resulting Issuer. The number of Resulting Issuer Shares reserved for issuance to any optionee cannot exceed 5% of the then issued and outstanding shares and the number of Resulting Issuer Shares reserved for issuance to consultants cannot exceed 2% of the then issued and outstanding shares.

The minimum exercise price of an option granted under the Stock Option Plan must not be less than the Discounted Market Price (as such term is defined in the policies of the Exchange and other applicable regulatory authorities).

Options granted to an optionee who does not continue as a director, officer, employee or consultant of the Resulting Issuer, have 30 days after such optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer to be exercised.

For further details see “Part III – Information Concerning the Resulting Issuer – Options to Purchase Securities” and “Part III – Information Concerning the Resulting Issuer – The CSE Escrow Shares”.

Prior Sales

Since the date of its incorporation, and prior to Closing, BC Co issued BC Co Common Shares as follows:

Date	Number of Common Shares	Method of Sales	Price per Common Share
November 15, 2013	1	Issued from treasury	\$1.00
April 28, 2015	300,000	Issued from treasury	\$0.03
May 21, 2015	300,000	Issued from treasury	\$0.50

Securities Subject to Contractual Restriction on Transfer

In accordance with the policies of the CSE and the terms of the Share Exchange Agreement, there are no shares at the date of this Prospectus held in escrow. Following completion of the Transaction 7,225,400 Resulting Issuer Shares are held in escrow. See “Part III – Information Concerning the Resulting Issuer – The CSE Escrow Shares” for further detail.

Shares Subject to Resale Restriction

The 300,000 BC Co Common Shares issued on April 28, 2015 and the 300,000 BC Co Common Shares issued on May 21, 2015, as summarized in the above table, are subject to a Canadian restricted period expiring on the date that is the later of (i) four months and a day after the respective distribution dates of such BC Co Common Shares and (ii) the date the Resulting Issuer becomes a reporting issuer by filing the Final Prospectus and receiving the Final Receipt therefor. It is expected that the Resulting Issuer will rely on the exemption contained in section 2.7 of National Instrument 45-102 – *Resale of Securities*, of the Canadian Securities Administrators (“**NI 45-102**”) to eliminate the requirement of the Resulting Issuer to be a reporting issuer for a period of four months and a day. If the Resulting Issuer relies on such exemption then the 600,001 BC Co Common Shares will be free from resale restrictions under NI 45-102; however, a portion of the 600,001 BC Co Common Shares will be subject to escrow. See “Part III – Information Concerning the Resulting Issuer – The CSE Escrow Shares” for further detail.

Interests of Management and Others in Material Transactions

Not applicable. The Transaction was negotiated by the parties dealing at arm’s length with each other and in accordance with the policies of the Exchange and Applicable Securities Laws.

See “– The Transaction – The Share Exchange Agreement”.

Legal Proceedings

BC Co is not a party to any legal proceedings, nor is it aware of any legal proceedings to which any of its property or assets is the subject matter, and it is not aware of any such proceedings known to be contemplated.

Auditor

The auditor of BC Co is BDO Canada LLP, 600 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2. Upon Closing and as of the date of this Prospectus, it is proposed that the Resulting Issuer’s auditor will be BC Co’s current auditor, BDO Canada LLP.

See also “Part V – Other Matters – Auditors, Transfer Agents and Registrars”.

Transfer Agent and Registrar

The transfer agent and registrar for BC Co’s Common Shares is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, and Computershare will continue as transfer agent and registrar of the Resulting Issuer upon Completion of the Transaction.

See also “Part V – Other Matters – Auditors, Transfer Agents and Registrars”.

Material Contracts

Other than contracts entered into in the ordinary course of business, BC Co has not entered into any contracts material to investors, other than:

- Letter of Intent between BC Co and iAnthus dated May 4, 2015 with respect to the Transaction; and
- The Share Exchange Agreement with respect to the Transaction.

Copies of these agreements may be inspected, without charge, at the registered office of BC Co at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, during normal business hours until the date of Closing and for a period of 30 days thereafter.

PART II – INFORMATION CONCERNING IANTHUS

Name, Address and Incorporation

iAnthus Capital Management, LLC is a Delaware limited liability company formed on September 18, 2014.

The principal place of business of iAnthus is located at 420 Lexington Avenue, Suite 300, New York, NY 10170 and the registered office of iAnthus is located at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

General Development of the Business – Overview

iAnthus was created to capitalize on the rapidly growing U.S. regulated cannabis (marijuana) market and the unique opportunity that exists for providing capital investment and expert management services (“**value-added capital**”) to licensed cultivators, product manufacturers and dispensaries. 25 U.S. states and the District of Columbia have now legalized the cultivation and sale of full-strength cannabis for medical purposes, while another 15 states have legalized the cultivation and sale of cannabis derivative products that consist of extremely low amounts of the cannabinoid tetrahydrocannabinol (“**THC**”), the active psychoactive ingredient in cannabis. In addition, four states have fully legalized cannabis for both medical and recreational use by adults over the age of 21. Management of iAnthus believes that one or more additional U.S. states are likely to fully legalize cannabis for adult use by the end of 2016 through voter ballot initiatives. Polls throughout the U.S. consistently show overwhelming support for the legalization of medical cannabis, together with strong majority support for the full legalization of recreational adult-use cannabis.¹

Although cannabis currently remains a Schedule I drug under federal law, the U.S. Department of Justice issued a memorandum (the “**Cole Memorandum**”) in 2013 to the U.S. Attorneys offices (federal prosecutors) directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational cannabis programs should not be prosecuted for violations of federal law. This federal policy was reinforced by passage of a 2015 federal budget bill that prohibits the use of federal funds to interfere in the implementation of state laws legalizing cannabis. This bill evidenced the development of bi-partisan support in the U.S. Congress for legalizing the use of cannabis. It is expected that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

The result of these ground-breaking legal changes has been rapid growth in medical and recreational cannabis markets in the United States. Sales of legal cannabis flowers and cannabis-infused derivative and edible products totaled \$5.7 billion in 2015, and are expected to reach \$7.1 billion in 2016 with approximately 70% of sales for medical use and 30 % for full adult use.² The U.S. market for direct legal cannabis sales alone is projected to grow to \$22.8 billion by 2020³ and the total addressable market for direct cannabis sales in the U.S. today is estimated at \$45-50 billion if every state legalized full adult recreational consumption.⁴

Despite the fast growing market for legalized cannabis in the U.S., there remains a significant lack of traditional sources of bank lending or venture and private equity capital in the U.S., as well as an absence of traditional management expertise and advisory services. This is primarily because cannabis remains a Schedule I substance under the federal Controlled Substances Act of 1970, even though the federal Department of Justice has opted not to prosecute businesses and individuals who strictly comply with state law in states that have legalized medical or adult use cannabis use under the guidelines set forth in the Cole Memorandum. Capital scarcity is therefore expected to continue until the federal prohibition on cannabis cultivation and sale is ended.

¹ The State of Legal Marijuana Markets, 4th edition, pg. 9.

² State of Legal Marijuana Markets, 4th edition, pg. 11.

³ The State of Legal Marijuana Markets, 4th edition, pg. 11.

⁴ Marijuana Business Factbook, 2015.

In addition to the problems posed by scarcity of capital, many holders of cannabis licenses lack traditional business experience and skills and desire value-added capital that can add to the skill and experience of their management team. iAnthus provides licensed cannabis operators in the U.S. a unique combination of access to capital together with management advice and advisory services. iAnthus has assembled a management team with deep experience in investment banking and corporate finance, health care services and technology, and cannabis cultivation, product manufacturing, dispensary operations and regulatory expertise.

iAnthus has also established strategic channel relationships with key cannabis industry leaders in regulatory law, commercial-scale cultivation, dispensary operations, and the science of cannabis extraction, product formulation and testing. These partnerships enable iAnthus to source and diligence investments in best-in-class cannabis license holders throughout the U.S., as well as to provide additional management resources and cannabis industry expertise to the license holders in which iAnthus will invest.

The high demand for legal cannabis and limited number of licenses under most state regulatory schemes, combined with the artificially restricted availability of capital, has created an environment for compelling investment opportunities. iAnthus has developed a diversified pipeline of high-quality investments in multiple U.S. cannabis markets, including both participating preferred equity investments in for-profit companies and lending facilities coupled with management services contracts with not-for-profit entities in certain state markets that require cannabis license holders to be not-for-profits.

Narrative Description of the Business

The principal business activity of iAnthus is to provide financing and related management and advisory services to state-licensed operators engaged in the cultivation, manufacturing and dispensing of cannabis in states throughout the U.S. where medical and/or adult use of cannabis is legal.

iAnthus is expected to generate returns from any or all of the revenue sources below:

- Interest income from debt financing structures;
- Dividend income (or other profit distributions) and capital appreciation from equity investments; and
- Management and advisory fees from management service contracts with certain license holders to which iAnthus will provide debt or equity financing.

Management Services

iAnthus is expected to provide advice and oversight in many areas of general business management, including:

- Initial staffing of key roles of the project;
- Assisting management or the application consultant(s) in writing applications for state licenses;
- Providing advice relating to the delivery of a patient-centric medical cannabis operating model;⁵
- Assisting in real estate acquisitions and negotiations;
- Securing industry experts to join the project team;
- Developing a defensible financial model⁶ for purposes of the application and any necessary or desired post-license award financing;⁷
- Providing access to iAnthus' legal and accounting resources; and
- Developing public relations and political strategies for securing state licenses and protecting a successful applicant's interests post-licensing.

⁵ A patient-centric operating model is an operating plan that is based on healthcare delivery rather than strictly retail business models.

⁶ Due to lack of historical data and inconsistent regulations among states, financial models and estimates vary widely across the industry. iAnthus believes that its financial expertise and conservative approach help create more accurate and reasonable financial projections upon which to develop business plans for the license holders in which it will invest.

⁷ Often applicants will raise a small amount of capital in advance of being awarded a license (primary financing). Upon being awarded a license, targets might seek to be re-valued at a higher valuation and raise a new round of capital to finance the commencement of operations.

iAnthus structures its direct management services contracts as a percentage of revenue. To date iAnthus has entered into one such contract at a rate typical in the industry. Management estimates that compensation for direct service agreements typically range from 2% – 15% of the client’s revenue, or an equivalent amount of fixed and/or variable fees, depending upon the specific services provided. Receiving these management services agreement fees directly translates into a revenue stream for iAnthus⁸. Management believes the typical term of such contracts is generally a five to 10-year time period with options to extend the contract. Management believes that the typical termination fee found in the industry for such contracts is based upon the expected future payout of the contract and depending on the terms of the contract may range from \$500,000 - \$5,000,000.

In addition to bringing value-added capital to transactions and relationships with license holders and related management companies, iAnthus works closely with cannabis industry leaders to augment its management services offering with expertise in cultivation, extraction, refining, analytical testing and dispensary operations. Through these relationships with other industry professionals, iAnthus can provide its local partners cannabis specific knowledge, expertise and intellectual property. In addition, iAnthus’ strategic partners provide additional channels for deal flow, increasing iAnthus’ access to potential investment opportunities across the regulated landscape.

Financing Structures

iAnthus provides debt or equity capital, sometimes as part of a syndicate, to existing cannabis license holders, applicants for licenses, and related management companies. Such investments may include straight debt securities (secured or unsecured), convertible debt instruments, and/or common or preferred equity securities issued by the license holder or an affiliated company that enters into a management, services and financing agreement with the license holder.

iAnthus provides debt financings (typically to non-profit entities in states where medical cannabis licenses may only be held by non-profits⁹) at interest rates currently prevailing in the U.S. cannabis market.¹⁰ Loans to license holders will typically be secured by real estate and/or leasehold interests and collateral including cultivation, processing and dispensary equipment. iAnthus may also enter into a management services agreement with the license holder, thereby enhancing the overall return and cash flow to iAnthus.

In the majority of states where for-profit license holders or for-profit management companies are permitted, iAnthus will make direct equity investments in license applicants or existing license holders or management companies, working closely with the local operator on its strategy and operating plan, developing a financing and business plan, and coming to agreement on mutually-beneficial terms of an iAnthus equity investment. If iAnthus does not acquire a control position in such investments, it may acquire a management services contract, one or more board seats, and/or other minority investor controls to protect its investment.

Affiliated Entities

In certain markets iAnthus may form either a wholly-owned for-profit entity or an entity that it controls with other partners (each, an “**Affiliated Entity**”) that will either apply for licenses directly or enter into a management services and financing agreement with the holder or applicant. An Affiliated Entity provides greater control over the process - from entity creation to license application to operation and management of the license holder, as well a greater share of the economic returns from the success of an operation. Where the market is or is expected to be particularly robust due to demographics, political climate, and/or early adoption of adult use laws, iAnthus may consider the creation of an Affiliated Entity. iAnthus has strong local relationships in various regions throughout the U.S. and, in select regions, iAnthus has the ability to develop its own team, to locate real estate, develop local community and political support, and assemble an operational management team. While this strategy involves the

⁸ Where iAnthus makes its investment into a management company, the management services and financing fees constitute income to the management company and iAnthus benefits through both profit distributions and the increase in value of its equity interest in the management company.

⁹ Each state today that has adopted a medical and/or adult use cannabis program has its own laws and regulatory structures that vary from state-to-state.

¹⁰ Cannabis loan interest rates typically range from 5-25% - <http://mjbizdaily.com/chart-week-breakdown-interest-rates-friends-family-loans-cannabis-industry/>

commitment of funds to working capital that may result in no return (since the awarding of a license is not guaranteed), iAnthus believes the strategy will result in potentially higher returns in select markets, given iAnthus' greater ownership and control of cash flow in an Affiliated Entity.

iAnthus' Projects

iAnthus continually investigates license applicants and current license holders for the opportunity to provide capital and management services in the most favorable U.S. regulated medical cannabis markets. iAnthus typically will review two to three opportunities per week. iAnthus has a staff of nine full time employees including senior management and the employees it contracts through Last Dance Ventures LLC in accordance with the administrative services agreement and given the emerging state of the industry, the diligence and vetting process needs to be exceptionally thorough and is therefore time consuming. When iAnthus commits to a potential operating partner, iAnthus will typically spend months understanding the project, the market, the regulatory environment, proposed structure and the experience of the licensed operator or applicant. Negotiating the terms of an investment, loan or management agreement is also time intensive and typically takes weeks or months of analysis and face-to-face meetings. In certain U.S. states, iAnthus will apply directly for licenses where appropriate or provide contingent financing for an operating partner. The licensing process in each state is highly competitive, entails at least the same level of diligence as an already licensed project, and typically requires the submissions of applications that are hundreds or even thousands of pages long.

Over the past 18 months, management has determined there are large number of opportunities to provide capital in the most favorable state-regulated cannabis markets in the U.S. There are, however, very limited capital markets available to support the growth of the industry. Management believes the Canadian public capital markets are more developed than the U.S. public capital markets in the financing of cannabis. There is a viable public market in Canada comprised of strong regulatory oversight and disclosure requirements, educated investors, research analysts and market makers that have allowed for over CAD\$150 million of capital to be raised in public securities for use in cannabis projects. The iAnthus business model is to identify high quality projects in the U.S. and raise capital from the Canadian public capital markets in support of those projects in discrete offerings with a clearly identified use of proceeds.

iAnthus has raised more than \$8.9 million of private capital in the last 17 months and has deployed over \$2.8 million of capital in support of four projects in three states (Vermont, New Mexico and two projects in Massachusetts). iAnthus is currently in advanced discussions with current license holders in another two states and in preliminary discussions to invest capital and / or acquire existing owners' positions in existing license holders in multiple states. In addition, iAnthus has entered into a term sheet in support of a current license applicant in Maryland, which is expected to award cultivation licenses beginning in August 2016. Finally, iAnthus is engaged in an active process to secure local partners to pursue licenses in multiple states that have recently added or on the verge of adding new medical cannabis programs including Florida, Pennsylvania and Ohio, as well as states that are likely to add adult recreational use programs to existing medical programs, such as California, Arizona, Nevada and Rhode Island.

Vermont

Vermont's current medical cannabis program commenced in 2012 with the awarding of four vertically-integrated licenses to cultivate, process and dispense cannabis. The state population of Vermont is 626,000, with 2,500 residents currently registered as legal medical cannabis patients. The Vermont medical cannabis market totaled \$5.7 million in 2015, and is projected to rise to \$7.6 million in 2016. This expansion is consistent with the trend of steady growth in the state's registered patient population over the last two years. Between November 2013 and November 2015 the rate of patient registration grew by 156%.¹¹

FWR, Inc. ("**FWR**")¹², a not-for-profit corporation ("**NFP**") doing business under the trade name Grassroots Vermont ("**Grassroots**"), is one of the four state medical cannabis license holders. Grassroots was issued a license in 2012, and has been a fully-operating facility since late 2013. Grassroots currently operates a cultivation,

¹¹ The State of Legal Marijuana Markets, 4th ed. pgs. 283-289, ArcView Market Research and New Frontier.

¹² Alexandra Ford is the Founder and Executive Director of FWR and is a co-founder and shareholder of iAnthus. Ms. Ford is the sister of Hadley Ford a co-founder and Managing Director of iAnthus.

processing and dispensary facility in Brandon, Vermont that serves patients in Rutland County and its surrounding area. Grassroots is one of the four state medical cannabis license holders. As a NFP, FWR does not have capital stock and therefore has no equity owners. The parties responsible to operate the organization are the members of the board of directors. Alexandra Ford serves as one of four board members that oversee the NFP. Ms. Ford is also the Executive Director of FWR and as such has responsibility for the day-to-day operations of the NFP and reports to the board in this role. All financing decisions related to iAnthus have been approved by the full board of FWR.

Grassroots approached iAnthus in early 2015 seeking strategic advice, management assistance and financing. Grassroots was considering a change in strategy to better address the needs of patients in Vermont and anticipated that it would require additional capital in order to pursue new strategies. Working with iAnthus, Grassroots is currently instituting a delivery program under new regulations adopted by the state, and developing a legislative strategy to permit the opening of a dispensary location in the most-populated region of Vermont. Both plans would result in a need for increased cultivation and processing capacity and access to additional capital to expand.

iAnthus and Grassroots signed a management services contract and loan agreement in June, 2015. Under the management services contract, iAnthus will assist in developing strategy and working with the Grassroots management team to execute the company's strategic plan. iAnthus will receive a management fee on an ongoing basis for providing the management services.

The loan will be used to repay certain outstanding obligations of Grassroots and for capital to pursue new strategies. To date iAnthus has loaned FWR \$420,000 with the use of proceeds to retire existing higher cost debt, expansion and upgrade to the cultivation facility, the launch of a state-wide delivery facility and working capital. The loan is a five-year amortizing note and bears an interest rate typical in the industry¹³. iAnthus has the right, but not the obligation to continue to lend money to FWR.

The Vermont legislature has historically considered bills to fully legalize adult recreational cannabis use. Passage of a version of full adult use would position Grassroots to be one of the state's first providers of recreational cannabis to adults over the age of 21, as past versions of adult use legislation have provided significant advantages to the current medical license holders in obtaining adult use sales licenses. If legalized in the 2017 legislative session, the adult-use market alone is estimated to add \$100 million in annual sales by 2020.¹⁴

New Mexico

The State of New Mexico has a population of approximately 2.1 million people of which 22,033 are active medical cannabis patients (up from 13,310 in early 2015).¹⁵ With both a sizable patient population and favorable regulatory structure, the New Mexico medical cannabis market provides a large investment opportunity for iAnthus. The medical program includes a number of qualifying conditions, including PTSD, chronic pain, and cancer.¹⁶ An easier medical certification process is expected to augment the already robust patient registration rate. In response to previous supply shortages, the state granted an additional 12 licenses and increased the production cap from 150 plants per license to 450 plants.¹⁷ Unlike other medical cannabis markets, the state does not license specific storefront dispensaries or cultivation operations but rather grants a single license to not-for-profit producers. Each license holder is allowed to grow and distribute its product through an unrestricted number of dispensaries. This structure allows for license holders to expand geographically and thereby increase market share of the projected \$52.9 million market in 2016.¹⁸ The regulatory structure also allows for management companies to manage multiple not-for-profit licenses and in turn service a greater share of the patient population. The New Mexico medical cannabis market is expected to grow 19% over the next five years to be just short of a \$100 million market by 2020.¹⁹

¹³ Cannabis loan interest rates typically range from 5-25% - <http://mjbizdaily.com/chart-week-breakdown-interest-rates-friends-family-loans-cannabis-industry/>

¹⁴ The State of Legal Marijuana Markets, 4th ed. pgs. 283-289, ArcView Market Research and New Frontier.

¹⁵ Marijuana Business Factbook 2016, pp. 88.

¹⁶ New Mexico Department of Health, Medical Cannabis Patient Statistics Report, available at <https://nmhealth.org/publication/view/report/1549/>

¹⁷ The State of Legal Marijuana Markets, 4th edition, pp. 262.

¹⁸ The State of Legal Marijuana Markets, 4th edition, pp. 260.

¹⁹ The State of Legal Marijuana Markets, 4th edition, pp. 262.

iAnthus has entered into a financing agreement with Reynold Greenleaf & Associates, LLC²⁰ (“**RGA**”) which is a for-profit management company in New Mexico that has management agreements in place to manage three vertically integrated NFP license holders and one for-profit production facility. It currently manages two cultivation operations and four dispensary locations in Albuquerque. The operations which RGA manages collectively have at present a greater than 16% share of the market for medical cannabis sales in the state.

RGA approached iAnthus in late 2015 seeking strategic advice, management assistance and financing. Recent rule changes in New Mexico have allowed for a tripling of cultivation capacity and an expansion in the number of dispensaries. RGA desired help in determining the amount of capital needed to expand and better address the needs of patients in New Mexico. Working with iAnthus, RGA is currently instituting an expansion of its NFPs’ cultivation facilities and dispensaries as well as developing a production strategy to provide value-added marijuana-infused products (“**MIPs**”) for its license holders and others in the state. Both plans require access to additional capital. iAnthus and RGA signed a loan agreement in January, 2016. The loan is anticipated to convert to preferred equity in RGA when RGA and its legal team have completed a restructuring of RGA and the management contracts it has in place with the not-for-profit license holders it currently manages. Management anticipates that the restructuring will be complete by August 30, 2016.

The loan will be used to repay certain outstanding obligations of RGA and for capital to pursue new strategies. To date iAnthus has loaned RGA \$1,320,000 with the use of proceeds for the expansion and upgrade to cultivation facilities, the launch of a dispensary expansion program, working capital for a production facility and certain tax obligations at two of the NFPs. The loan is a one-year amortizing note with interest and principal due in January, 2017 if the note has not converted to a preferred equity investment by that time. The note bears an interest rate typical in the industry.²¹ iAnthus has the ability, but not the obligation, to lend or invest more capital to RGA.

Massachusetts

Massachusetts presents one of the most favorable opportunities today in the U.S. regulated cannabis market. The state population numbers over 6.7 million people and is largely concentrated in urban and exurban municipalities. The Massachusetts medical cannabis regulatory scheme provides a highly favorable combination of a broad list of qualifying conditions together with a full range of allowable ingestion methods. In addition, there is a strong possibility that a state-wide adult recreational use ballot initiative will be approved by voters in November 2016. The medical cannabis market alone is projected to be \$78 million in 2016 and is projected to grow into the sixth largest medical cannabis market in the U.S. by 2017. If the adult use ballot initiative is passed in November 2016, it will create a more than \$1 billion market opportunity in adult recreational use in Massachusetts by 2020.²²

The adult use initiative on the ballot in November 2016 includes important advantages for medical license holders in the recreational licensing process. Most significantly, the initiative provides the existing medical license holders with a “head start” of up to two years versus any new applicants to secure adult use licenses. Management believes that the market potential combined with the anticipated low number of full adult use licenses at the start of the program will create an opportunity for exceptional investment returns.

All of these factors make the Massachusetts market particularly appealing. iAnthus therefore is pursuing a two-pronged approach to this market by both (1) developing its own project with an Affiliated Entity; and (2) financing third-party projects as a minority (non-controlling) preferred equity investor.

iAnthus has entered into a joint venture with a strategic partner to form a non-profit Affiliated Entity that has applied for three medical cannabis licenses in Massachusetts. The revised Massachusetts licensing program greatly reduces risk through the application process and increases the likelihood of success in winning a license for applicants that can demonstrate a strong management team with the necessary cannabis operational expertise and adequate

²⁰ The Founder and CEO of RGA. Willie Ford, is a shareholder of iAnthus and is the brother of Hadley Ford a co-founder and Managing Director of iAnthus.

²¹ Cannabis loan interest rates typically range from 5-25% - <http://mjbizdaily.com/chart-week-breakdown-interest-rates-friends-family-loans-cannabis-industry/>

²² <https://www.bostonglobe.com/business/2016/03/27/legal-marijuana-could-billion-industry-mass-researchers-forecast/kNXpuKl0k4LKrLUTlaqfXL/story.html>

capitalization. The new license application process prioritizes local support and stand-alone merit versus direct competition with other applicants, and iAnthus believes that its ability to secure local community favor through strong in-state relationships provides its applicant entity a significant advantage in securing state licenses.

The Affiliated Entity recently received Phase 2 approval by the Commonwealth of Massachusetts for all three licenses and is now in the final stage of the licensing process, which consists of obtaining local governmental approval for its three dispensary locations. The Affiliated Entity has legally secured the real estate for its cultivation facility and all three of its dispensary locations. The Affiliated Entity's cultivation location and one dispensary location have received local governmental approval and as a result the Affiliated Entity has submitted its final submission to the state for provisional licensing for its first dispensary location. The applicant is currently working to finalize the local municipal approval for its other dispensary locations.

Once final licenses have been secured, iAnthus and its strategic partner will together control a for-profit management services company that will provide certain services and financing to the applicant entity. Management anticipates that iAnthus will own approximately 75% of the management services company. To date, iAnthus has loaned \$993,422 in support of the license application process and the securing of compliant real estate and local approval. These funds are currently evidenced by a promissory note from the Affiliated Entity to iAnthus, pursuant to a loan agreement between the parties. The loan is an estimated nine year amortizing note which bears an interest rate typical in the industry.²³ iAnthus has the ability, but not the obligation, to lend or invest more capital to the Affiliated Entity.

In addition to the investment in a majority-owned management company supporting the Affiliated Entity license applicant described above, iAnthus has also executed a term sheet for a financing agreement with an independent, third-party Massachusetts services company affiliated with a non-profit corporation that is applying for up to three dispensary licenses (the third-party services company and the affiliated non-profit applicant are together referred to herein as the **"Independent Project"**). The Independent Project has secured compliant real estate for its primary dispensary location as well as its cultivation facility, and has received local governmental approval for both as well as another dispensary location. As a result, the Independent Project has submitted its final submission to the state for provisional licensing for its first dispensary location, and is working to secure compliant real estate and local governmental approval for a third dispensary location.

The Independent Project approached iAnthus in the spring of 2015 seeking strategic advice and financing. The Independent Project anticipated applying for up to three licenses in the fall of 2015 and needed to secure financing as well as assistance in determining market forecasts and an operating budget to meet the needs of the patient population in the towns that it had identified as likely locations for its dispensaries. Working with iAnthus, the Independent Project developed a comprehensive plan and budget. iAnthus and the Independent Project have agreed to the material terms of the financing and anticipate definitive documentation to be completed during the summer of 2016. The financing will be structured as a preferred minority (non-controlling) equity investment in a for-profit service provider that will finance and provide certain services to the non-profit license holder.

Maryland

Maryland is one of the most promising medical cannabis markets that will open in 2016. The state population numbers nearly six million, and includes five of the twenty most affluent counties in the U.S. The Maryland program allows for for-profit vertically integrated licensed entities that can hold cultivation, processing and dispensary licenses. The statute provides a wide range of qualifying conditions including PTSD and chronic and severe pain, and the implementing rules allow for out-of-state investment directly in licensed entities without residency restrictions. Industry estimates put the overall market size over \$55 million by 2020 with a projected growth rate of 80.9%.²⁴

Applications for 15 cultivation licenses, an indeterminate number of eventual processing licenses that is expected to initially number 15 licenses, and up to 109 dispensary licenses were accepted in November 2015. Due to the high

²³ Cannabis loan interest rates typically range from 5-25% - <http://mjbizdaily.com/chart-week-breakdown-interest-rates-friends-family-loans-cannabis-industry/>

²⁴ The State of Legal Marijuana Markets, 4th ed. p. 217, ArcView Market Research and New Frontier.

volume of applications, the state pushed back announcement of awards from January 2016 to the summer of 2016. Once the license awards are distributed by the state, dispensaries are expected to open by mid-to-late 2017²⁵.

AgriBiologix, Inc. (“**AgriBiologix**”) was formed by a group of prominent Maryland business owners to apply for each of a cultivation, processing and dispensary license under the new Maryland medical cannabis program. AgriBiologix approached iAnthus in the summer of 2015 seeking strategic advice and financing, as well as assistance in determining market forecasts and an operating budget in order to construct its application. Working with iAnthus, AgriBiologix developed a comprehensive plan and budget and submitted its application in November 2015. iAnthus and AgriBiologix have executed a term sheet in which iAnthus has the right, but not the obligation, to finance the project in the form of a lending facility with warrants to acquire a preferred stock position in AgriBiologix or a for-profit management company that will manage the license holder’s operations. To date, iAnthus has invested approximately \$25,000 in support of this project.

Regulatory Landscape

Below is summary of the states in which iAnthus is currently invested or engaged in discussions with applicants and existing license holders:

State	Pop.	Legalized	Op.	Structure	#Licenses	Comments
FL	19,893,297 ²⁶	2014 ²⁷	E2017	FP	5	The law permits medical use of high CBD low THC (<0.8%) cannabis by patients with cancer or a physical condition (or symptoms of either) that “chronically produces symptoms of seizures or severe and persistent muscle spasms”. iAnthus is monitoring developments in the state closely and plans to participate when the rules change to allow for a full medical program beyond the current low THC program.
MA	6,745,408 ²⁸	2012	2015	NFP	35 ²⁹	The first 17 provisional licenses have been granted as of October 2015, although only six are currently operational. ³⁰ Each license is vertically integrated, and may acquire, process, possess, transfer, transport, sell, distribute, dispense, and administer cannabis for medical use. Another application process is currently under way, for additional medical licenses and Massachusetts may become a full-adult use state via a voter initiative on the November 2016 election ballot. iAnthus has an exclusive right to finance one applicant for three licenses and management has also formed its own not-for-profit entity which has applied for three licenses.
MD	5,976,407 ³¹	2014 ³²	E2016	FP	15 ³³	Applications were submitted in early November 2015 and the state has indicated they will announce winners in the summer of 2016. Maryland has a strong regulatory structure and a catch-all provision in its qualifying conditions that will permit a very inclusive patient population. There are strong ties to

²⁵ https://www.washingtonpost.com/local/maryland-news/maryland-probably-wont-have-medical-marijuana-for-sale-before-2017/2015/12/21/b782ac9a-a7fe-11e5-8058-480b572b4aae_story.html

²⁶ <http://quickfacts.census.gov/qfd/states/12000.html>

²⁷ <http://www.floridahealth.gov/programs-and-services/office-of-compassionate-use/>

²⁸ <http://quickfacts.census.gov/qfd/states/25000.html>

²⁹ Marijuana Business Factbook 2015

³⁰ <http://www.mass.gov/eohhs/docs/dph/quality/medical-marijuana/rmd-status-through-december-31-2015.pdf>

³¹ <http://quickfacts.census.gov/qfd/states/24000.html>

³² Marijuana Business Factbook 2015

³³ 15 cultivation licenses plus 2 dispensary licenses per senatorial district: <http://www.dsd.state.md.us/MDR/4213.pdf>

State	Pop.	Legalized	Op.	Structure	#Licenses	Comments
						the medical community in Maryland and the for-profit structure makes it an attractive market. iAnthus has a signed term sheet with an applicant that management believes is well positioned in the cultivation, processor and dispensary application process.
NM	2,085,572 ³⁴	2007	2008	NFP	35 ³⁵	New Mexico legalized medical cannabis through Senate Bill 523³⁶ in 2007 and it became operational in 2008 after the Department of Health promulgated rules and regulations. The program grew steadily over the next few years and the rules and regulations were updated too better accommodate patients and the licensed producers. Most recently, the program has been expanded to triple the allowable plant count for licensed producers, increase the allowable amount that patients can purchase, and broaden the list of qualifying conditions for a patient to receive a medical cannabis card. iAnthus has provided a loan facility to the market share leader in New Mexico for expansion of its cultivation facilities and to establish additional dispensary locations.
NV	2,800,000 ³⁷	2014	2015	FP	N/A ³⁸	Nevada has three types of licenses; cultivation, processing, and dispensing. There are few outright restrictions (no on-site smoking for instance) but there is heavy regulation geared towards safety and quality assurance/control. Management believes Nevada is poised to be a large market, particularly with regards to tourism. In 2014, Las Vegas alone had over 40 million visitors.³⁹ A full adult use bill⁴⁰ is slated for the ballot in 2016, and management believes there is a strong likelihood that it will pass. The state also allows for broad reciprocity with other medical cannabis states. iAnthus is currently in preliminary discussions to purchase a minority stake in an existing operator as well as with license holders who are looking for management services and capital.
NY	19,746,227 ⁴¹	2014	2016	FP	5 ⁴²	New York awarded five licenses in the summer of 2015. The state is expected to generate \$33 million in sales by 2016.⁴³ Each license holder will be allowed to acquire, grow, manufacture, distribute and dispense cannabis for medical use and operate up to four separate dispensing facilities state-wide. The regulations prohibit smoking and edibles, and are in general very restrictive for both patients and physicians. The focus in New York will likely be heavily medically and health-care oriented.

³⁴ <http://quickfacts.census.gov/qfd/states/35000.html>

³⁵ <http://nmhealth.org/news/information/2015/10/?view=318>

³⁶ <http://medicalmarijuana.procon.org/view.resource.php?resourceID=000881>

³⁷ <http://quickfacts.census.gov/qfd/states/32000.html>

³⁸ <http://mjbizdaily.com/nevada-awards-371-mmj-business-licenses/>

³⁹ <http://www.lvcva.com/stats-and-facts/>

⁴⁰ <http://mjbizdaily.com/rec-marijuana-will-go-to-2016-ballot-in-nevada/>

⁴¹ <http://quickfacts.census.gov/qfd/states/36000.html>

⁴² https://www.health.ny.gov/regulations/medical_marijuana/

⁴³ The State of Legal Marijuana Markets, 4th Edition

State	Pop.	Legalized	Op.	Structure	#Licenses	Comments
OR	3,970,000	1998/2014 ⁴⁴	1999/2015 ⁴⁵	FP	N/A	Oregon was the second state to legalize cannabis for medical use, approving the Oregon Medical Marijuana Program by ballot measure in 1998. In 2014, voters approved measure 91, legalizing full-adult use of cannabis. The program became effective in 2015 when medical dispensaries began dispensing recreational cannabis in accordance with state laws. iAnthus is currently in diligence with a leading medical cannabis establishment operating in and around Portland.
RI	1,055,000	2005	2006 ⁴⁶	NFP	3	Rhode Island passed legislation in 2005 to allow patients with severe medical conditions to use cannabis as a treatment. Rules and regulations were promulgated in 2006. In 2012, the Rules and Regulations were amended to create a licensing process that awarded three vertically integrated licenses. The first dispensaries opened in 2013 and continue to operate today. There are two companion bills, moving through the legislature in the 2016 session that would create a regulated adult use market for cannabis in Rhode Island. If passed, Rhode Island could become the first state to legalize cannabis for adult use through legislative action. iAnthus is currently in discussions with a licensed medical cannabis operator to provide management services and capital investment.
VT	626,562 ⁴⁷	2003 ⁴⁸	2013	NFP	4	Vermont's current medical cannabis program commenced in 2012 with the awarding of four vertically-integrated licenses to cultivate, process and dispense cannabis. The Vermont legislature has historically considered bills to fully legalize adult recreational cannabis use. Passage of a version of full adult use would position iAnthus' partner to be one of the state's first providers of recreational cannabis to adults over the age of 21, as past versions of the bill have provided significant advantages to the current medical license holders in obtaining adult use sales licenses. If legalized in the 2017 legislative session, the adult-use market alone is estimated to add \$100 million in annual sales by 2020.⁴⁹ iAnthus has a management contract and debt financing in one of four license holders.

Operations

iAnthus, as advised by its management, Managing Directors and Advisory Board, considers various factors in analyzing potential investments and/or management agreements, including favorable regulatory and other market conditions in a given state, the skill and experience of the management team of the license holder or management

⁴⁴ Medical program was established in 2007, recreational program effective in 2015.

⁴⁵ <http://public.health.oregon.gov/DiseasesConditions/ChronicDisease/MedicalMarijuanaProgram/Pages/475a.aspx#history>

⁴⁶ <http://medicalmarijuana.procon.org/sourcefiles/rhode-island-rules-regulations-2012.pdf>

⁴⁷ <http://quickfacts.census.gov/qfd/states/50000.html>

⁴⁸ <http://norml.org/legal/item/vermont-medical-marijuana>

⁴⁹ The State of Legal Marijuana Markets, 4th ed. pgs. 283-289, ArcView Market Research and New Frontier.

company, the financing structure, and the potential financial return on each investment. See Diagram 1: Project Evaluation Flow Chart for a graphical illustration of iAnthus' operations.

Sourcing Potential Investments and Partners

The success of iAnthus depends in part on its ability to identify attractive opportunities. Management uses its own resources and staff as well as strategic relationships with industry leaders and Advisory Board relationships to provide channel partnerships for potential investments and management services clients. In addition, iAnthus will be active in relevant trade shows, public relations campaigns, and traditional media outlets.

Key strategic partners and Advisory Board members include:

- *Adam Cohen (Cultivation Advisor)*, Co-Founder and Managing Partner of MJardin. MJardin is a highly specialized large scale producer of legal cannabis that provides technical expertise and professional management services to select licensed cannabis companies located across the U.S.;
- *Jaime Lewis (Operations & Public Advocacy Advisor)*, Founder of Mountain Medicine, an award-winning cannabis infused-product company. Ms. Lewis was formerly the Chief Operating Officer of Good Chemistry of Colorado and has an extensive background in non-profit and public advocacy and currently serves as the first female chair of the National Cannabis Industry Association (NCIA), a non-profit organization representing the cannabis industry nationally;
- *Dr. Chris Hudalla (Science Advisor)*, Chief Science Officer and Co-Founder of ProVerde. ProVerde is a premier analytical testing, CO2 extraction and derivative product formulation consultancy in the regulated U.S. cannabis industry;
- *Vicente Sederberg LLC*, the leading cannabis-specialty law firm with clients across the U.S. iAnthus has worked with Vicente Sederberg on new license applications in several states;
- *4Front Advisors*, which advises and supports prospective cannabis dispensary and cultivation operations through state-managed competitive application processes and post-license operations with a focus on compliance, professionalism and industry trends;
- *Dr. Richard Boxer (Medical Advisor)*, a finalist for Surgeon General in the Clinton and Bush administrations and a senior healthcare policy advisor to President Clinton. Dr. Boxer has served on the National Cancer Advisory board and as a delegate to the World Health Organization, and is currently a Visiting Professor of Urology and a Visiting Scholar at UCLA; and
- *Alexandra Ford (Operations Advisor)*, the Founder and Executive Director of Grassroots Vermont and creator of a patient-centric model of healthcare delivery for medical cannabis in Vermont.

Project Evaluation and Screening Stage

iAnthus focuses primarily on potential investments that have an existing or near-term potential for positive margins, defensible market positions, and management with the experience and expertise to grow the business. iAnthus considers a number of critical measures when evaluating potential investments and has established specific criteria to facilitate the evaluation of a potential investment, including:

- *Strong Management*: One of the most important factors in the success of a license holder is the quality of its management team. iAnthus seeks license holders managed by experienced business professionals and industry professionals with expert knowledge in the cannabis industry and strong relationships in the local community;

- *Defensible Market Position:* iAnthus focuses wherever possible on potential investments in license holders with defensible market positions and/or other competitive advantages derived from the state regulatory system or local preferences;
- *Size of Financing:* The size of each financing depends on the financial requirements of the potential license-holder partner, typically ranging from \$1,000,000 to \$10,000,000, excluding any subsequent follow-on financing requirements. Where possible, iAnthus structures its investment such that it has the right, but not the obligation, to provide capital to the license holder it is financing. iAnthus' takes into account whether the financing sought by the license holder is adequate to fully fund the license holder's operations. Appropriate capitalization and adequate funding generally lead to lower risk and shorter time horizons to commercial success;
- *Financing Structure:* Financing will generally take the form of a preferred equity investment either directly into an operating entity or into a management company that is responsible for the finance and operations. Where a preferred equity investment is not possible, financing may take the form of debt with an associated management agreement; and
- *Geographic Diversification:* iAnthus will seek to diversify its investments geographically across the U.S.

Due Diligence

iAnthus conducts preliminary due diligence ("**Stage 1 Due Diligence**") on potential investments including evaluation of the market, competition, business strategy, sales and marketing plan, products, customers, management, financials and any pending litigation, tax or labor issues. Where it is considered appropriate, management engages other professionals with particular expertise for assistance and advice with respect to its due diligence. Upon completion of the Stage 1 Due Diligence, iAnthus' management presents the potential projects to a committee comprised of senior management (and once a reporting issuer, to senior management and Board members) (the "**Project Evaluation Committee**") which will thoroughly review the results of the due diligence conducted by iAnthus' management on each prospective investment.

iAnthus conducts further detailed diligence ("**Stage 2 Due Diligence**"), including legal and financial due diligence, on those potential investments that have been approved by the Project Evaluation Committee after the Stage 1 Due Diligence. iAnthus may, at its discretion, retain other third party consultants to provide further due diligence services to the Project Evaluation Committee. Concurrent to conducting Stage 2 Due Diligence, iAnthus negotiates the essential terms of potential investment with the management of the license holder or potential license holder.

Upon completion of Stage 2 Due Diligence, deal negotiation and financing structuring, iAnthus will proceed to complete the investment and, where applicable, sign a management services agreement. The Project Evaluation Committee has authority to approve projects up to \$10,000,000. Projects over this amount will require approval by the Board of Directors of iAnthus.

iAnthus' Project Evaluation Committee currently consists of the following members:

- *Hadley Ford, Co-Founder and Managing Director.* Hadley Ford is a healthcare and technology industry veteran with more than 20 years of experience as both an operating executive and investment banker. Mr. Ford has extensive experience in all operational facets of managing a large, world-class patient-centric healthcare operation. From 2005 to 2013, Mr. Ford was the co-founder and CEO of ProCure Treatment Centers, Inc. ("**ProCure**"), developer and operator of full-service proton therapy centers for the treatment of cancer. From ProCure's inception, Mr. Ford grew the company to over 300 employees and \$100 million of annual revenue. Prior to ProCure, Mr. Ford spent fourteen years on Wall Street with First Boston, Bank of America and Goldman Sachs, where he completed over 150 transactions worth billions of dollars for all size clients in multiple industries. Mr. Ford has spoken at numerous healthcare, telecom and technology conferences and has been quoted and profiled by leading media such as The New York Times, The Wall Street Journal and National Public Radio. Mr. Ford received his M.B.A. from the Graduate School of Business at Stanford University in 1991, where he was named an Arjay Miller Scholar. Mr. Ford graduated

summa cum laude with a B.S. in Business Administration from Boston University in 1987 and was class valedictorian;

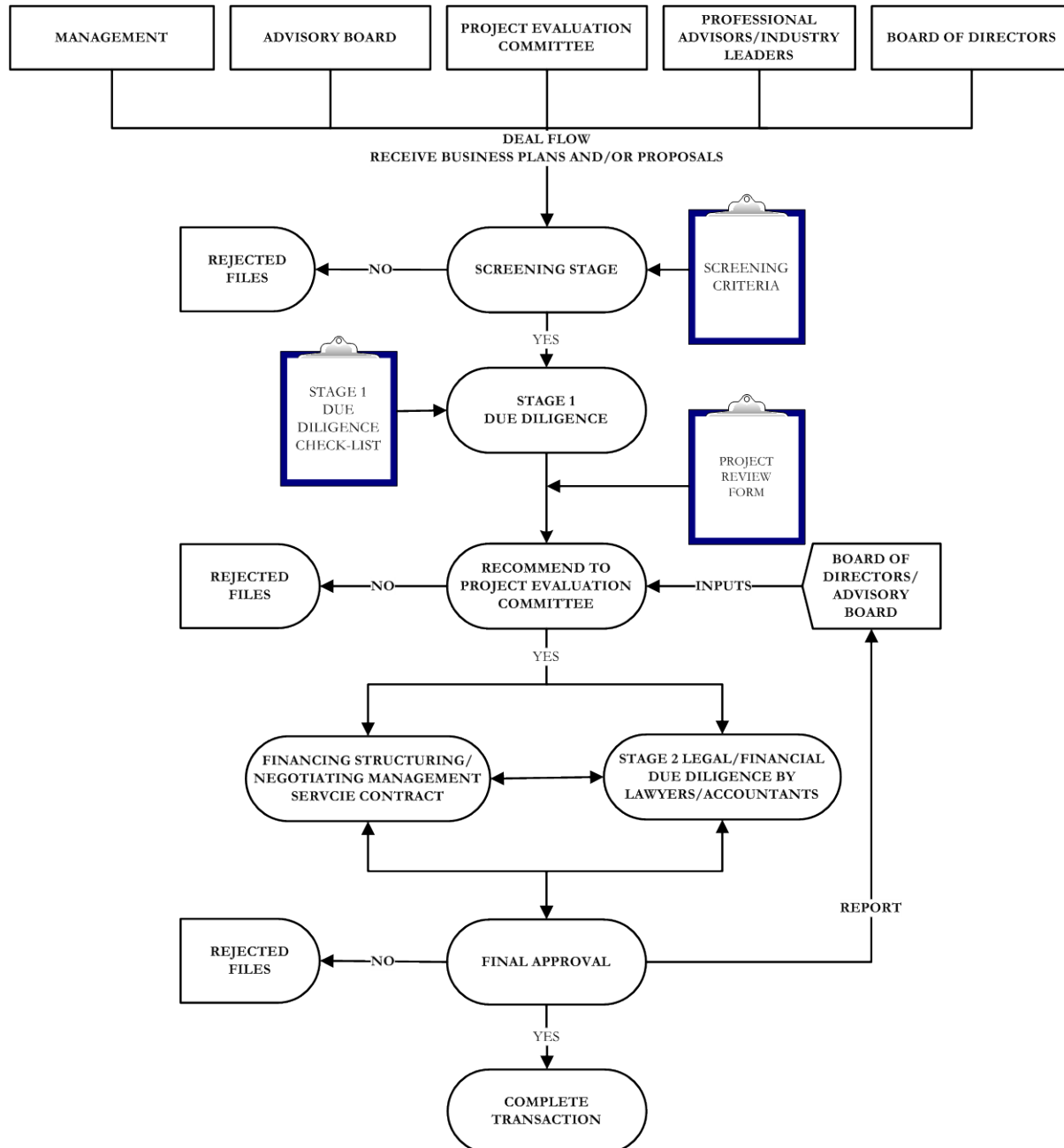
- *Randy Maslow, Co-Founder and Managing Director.* Randy Maslow is a veteran technology industry attorney, entrepreneur and senior executive with more than 25 years of experience as General Counsel to rapidly growing companies in emerging industries. Mr. Maslow was Executive Vice President and General 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 startup 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; and
- *John Henderson, Managing Director.* John Henderson is a healthcare and real estate veteran with nearly 30 years of operating experience in technology and healthcare real estate, operations and development. Mr. Henderson served as both Chief Operating Officer and Chief Development Officer at ProCure. As COO of ProCure, Mr. Henderson managed the development of four \$150 million plus proton therapy centers, creating and managing a delivery system that reduced cost and time to market by over 30% from industry standard. Mr. Henderson subsequently applied his expertise to a new venture advising major academic research centers in Europe and the Middle East on the development of proton therapy projects. Prior to ProCure, Mr. Henderson spent 15 years at George B. H. Macomber Company (“**Macomber**”), a leading regional construction services company for healthcare organizations, where he served as President from 2001 - 2005. At Macomber, Mr. Henderson managed the organization’s delivery of millions of square feet of healthcare and technology facilities while growing the company six fold. Mr. Henderson received his BA in English Literature from Northwestern University in 1982, and his MBA from the Tuck School of Business Administration at Dartmouth College in 1987.

iAnthus expects that after Closing the Project Evaluation Committee will be expanded to include the following additional members:

- *Julius Kalcevich, Proposed Board Member.* Mr. Kalcevich, is a partner with BG Partners Corp and Bellotti Capital Partners Inc. based in Toronto, Canada. He is responsible for planning, structuring and monitoring corporate finance transactions and conducting business due diligence, including his firm’s involvement with The Hydrothecary Corporation, a licensed producer of cannabis and cannabis oils and licensed distributor of medicinal cannabis in Canada under the Marijuana for Medical Purposes Regulations. Mr. Kalcevich was previously a Director of Investment Banking with CIBC World Markets and Oppenheimer in Toronto and New York. During the period of 2005-2012, he completed over 20 transactions representing over \$4 billion in aggregate value; and
- *Paul Rosen, Proposed Board Member.* Paul Rosen is a founder of PharmaCan Capital Corporation, a publically traded merchant bank focused on investing in Canada’s medical marijuana industry. Mr. Rosen served as President and CEO of PharmaCan Capital for three years. While CEO at PharmaCan, Mr. Rosen executed the successful purchase of In The Zone Produce Ltd (“**ITZ**”), a Canadian medical marijuana producer licensed by Health Canada following which he concurrently served as President and the Senior Person in Charge (SPIC) at ITZ. An SPIC is the executive required by Health Canada to exercise overall responsibility for management of all regulated activities carried out by the licensed producer at its site. Prior to founding PharmaCan, Mr. Rosen founded and served as CEO of Skypad Inc. (“**Skypad**”), a leading global contract manufacturer. Mr. Rosen currently serves as Skypad’s Chairman. Mr. Rosen is a

member of the Law Society of Upper Canada and practiced constitutional law in Canada for several years. Mr. Rosen received a B.A. in Economics from Western University in 1985 and an LL.B. from the University of Toronto in 1988.

DIAGRAM 1:
PROJECT EVALUATION FLOW CHART



Market Overview

The Development of Legal State-Regulated Medical Cannabis Use in the U.S.

In 1996, California became the first of the U.S. states to legalize cannabis for medicinal purposes. Since then, another 24 U.S. states and the District of Columbia have legalized full-strength cannabis for medicinal use, and 15 other states have legalized low-THC medical cannabis. In addition, four states have now fully legalized “adult” or “recreational” cannabis use by any adult over the age of 21.

This change in cannabis policy at the state level has occurred despite the fact that the cultivation and sale of cannabis is still a violation of the U.S. Controlled Substances Act of 1970 as cannabis remains a Schedule I drug under that federal law. However, in 2009 U.S. Dept. of Justice issued what came to be known as the “Ogden Memo”, which documented a new federal policy of refraining from prosecuting medical cannabis operations in states that have legalized medical cannabis programs. The Ogden Memo led to an increase of new cultivation and dispensary operations in states with existing medical cannabis programs and to a strong push in many states to pass new medical cannabis legislation. Nevertheless, the medical cannabis industry grew erratically in the following years as some branches of the federal government periodically cracked down on cannabis businesses despite the new Justice Department policy of refraining from prosecuting such businesses absent clear cut violations of the state law where the business was operating.

2013 brought a major breakthrough in the further relaxation of federal enforcement policy in states that have legalized medical or full adult cannabis use. In the summer of 2013, the U.S. Department of Justice issued what came to be called the “Cole Memorandum”,⁵⁰ which instructed the U.S. Attorney (federal prosecutor) offices around the country to refrain from prosecuting cannabis operations in states that have legalized medical or adult use cannabis and that have implemented strong regulatory systems to control the cultivation, production and distribution of cannabis, provided that the business operations are in strict compliance with those state laws and regulations. The Cole Memorandum provided the cannabis industry with a tacit federal go-ahead in states with legal cannabis programs, provided that the state has adopted strict regulations and oversight of the medical or recreational cannabis program in accordance with the specific directives of the Cole Memorandum, which are focused primarily on preventing black market diversion and keeping cannabis out of the hands of minors.

In the wake of the Cole Memorandum, 2013 saw Illinois, Maryland and New Hampshire pass new medical cannabis laws, while Oregon, Nevada and Delaware allowed retail dispensaries and ancillary businesses to open under existing medical cannabis laws. Illinois has now completed a process that resulted in the licensing of 60 dispensaries and 22 cultivation centers under a four-year pilot program⁵¹ and Nevada has completed an application process that resulted in the issuance of 55 dispensary, 182 cultivation, and 17 processing licenses.⁵² In addition, Arizona approved 80 dispensaries and the first dispensaries under previously existing medical cannabis laws opened in Vermont, Rhode Island, and the District of Columbia.⁵³

Massachusetts, Connecticut and New Hampshire also legalized medical cannabis in 2013, adopting more expansive programs than other states. The largest by far of these markets will be in Massachusetts, which has issued 22 final or provisional licenses to date for vertically-integrated facilities⁵⁴ and which is expected to issue additional licenses in 2016 under a new streamlined application process. Massachusetts is estimated to be a \$30 million market by the end of its first year of operations under the existing medical cannabis program,⁵⁵ and management of iAnthus believes there is the capacity for strong growth due to a population of 6.6 million people and a favorable regulatory scheme that includes a broad list of qualifying conditions, patient-friendly certification procedures and vertically integrated licenses, all of which should encourage the development of a large medical cannabis patient base.

⁵⁰ See www.justice.gov/iso/opa/resources/3052013829132756857467.pdf

⁵¹ The State of Legal Marijuana Markets, 3rd Edition, pg. 117

⁵² The State of Legal Marijuana Markets, 3rd Edition, pg. 138

⁵³ The State of Legal Marijuana Markets, 3rd Edition, pg. 94

⁵⁴ <http://www.mass.gov/eohhs/docs/dph/quality/medical-marijuana/rmd-status-through-december15-2015.pdf>

⁵⁵ The State of Legal Marijuana Markets, 3rd Edition, pg. 126

New York State passed a bill legalizing medical cannabis under a restrictive program in July 2014, and accepted applications in June 2015 for the five available medical cannabis licenses in the state. Licenses were awarded in August 2015, with each license-holder entitled to one grow facility and four dispensary locations.⁵⁶ In Florida, a state constitutional amendment to implement a medical cannabis program obtained a 57% approval margin in 2014, though Florida requires a 60% vote in order to pass a constitutional amendment by popular referendum. Nevertheless, in 2015 the Florida legislature adopted a highly restrictive high cannabidiol (CBD)/low tetrahydrocannabinol (THC) measure that has resulted in the issuance of five licenses, though no license holder is yet dispensing cannabis and legal challenges have been raised to the licensing process.⁵⁷ More significantly, another much larger, comprehensive medical cannabis initiative through a proposed state constitutional amendment is on the ballot in November of 2016 for another state-wide vote. Management believes that New York and Florida, each with populations in excess of 20 million people, represent the potential for extremely large medical cannabis markets as the New York program is expanded and if and when Florida adopts a comprehensive medical cannabis program following voter approval of a state constitutional amendment in 2016.⁵⁸

Maryland adopted a comprehensive law legalizing medical cannabis in 2014. The Maryland program is expected to result in a large medical market as a result of an expansive list of qualifying conditions, less restrictive provisions for obtaining cannabis certifications from doctors, and patient freedom to choose preferred methods of cannabis ingestion. Applications for licenses were accepted in Maryland in November 2015, with initial license awards expected in the summer of 2016.

In New Mexico, 2015 also witnessed a significant expansion of the state's medical cannabis program that was originally adopted in 2007. In October, New Mexico issued 12 new licenses in addition to the existing 23 licenses,⁵⁹ and new regulations will allow license holders to increase the number of dispensaries operated under a single license. New Mexico has also broadened the list of qualifying conditions, streamlined the patient certification process, and increased the permitted cultivation capacity of license holders to meet the expected rise in demand.⁶⁰ In addition, the new regulations have allowed for-profit management companies to manage multiple license holders. Management believes the result of the changes will likely be a significant expansion of the existing market for medical cannabis in New Mexico.

In April 2016, Pennsylvania became the 24th state to adopt a comprehensive medical cannabis program. With nearly 13 million people, an extensive list of qualifying medical conditions including severe chronic or intractable pain and a business-friendly statute, Pennsylvania should eventually become one of the biggest medical marijuana markets in the country. And in June 2016, Ohio became the 25th full-strength medical cannabis state after adopting a comprehensive law providing for a wide-range of qualifying conditions that should also result in a large medical cannabis market after the program is fully operational.

The Development of Adult Recreational Use Cannabis in the U.S.

The states of Colorado and Washington were the first to pass legislation to permit full adult recreational use of cannabis. Colorado moved quickly to adopt rules and regulations and the first recreational cannabis stores opened on January 1, 2014. Demand for adult use cannabis outstripped supply for months. Colorado has enjoyed an economic boom fueled by cannabis-related job growth, business spending and tourism, and Denver is developing into the epicenter of the rapidly developing national cannabis industry. Similar growth has also been experienced in Washington State with sales already at \$30 million per month⁶¹ compared to Colorado's current peak of over \$100 million per month.⁶² Combined medical and adult use sales in Colorado totaled approximately \$785 million⁶³ in

⁵⁶ http://www.nytimes.com/2015/08/01/nyregion/new-york-state-awards-5-medical-marijuana-licenses.html?_r=0

⁵⁷ <http://mjbizdaily.com/florida-poll-finds-strong-support-for-broad-mmj-law/>

⁵⁸ http://mmcc.maryland.gov/pages/home/documents/Revised_Program_Timeline_.pdf

⁵⁹ <http://nmhealth.org/news/information/2015/10/?view=318>

⁶⁰ <http://www.sfreporter.com/santafe/article-9982-new-medical-marijuana-rules-adopted.html>

⁶¹ <http://mjbizdaily.com/chart-week-huge-acceleration-washington-state-recreational-marijuana-sales/>

⁶² http://www.denverpost.com/news/ci_28947869/colorado-monthly-pot-sales-pass-100-million-mark

⁶³ The State of Legal Marijuana Markets, 3rd Edition, pg. 106

\$2,000 annually,⁷⁰ and that the total number of medical cannabis patients nationwide is expected to double to 2.5 million by 2020.⁷¹

Sales of legal cannabis flowers and cannabis-infused derivative and edible products totaled \$5.7 billion in 2015, and are expected to reach \$7.1 billion in 2016, approximately 70% of sales for medical use and 30% for full adult use.⁷² The U.S. market for direct legal cannabis sales alone is projected to grow to \$22.8 billion by 2020⁷³ and the total addressable market for direct cannabis sales in the U.S. today is estimated at \$45-50 billion if every state legalized full adult recreational consumption.⁷⁴

Key Differentiators Among State Regulatory Schemes

Each U.S. state with a legal cannabis program (either medical, recreational adult use, or both) regulates the industry differently, and to different degrees. iAnthus has developed a flexible business model that can accommodate these state-by-state variations while still generating targeted returns. There are several common areas of focus that regulations generally address and iAnthus will weigh these factors when deciding to provide investment capital or management services to license holders in a particular state:

- *Separate cultivation and dispensary licenses versus vertically integrated licenses:* some states (Connecticut, Illinois, and Nevada, for example) mandate separate cultivation or dispensary licenses whereas most states permit an integrated cultivation/dispensary facility or allow a single license holder to both grow and dispense retail, but in separate locations if desired (as in New Mexico, Arizona, Massachusetts, Maryland and several other states);
- *Seed to sale requirements:* regulations may require dispensaries to grow everything they sell, or alternatively, allow purchase of inventory wholesale from other growers in the state;
- *Strength of regulatory schemes:* weak state regulations (e.g. California at the present time) increase the risks of federal and local interference with legal cannabis businesses. Virtually all newer jurisdictions tend toward comprehensive regulatory schemes, minimizing that risk;
- *Number of available licenses:* increased competition in the licensing process ultimately produces a more secure market for the limited number of licensees as they will face less competition as the market matures. Additionally, some states severely restrict the number of plants that a dispensary can grow at any one time, thereby restricting inventory capacity, while other states permit growing as much product as a license holder believes it can sell;
- *Qualifying medical conditions for patients and rules governing doctor certifications:* the conditions that qualify a patient for medical cannabis essentially create the addressable market. The broader the list of qualifying conditions, the greater number of potential patients. Some states require patients to register, and may impose bureaucratic hurdles or fees that make access to patient cards limited. In addition, some states make it more difficult for a doctor to certify medical cannabis patients while other states have more relaxed rules that make it easier for a patient to obtain a doctor's certification;
- *Distribution of facilities across the state:* licensed dispensaries may be restricted to particular regions or counties, or they may have license to set up a dispensary anywhere in the state of licensure. Additionally, some states may permit dispensaries to deliver to its patients anywhere in the state, or restrict sales to patients registered to particular dispensaries; and

⁷⁰ Marijuana Business Factbook, 2015

⁷¹ New Frontier Financial. Weekly Cannabis 7/21/15, Modeling of State Patient Counts

⁷² The State of Legal Marijuana Markets, 4th Edition, pg. 11

⁷³ The State of Legal Marijuana Markets, 4th Edition, pg. 11.

⁷⁴ Marijuana Business Factbook, 2015

- *For-profit or not-for-profit entities:* states have mandated different corporate structures for facilitating the cultivation and sale of cannabis. In “for-profit” states an equity investment is allowed, although there may be residency requirements or other limitations on ownership. In “not-for-profit” states, there is no capital stock available for investment and financing for such companies is generally restricted to debt instruments.

The important differences between state regulatory schemes are the medical conditions and illnesses that are allowed to be treated with cannabis, the form of patient ingestion allowed, whether the state mandates vertically integrated enterprises, the number of licenses (and of which type) available, and whether those licenses may be operated by a for-profit or not-for-profit entity. Vertically integrated licenses in states with limited license-awards, a wide spectrum of qualifying indications and broad flexibility on methods of ingestion create the best returns on invested capital, whether in a for-profit or not-for-profit structure.

iAnthus’ management also focuses on the political process in the states where either legislation or ballot initiatives proposing to legalize the cultivation, sale, and use of cannabis and cannabis-infused products are currently being considered. Through its management’s expertise and that of its regulatory lawyers and industry relationships, iAnthus seeks to remain abreast of political and legislative developments across the country. As legislation or ballot initiatives progress, iAnthus seeks to develop relationships with qualified local license applicants, as well as with legislators, lobbyists, and other cannabis-specific consultants in states with the potential for large, potentially lucrative markets as medical or adult use cannabis legalization is being considered.

Competition

iAnthus offers financing solutions and management services that foster successful business operations for the license holders and applicants for licenses that it invests in. There are additional companies within the cannabis industry that offer either financing or similar services, but there are very few competitors that offer the same combination of value-added capital and expert management services that iAnthus provides. The notable competitors in the various areas of service iAnthus provides include:

- *Application consulting:* There are several nationally known application consulting firms, including 4Front Advisors, Denver Relief and Bulbulyan Consulting that write and develop applications and application strategies, as well as other regional companies that do the same. Many individuals have positioned themselves as “application consultants.” Because there is no industry standard or regulatory hurdle, barriers to entry into this niche are relatively low;
- *Financial investment:* The U.S. cannabis industry suffers from a lack of institutional capital due to the remaining legal “overhang” provided by the federal *Controlled Substances Act of 1970*. Commercial banks, private equity firms and venture capital firms have approached the industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to those iAnthus would target. To date, family offices have been iAnthus’ primary competitors for providing capital to holders of state licenses in the U.S. There has also been limited progress in the venture capital space, and there are several small investment funds investing in the cannabis industry, including Tuatara Capital, Privateer Holdings and Poseidon Asset Management. These investment funds have to date not invested directly into holders of state licenses in the U.S. (as opposed to “ancillary” companies that do not directly cultivate or sell cannabis), though Privateer owns a Canadian licensed producer. Although there has been an increase in the amount of financing available over the last several years there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants;
- *Business management services:* A few of the application consultants also consult on business and dispensary operations. Again, because there is little to no historical context, culture, or regulation surrounding the consulting industry, the barrier to entry is low, and many self-proclaimed experts occupy the field. Large international consulting firms (i.e., Accenture plc., McKinsey & Company, etc.) have not entered the cannabis market to date; and

- *Healthcare services:* iAnthus management has deep expertise in delivering healthcare to patients nationwide as one of the co-founders and Managing Directors of iAnthus was formerly the co-founder and CEO of the nation's largest developer of proton-therapy cancer treatment centers, and other iAnthus management personnel occupied senior management roles in that company as well. The medical cannabis market to date has relied on dispensary consultants, many of whom rely on retail and design experience rather than healthcare experience.

Intercompany Relationships

As of the date of this Prospectus, iAnthus has no subsidiaries. iAnthus' membership interests are held by the Investment Vehicles and the iAnthus Capital Sellers. Upon Closing 100% of the membership interests are expected to be held directly or indirectly by BC Co.

Intellectual property

iAnthus does not have any intellectual property.

Dividends and Distribution

iAnthus has neither declared nor paid any distributions on its units since its inception.

Selected Financial Information and Management's Discussion and Analysis

The following table sets forth selected financial information for iAnthus, summarized from its audited financial statements for the period from inception to December 31, 2015 and the interim financial statements for the period ended March 31, 2016. This selected financial information should be read in conjunction with: (i) iAnthus' financial statements, including the notes thereto, which are attached to this Prospectus as Appendix B, (ii) iAnthus Transfer's financial statements, including the notes thereto, which are attached to this Prospectus as Appendix C, and (iii) iAnthus Formation's financial statements, including the notes thereto, which are attached to this Prospectus as Appendix D.

	March 31, 2016 (Unaudited) \$	December 31, 2015 (Audited) \$
Total expense	581,131	1,384,929
Cash	442,877	211,717
Total assets	1,863,758	859,237
Shareholder's equity	757,921	414,713

Management's Discussion and Analysis

The Management's Discussion and Analysis for iAnthus is attached to this Prospectus as Appendices B1 and B2.

The Management's Discussion and Analysis for iAnthus Transfer is attached to this Prospectus as Appendices C1 and C2.

The Management's Discussion and Analysis for iAnthus Formation is attached to this Prospectus as Appendices D1 and D2.

Certain information included in iAnthus' Management's Discussion and Analysis 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 "Caution Regarding Forward-Looking Statements" for further detail.

Off-Balance Sheet Arrangements

iAnthus has not entered into any off-balance sheet arrangements.

Related Party Transactions

Related party transactions are as follows:

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
Due from an Affiliated Entity located in Massachusetts	\$454,214	\$204,637
Due from Griscom Advisors LLC, owned by Manager, Hadley Ford	\$1,676	\$1,676
Total due from related parties	\$455,890	\$206,313
Due to Last Dance Ventures, LLC owned by Managers, Hadley Ford and Randy Maslow	\$203,575	\$132,930

These amounts are unsecured, non-interest bearing, have no fixed terms of repayment and are due on demand, with the exception of the amounts owed by an Affiliated Entity located in Massachusetts.

At March 31, 2016, iAnthus advanced \$451,588 to an Affiliated Entity, a non-profit Massachusetts corporation for which iAnthus managers Randy Maslow and John Henderson serve as board members, for payment of Massachusetts license application fees and related project development expenses. Interest accrued at a 2% interest rate and accounted for \$2,626 at March 31, 2016. These amounts are expected to be repaid within twelve months and accordingly has been classified as current.

iAnthus utilizes the services and office space of an affiliate owned by two members. Such services are allocated based upon management's estimate and are as follows:

	Three Months Ended March 31, 2016 (Unaudited)	Year Ended December 31, 2015 (Audited)
Rental costs	\$25,645	\$67,152
Payroll and Related Fringes	\$ -	\$245,563

On June 23, 2015, iAnthus entered into an agreement to provide management services to FWR, Inc. ("**FWR**"), a related party through a family relationship with iAnthus' manager, Hadley Ford. The founder of FWR, Ms. Alexandra Ford, is also a shareholder of iAnthus. Ms. Ford owns less than 5% of the outstanding securities of iAnthus. Management fee income amounted to \$12,308 for the period ended March 31, 2016. The agreement also provides for the reimbursement, by FWR of certain expenses incurred by iAnthus on behalf of FWR which amounted to \$10,662 for period ended March 31, 2016.

On January 21, 2016, iAnthus entered into a loan agreement with RGA, a related party through a family relationship with iAnthus' manager, Hadley Ford. The founder of RGA, Mr. William Ford, is also a shareholder of iAnthus. Mr. William Ford owns less than 5% of the outstanding securities of iAnthus.⁷⁵

iAnthus has incurred during 2015 approximately \$3,500 of miscellaneous expenses on behalf of related parties which participated in the raising of capital for the benefit of iAnthus.

⁷⁵ Mr. William Ford is the brother of Hadley Ford a co-founder and Managing Director of iAnthus.

Changes in Accounting Policies Including Initial Adoption

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically. Actual results may differ from these estimates by material amounts.

Description of the Securities

Membership Interests

iAnthus has 100,000,000 Class A Units authorized of which 16,338,065 are outstanding and 2,500,000 Class B Units authorized of which none are outstanding. Holders of the Class A Units are entitled to receive periodic tax distributions and others distributions in the discretion of iAnthus' sole manager, iAnthus Manager, LLC, a Delaware limited liability company. All discretionary distributions are to be made first to the holders of Class A Units until their initial investments have been fully returned and then pro-rata to the Class A Units and Class B Units (if any). Generally, matters submitted to a vote of iAnthus' members require approval by a majority in interest of the Class A Units. Class B Units are non-voting. Upon dissolution, holders of the Class A Units and Class B Units (if any) are entitled to receive distributions in accordance with the manner in which discretionary distributions are made, as further described above. The Class A Units and Class B Units (if any) of iAnthus do not have any (i) pre-emptive, conversion or exchange rights, (ii) redemption, retraction, purchase for cancellation, surrender or sinking or purchase fund provisions, (iii) provisions permitting or restricting the issuance of additional securities or other material restrictions, or (iv) provisions requiring a security holder to contribute additional capital.

Stock Options

iAnthus has issued 1,350,000 unit options to employees, advisors and consultants. Each unit option gives the holder the right to purchase one Class A Unit of iAnthus for an exercise price equal to the fair market value of a Class A Unit on the date of grant.

Convertible Notes

iAnthus Capital, through the Investment Vehicles and iAnthus Investor, has issued \$1,300,000 in principal amount (including \$500,000 held in escrow until the Time of Closing and an additional \$300,000 held in escrow until the stock of the Resulting Issuer has commenced trading on CSE) of unsecured convertible promissory notes in the Private Placement. The convertible promissory notes bear interest at 8.0% per annum and mature on the earlier of (i) the first anniversary date of the Closing, and (ii) the first anniversary date of the execution of each such convertible promissory note if the Closing has not yet occurred; provided, however, that if the listing of the BC Co on the facilities of the CSE is completed on or before the first anniversary of the Closing, then the maturity date of the convertible promissory notes is automatically extended for an additional one-year period and iAnthus will have the option to further extend the maturity date by an additional one-year period. iAnthus Capital cannot prepay the convertible promissory notes. The convertible promissory notes are convertible, at the election of the holders, at a conversion price ranging from \$1.65 to \$1.00 per share or unit (as applicable).prior to Closing and \$1.65 to \$1.25 per share post Closing. The convertible promissory notes do not have redemption, retraction, purchase for cancellation, surrender, or sinking or purchase fund provisions.

For so long as the convertible promissory notes remain outstanding and less than 80% of the original principal amount has been converted, (a) iAnthus Capital (or, following the Closing, the Resulting Issuer) is required to maintain a minimum cash balance of \$500,000, (b) iAnthus Capital is required to use its reasonable best efforts to complete the transactions contemplated by the Agreement on or before the two month anniversary of the date on which such convertible promissory notes were issued, and (c) iAnthus Capital is required to use the proceeds from the loans memorialized by the convertible promissory notes for only the following purposes: (i) to continue the development of the Resulting Issuer's business plan, (ii) to provide investment capital in several investment opportunities of the company including, without limitation, projects in Vermont, New Mexico and Massachusetts,

and (iii) for general working capital and general corporate purposes. There is no trustee or indenture associated with the convertible promissory notes.

Warrants Associated with Convertible Notes

iAnthus Capital, through the Investment Vehicles and iAnthus Investor, has issued 275,758 three-year warrants (including 106,061 warrants held in escrow until the Time of Closing and an additional 63,636 warrants held in escrow until the stock of the Resulting Issuer has commenced trading on CSE) in connection with the convertible promissory notes referenced above in the Private Placement Financing. Each warrant gives the holder the right to purchase one Class A Unit of iAnthus for an exercise price of \$1.75.

Warrants for ProActive Capital Resources Group, LLC

iAnthus, through iAnthus Investor, has issued 50,000 five-year warrants to ProActive Capital Resources Group, LLC, a Delaware limited liability company dba PCG Advisory Group (“**ProActive**”). Each warrant gives ProActive the right to purchase unit of iAnthus Investor for an exercise price of \$1.25.

Prior Sales

Since the date of its formation, iAnthus has issued 16,338,065 membership interests as follows:

Date	Number of Membership Interests	Method of Sales	Price per Common Share (\$)
10/10/14	10,000,000 ⁽¹⁾	Issued from Treasury	\$0.00
1/22/15	1,780,015	Issued from Treasury	\$1.00
3/6/15	50,000	Issued from Treasury	\$1.00
3/24/15	100,000	Issued from Treasury	\$1.00
4/14/15	75,000	Issued from Treasury	\$1.00
8/24/15	199,500	Issued from Treasury	\$1.00
12/30/15	40,000	Issued from Treasury	\$1.25
1/8/16	50,000	Issued from Treasury	\$1.00 ⁽²⁾
1/31/16	494,000	Issued from Treasury	\$1.25
2/11/16	60,000	Issued from Treasury	\$1.25
4/4/16	40,000	Issued from Treasury	\$1.25
4/20/16	200,000	Issued from Treasury	\$1.25
4/29/16	2,640,000	Issued from Treasury	\$1.25
5/4/16	480,000	Issued from Treasury	\$1.25
5/13/16	80,800	Issued from Treasury	\$1.25
5/17/16	250,000	Issued from Treasury	\$1.25

Note:

- (1) iAnthus has repurchased and subsequently cancelled 201,250 membership interests that were originally issued during this sale.
- (2) The investment closed in July 2015 but was funded in January 2016 resulting in a \$1.00 subscription price rather than \$1.25.

Private Placement Financing

In addition to the membership interests summarized in the chart above, iAnthus is conducting the Private Placement Financing by way of a private placement relying on the prospectus and or registration exemptions pursuant to available “accredited investors” and other exempt purchasers exemptions from applicable Canadian prospectus requirements, and the exclusions from the registration requirements of the US Securities Act, provided by Regulation S or other applicable laws, rules and regulations to raise up to \$8,000,000 by the issuance of common shares or membership interests or financing through convertible notes and warrants, as the case may be, in the Investment Vehicles and iAnthus Investor. iAnthus has, as at the date of this Prospectus, closed \$6,706,500 of the Private Placement Financing and was not required to, and did not, raise any further funds in the Private Placement Financing in order to satisfy a Closing condition.

Executive Compensation

The summary compensation tables below set out particulars of compensation paid for the financial years ended December 31, 2015 and the period ended March 31, 2016 for the individuals, Hadley Ford, Randy Maslow and John Henderson, who were Managing Directors of iAnthus during such period. iAnthus does not have any other executive officers whose total salary and other compensation during such period exceeded \$150,000.

Compensation Discussion and Analysis

iAnthus does not have a compensation committee or a formal compensation policy. iAnthus relies solely on the Managing Directors to determine the compensation of the Named Executive Officers. In determining compensation, the Managing Directors consider industry standards and iAnthus' financial situation, but does not currently have any formal objectives or criteria. The performance of each executive officer is informally monitored by the Managing Directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

Option-based Awards

As at the date of this Prospectus iAnthus has granted option-based awards. Please see “Part III – Information Concerning the Resulting Issuer – Options to Purchase Securities”. In considering new grants to executive officers, the Managing Directors consider the number of options, if any, previously granted to each executive officer.

Summary Compensation Table

The following table sets out particulars of compensation paid to the Managing Directors and Named Executive Officers for the fiscal year ended December 31, 2015.

[illegible]

The following table sets out particulars of compensation paid to the Named Executive Officers for the period ended March 31, 2016.

Name and Principal Position	Year (or part)	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Hadley Ford <i>Managing Director</i>	2015	Nil	Nil ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
Randy Maslow <i>Managing Director</i>	2015	Nil	Nil ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
John Henderson <i>Managing Director</i>	2015	Nil	Nil ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) Hadley Ford, Randy Maslow and John Henderson each received 120,000 option grants with a \$1.25 exercise price on May 11, 2016.

Incentive Plan Awards

The following table sets out particulars of the option-based awards, granted to the Managing Directors and Named Executive Officers for the period ended March 31, 2016.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in- the-money options (\$)
Hadley Ford	Nil	N/A	N/A	N/A
Randy Maslow	Nil	N/A	N/A	N/A
John Henderson	Nil	N/A	N/A	N/A

Incentive plan awards - value vested or earned during the year

The following table sets out the value of option-based awards which vested in the Managing Directors and Named Executive Officers for the period ended March 31, 2016.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Hadley Ford	Nil ⁽¹⁾	N/A	N/A
Randy Maslow	Nil ⁽¹⁾	N/A	N/A
John Henderson	Nil ⁽¹⁾	N/A	N/A

Note:

- (1) Hadley Ford, Randy Maslow and John Henderson each received 120,000 option grants with a \$1.25 exercise price on May 11, 2016.

Pension Plan Benefits

Last Dance Ventures LLC has a 401k plan with an employee match safe harbor of 4% of annual salary but does not have any pension plan or any deferred compensation plan.

Termination and Change of Control Benefits

iAnthus does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of iAnthus or a change in a Managing Director or Named Executive Officer's responsibilities.

Director Compensation

iAnthus is a Delaware Limited Liability Company and as such the company does not have a Board of Directors. iAnthus is managed by a single member, iAnthus Manager, LLC ("**iAnthus Manager**"), which is 100% controlled by Mr. Ford and Mr. Maslow. There was no compensation provided to iAnthus Manager nor to Mr. Ford nor Mr. Maslow, for the year ended December 31, 2015 and period ended March 31, 2016, respectively.

Share-based awards, option-based awards and non-equity incentive plan compensation

iAnthus has no other managing members other than iAnthus Manager which is 100% controlled by Mr. Ford and Mr. Maslow. Hadley Ford, Randy Maslow and John Henderson each received 120,000 option grants with a \$1.25 exercise price on May 11, 2016.

The following table sets out particulars of the option-based awards granted to, managing members other than managing members who are also Named Executive Officers, outstanding as of March 31, 2016.

	Option-based Awards			
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
iAnthus Manager	Nil	N/A	N/A	N/A

Incentive plan awards - value vested or earned during the year

The following table sets out the value of option-based awards which vested in each managing member, who is not a Named Executive Officer, for the period ended March 31, 2016.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
iAnthus Manager	Nil	N/A	N/A

Indebtedness of Directors and Executive Officers

As at the date of this Prospectus, none of the directors and executive officers of iAnthus or associates of such persons is indebted to iAnthus 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 iAnthus.

Securities Subject to Resale Restriction

The 9,730,000 iAnthus outstanding membership interests issued on October 10, 2014, (as mentioned above, at the time of issuance 10,000,000 membership interests were issued and iAnthus has since repurchased and subsequently cancelled 270,000 membership interests), the 1,780,015 iAnthus membership interests issued on January 22, 2015, the 50,000 iAnthus membership interests issued on March 6, 2015, the 100,000 iAnthus membership interests issued on March 24, 2015, the 75,000 iAnthus membership interests issued on April 14, 2015, the 199,500 iAnthus membership interests issued on August 24, 2015, the 40,000 iAnthus membership interests issued on December 30, 2015, the 50,000 iAnthus membership interests issued on January 8, 2016, the 494,000 iAnthus membership interests issued on January 31, 2016, and the 60,000 iAnthus membership interests issued on February 11, 2016, 40,000 iAnthus membership interests issued on April 4, 2016, 200,000 iAnthus membership interests issued on April 20, 2016, 2,640,000 iAnthus membership interests issued on April 29, 2016, 480,000 iAnthus membership interests issued on May 4, 2016, 80,800 iAnthus membership interests issued on May 13, 2016, and 250,000 iAnthus membership interests issued on May 17, 2016 as summarized in the above table, are subject to a Canadian restricted period expiring on the date that is the later of (i) four months and a day after the respective distribution dates of such iAnthus membership interests and (ii) the date the Resulting Issuer becomes a reporting issuer by filing the Final Prospectus and receiving the Final Receipt therefor. The iAnthus Purchased Membership Interests and the Purchased Shares were acquired by BC Co under pursuant to exemptions from the formal takeover bid and registration and prospectus requirements under section 2.16 of NI 45-106. Such iAnthus Purchased Membership Interests and Purchased Shares were exchanged for Resulting Issuer Shares and it is expected that the Resulting Issuer will rely on the exemption contained in section 2.7 of NI 45-102 to eliminate the requirement of the Resulting Issuer to be a reporting issuer for a period of months and a day. If the Resulting Issuer relies on such exemption then the Resulting Issuer Shares issued in exchange for the iAnthus Purchased Membership Interests and Purchased Shares will be free from resale restrictions under NI 45-102; however, a portion of such Resulting Issuer Shares will be subject to escrow. See "Part III – Information Concerning the Resulting Issuer – The CSE Escrow Shares" for further detail.

In addition to the above, prior to Closing, the iAnthus membership interests were subject to a restriction on transfer pursuant to iAnthus' limited liability company agreement. Specifically, no member of iAnthus could transfer his/her/its membership interests prior to the sale of iAnthus and the completion of a listing on a stock exchange unless: (i) the manager of iAnthus approves such transfer or (ii) the transfer complies with limited exemptions pertaining to transfer of membership interests to a family member or to a founder of iAnthus.

Interests of Management and Others in Material Transactions

iAnthus entered into an Administrative Services Agreement with Last Dance Ventures, LLC on October 1, 2015, which was subsequently amended and restated on December 1, 2015. Pursuant to the Administrative Services Agreement, Last Dance Ventures, LLC, which is owned and controlled by Randy Maslow and Hadley Ford, provides iAnthus with six full time equivalent employees to deliver services including (i) financial modeling and valuation analysis, (ii) business development support, (iii) travel and administrative services, (iv) future and current investment company operational analysis, (v) internal and external company reporting, (vi) cash management services, (vii) bank account procurement and relationship management, (viii) expense management, (ix) insurance procurement, (x) staffing for center operations when requested, (xi) management of iAnthus' audited and unaudited financials, (xii) management of iAnthus' state and federal entity filings, and (xiii) management of iAnthus' corporate books. In return, iAnthus pays \$70,000 per month to Last Dance Ventures, LLC. The Administrative Services Agreement is terminable by either party upon two weeks' prior written notice.

Legal Proceedings

iAnthus is not a party to any legal proceedings, nor is it aware of any legal proceedings to which any of its property or assets is the subject matter, and it is not aware of any such proceedings known to be contemplated.

Auditor

The auditor of iAnthus is Sheehan and Company, C.P.A., P.C., located at 165 Orinoco Drive, Brightwaters, New York, 11718 - 1304. Upon Completion of the Transaction and as of the date of this Prospectus, it is proposed that the Resulting Issuer's auditor will be BC Co's current auditor, BDO Canada LLP.

See also "Part V – Other Matters – Auditors, Transfer Agents and Registrars".

Transfer Agent and Registrar

iAnthus currently has no transfer agent and registrar for its shares. The transfer agent and registrar for BC Co's Common Shares is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia V6C 3B9, and Computershare will continue as transfer agent and registrar of the Resulting Issuer upon Completion of the Transaction.

See also "Part V – Other Matters – Auditors, Transfer Agents and Registrars".

Material Contracts

iAnthus entered into an agreement with Baron Global Financial Canada Ltd. ("**Baron**") on February 4, 2016 to provide advisory services. Pursuant to the advisory services agreement, the iAnthus retained Baron on a 12-month term upon listing on CSE to be its exclusive corporate advisor. Pursuant to the advisory services agreement, Baron provides services such as: (i) advising of corporate governance principles and policies; (ii) advising of compliance issues; (iii) advising of continuous disclosure requirements; (v) liaison and coordination with iAnthus' legal counsel and auditor; (vi) assisting with and advising of corporate finance related matters; and (vii) making available the services of Savio Chiu or such other individual to perform CFO services and serve as CFO and Corporate Secretary. Pursuant to the advisory services agreement, iAnthus agreed to pay Baron a one-time fee of CAD\$50,000 and a monthly cash fee of CAD\$12,000 plus applicable tax upon listing on CSE and iAnthus is responsible for all reasonable out-of-pocket expenses related to the services. Either party can terminate the agreement without any reason by providing 30 days written notice to the other party of the termination thereof. In addition, the Resulting Issuer will grant 100,000 stock options to Baron.

Other than the agreement with Baron as summarize above and contracts entered into in the ordinary course of business, iAnthus has not entered into any contracts material to investors, other than:

- The Share Exchange Agreement with respect to the Transaction;
- Administrative Services Agreement with Last Dance Ventures, LLC dated October 1, 2015; and
- Corporate Advisory Services Agreement with Baron Global Financial Canada Ltd. dated February 4, 2016.

Copies of these agreements may be inspected, without charge, at the registered office of iAnthus at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808, during normal business hours until the date of Closing and for a period of 30 days thereafter.

PART III – INFORMATION CONCERNING THE RESULTING ISSUER

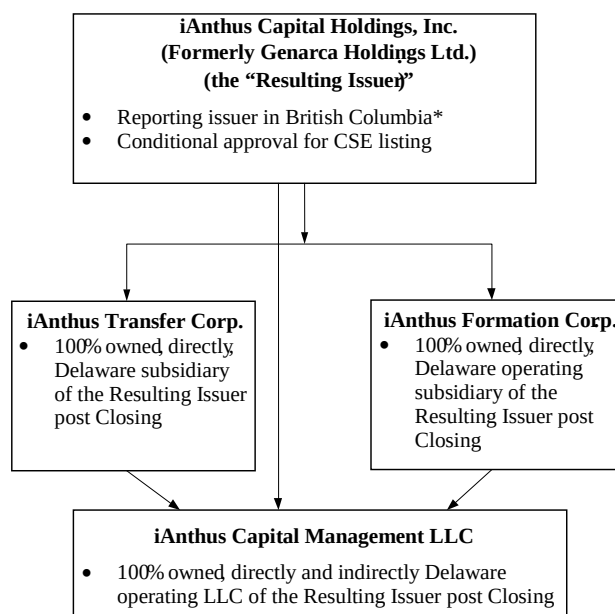
Name, Address and Incorporation

The Transaction closed on August 12, 2016. Upon completion of the Transaction, the corporate structure of the Resulting Issuer is the corporate structure of BC Co. The Resulting Issuer changed its name from Genarca Holdings Ltd. to iAnthus Capital Holdings, Inc. on August 4, 2016.

The Resulting Issuer's head office is located at 1980-1075 W. Georgia St. Vancouver, BC, V6E 3C9 and its registered office is located at 1500-1055 W. Georgia St. Vancouver, BC, V6E 3P3.

Intercorporate Relationships

The diagram below describes the inter-corporate relationships of the Resulting Issuer post-Transaction: **



Note:

* The Resulting Issuer becomes a reporting issuer in British Columbia upon receiving the Final Receipt

Narrative Description of the Business

Effective upon Closing, the Resulting Issuer became the holding company of iAnthus and will implement the business plan of iAnthus.

See “– Business Objectives and Milestones”, which follows, and see also “Part II – Information Concerning iAnthus – Narrative Description of the Business”.

Use of Proceeds

This is a non-offering prospectus. The Resulting Issuer is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to the Resulting Issuer in connection with the filing of this Prospectus. The gross amount of funds available is approximately \$5,260,000.

Funds Available and Use of Available Funds

Effective upon Closing, the Resulting Issuer had working capital of approximately \$4,695,000, inclusive of funds raised under the Private Placement Financing. The principal purposes for the use of those funds will be as follows:

Item	\$
Funds Available	
Working capital of BC Co as at June 1, 2016	63,197
Working capital of iAnthus as at June 1, 2016	4,584,936
Total	4,648,133

Principal purposes for the use of available funds	
Project Investment	2,700,000(1)
Accounting and Audit Related Expenses	200,000
Transaction Costs	450,000(2)
General and administrative costs for 12 months after completion of the Transaction	1,050,000(3)
Unallocated working capital	248,133
Total	4,648,133

Notes:

- (1): For a description of iAnthus' procedure for project investments see: "Part II – Information Concerning iAnthus – Narrative Description of the Business".
- (2): Legal and professional fees (\$437,500) and CSE listing fees (\$12,500).
- (3): General and administrative costs are broken down as follows: (i) salaries (\$72,250 per month), (ii) rent (\$11,000 per month), (iii) utilities (\$540 per month), (iv) associations and miscellaneous (\$500 per month).

The Resulting Issuer intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of net proceeds will be subject to the discretion of management.

Business Objectives and Milestones

Following Completion of the Transaction, the Resulting Issuer's primary business objectives and milestones are the following:

See in "Part II – Information Concerning iAnthus – Narrative Description of the Business".

Dividends or Distributions

The Resulting Issuer intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Pro Forma Consolidated Financial Information

The following table sets forth selected pro forma consolidated financial information of iAnthus and BC Co as at March 31, 2016, as if the Transaction has been completed as at March 31, 2016.

As at March 31, 2016 (unaudited)	BC Co \$	iAnthus Capital Management LLC \$	iAnthus Formation Corp. \$	iAnthus Transfer Corp \$	Pro Forma Adjustments \$	ProForma \$
Balance Sheet						
Current assets	112,973	1,425,026	-	-	4,553,485	6,091,484
Total assets	112,973	1,863,758	2,250,180	2,048,125	315,180	6,590,216
Current liabilities	48,808	692,387	2,000	2,000	450,000	1,195,195
Total liabilities	48,808	1,105,837	2,000	2,000	450,000	1,608,645
Shareholders' Equity (accumulated deficit)	64,165	757,921	2,248,180	2,046,125	(134,820)	4,981,571

Description of the Securities

The Resulting Issuer is authorized to issue an unlimited number of Resulting Issuer Shares. See "Part I – Information Concerning BC Co - Description of the Securities" and "Part II – Information Concerning iAnthus – Description of the Securities".

Payment Shares and Replacement Dilutive Securities were issued upon Closing in exchange for all the outstanding securities of iAnthus. See in this Part III – Information Concerning the Resulting Issuer, “– Pro Forma Consolidated Financial Information” and “– Fully Diluted Share Capital”, which follow.

Authorized and Issued Share Capital

See in this Part III – Information Concerning the Resulting Issuer, “– Pro Forma Consolidated Financial Information” and “– Fully Diluted Share Capital”, which follow; and see “Part I – Information Concerning BC Co – Description of the Securities” and “Part II – Information Concerning iAnthus – Description of the Securities”.

Options to Purchase Securities

iAnthus issued 1,350,000 unit options to employees, advisors and consultants. Each unit option provided the holder the right to purchase one Class A Share of iAnthus for an exercise price equal to the fair market value of a Class A Share on the date of grant. Such unit options were exchanged for Replacement Dilutive Securities at Closing.

Prior to Closing, the Resulting Issuer adopted a “rolling” stock option plan prior to Closing, pursuant to which the Board may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and consultants, non-assignable and non-transferable options to purchase the Resulting Issuer Shares, provided that the number of the Resulting Issuer Shares reserved for issuance will not exceed 10% of the then issued and outstanding shares. The options are exercisable up to 10 years from the date of grant, so long the optionee maintains the optionee’s position with the Resulting Issuer. The number of Resulting Issuer Shares reserved for issuance to any optionee cannot exceed 5% of the then issued and outstanding shares and the number of Resulting Issuer Shares reserved for issuance to consultants cannot exceed 2% of the then issued and outstanding shares.

The minimum exercise price of an option granted under the Stock Option Plan must not be less than the Discounted Market Price (as such term is defined in the policies of the Exchange and other applicable regulatory authorities).

Options granted to an optionee who does not continue as a director, officer, employee or consultant of the Resulting Issuer, have 30 days after such optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer to be executed.

See “– Fully Diluted Share Capital”, which follows.

Consolidated Capitalization

The following table sets out the share capitalization of the Resulting Issuer after giving effect to the Transaction:

Designation of Security	Amount authorized or to be authorized	Amount outstanding after giving effect to the Transaction
Common Shares	Unlimited	5,683,066 (\$3,869,516)
Class A Shares	Unlimited	11,255,000 (\$3,900,000)
Preferred Shares	Unlimited	Nil
Loan Capital	Nil	Nil

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction:

	Number of Securities Issued or Reserved as of the closing of the Transaction and Financing	% of total issued and outstanding as of the closing of the Transaction and Financing (fully diluted)
<i>Shares to be Issued</i>		
BC Co Common Shares issued at the date of Prospectus	600,001 ⁽¹⁾	3.1%
The Resulting Issuer Shares to be issued on closing of the Transaction to the iAnthus Shareholders	16,338,065 ⁽²⁾	84.2%
<i>Total Resulting Issuer Shares to be issued</i>	16,938,066	87.3%
Shares to be issued on exercise of stock options	1,362,500 ⁽³⁾	7.0%
Shares to be issued for convertible notes	787,878 ⁽⁴⁾	4.1%
Shares to be issued on exercise of warrants related to convertible notes	50,000 ⁽⁵⁾	0.2%
Shares to be issued on exercise of warrants related to convertible notes	275,758 ⁽⁶⁾	1.4%
Total shares to be reserved for issuance upon exercise	2,476,136	12.7%
Fully diluted issued and outstanding	19,414,202	100%

Notes:

- (1) For further details see: “Part I – Information Concerning BC Co – Prior Sales”.
- (2) For further details see: “Part II – Information Concerning iAnthus – Prior Sales”.
- (3) For further details see: “Part II – Information Concerning iAnthus – Description of the Securities – Stock Options”.
- (4) For further details see: “Part II – Information Concerning iAnthus – Description of the Securities – Convertible Notes”.
- (5) For further details see: “Part II – Information Concerning iAnthus – Description of the Securities – Warrants for ProActive Capital Resources Group, LLC
- (6) For further details see: “Part II – Information Concerning iAnthus – Description of the Securities – Warrants Associated with Convertible Notes”.

The following table sets forth all options to purchase securities of iAnthus that are presently held and will be held upon the closing of the Transaction:

Optionee	Number of iAnthus Shares under Option	Purchase Price	Expiry Date	Market Value of Shares under Option on the date of grant⁽¹⁾	Market Value of Shares under Option on the date of this Prospectus⁽¹⁾
Employees Advisors, and Consultants	387,500	\$1.00	July 2025	\$286,944	\$372,465
Employees Advisors, and Consultants	165,000	\$1.25	March 2026	\$203,384	\$203,384
Employees Advisors, and Consultants	100,000	\$1.25	April 2026	\$123,251	\$123,251
Employees Advisors, and	710,000	\$1.25	May 2026	\$875,090	\$875,090

Optionee	Number of iAnthus Shares under Option	Purchase Price	Expiry Date	Market Value of Shares under Option on the date of grant⁽¹⁾	Market Value of Shares under Option on the date of this Prospectus⁽¹⁾
Consultants					

Note:

(1) Calculated using Black-Scholes analysis.

The following table sets forth all additional options to purchase securities of the Resulting Issuer that are held upon the closing of the Transaction:

Optionee	Number of the Resulting Issuer Shares to be Optioned	Purchase Price	Expiry Date	Market Value of Shares under Option on the date of grant	Market Value of Shares under Option on the date of this Prospectus
Nil	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A

On completion of the Transaction, officers and directors of the Resulting Issuer will have an aggregate 0 options outstanding.

Prior Sales

Since the date of incorporation of BC Co, immediately before Closing, 600,001 BC Co Common Shares have been issued as follows:

Date	Number of Common Shares	Method of Sales	Price per Common Share
November 15, 2013	1	Issued from treasury	\$1.00
April 28, 2015	300,000	Issued from treasury	\$0.03
May 21, 2015	300,000	Issued from treasury	\$0.50

Since the date of incorporation of iAnthus, and immediately before Closing, 16,338,065 membership interests have been issued as follows:

Date	Number of Membership Interests	Method of Sales	Price per Common Share (\$)
10/10/14	10,000,000 ⁽¹⁾	Issued from Treasury	\$0.00
1/22/15	1,780,015	Issued from Treasury	\$1.00
3/6/15	50,000	Issued from Treasury	\$1.00
3/24/15	100,000	Issued from Treasury	\$1.00
4/14/15	75,000	Issued from Treasury	\$1.00
8/24/15	199,500	Issued from Treasury	\$1.00
12/30/15	40,000	Issued from Treasury	\$1.25
1/8/16	50,000	Issued from Treasury	\$1.00 ⁽²⁾
1/31/16	494,000	Issued from Treasury	\$1.25
2/11/16	60,000	Issued from Treasury	\$1.25
4/4/16	40,000	Issued from Treasury	\$1.25
4/20/16	200,000	Issued from Treasury	\$1.25
4/29/16	2,640,000	Issued from Treasury	\$1.25
5/4/16	480,000	Issued from Treasury	\$1.25
5/13/16	80,800	Issued from Treasury	\$1.25
5/17/19	250,000	Issued from Treasury	\$1.25

Note:

- (1) iAnthus has repurchased and subsequently cancelled 201,250 membership interests that were originally issued during this sale.
- (2) The investment closed in July 2015 but was funded in January 2016 resulting in a \$1.00 subscription price rather than \$1.25.

Securities Subject to Resale Restriction

The following table sets out, as of the date of this Prospectus, the number and percentage of Resulting Issuer Shares held in escrow prior to giving effect to the Transaction, and the number and percentage of the Resulting Issuer Shares that will be held in escrow after giving effect to the Transaction, but before giving effect to the initial release of the escrowed Resulting Issuer Shares under the new escrow agreement.

		Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
Name and Municipality of Residence of Security Holder	Designation of Class	Number of Resulting Issuer Shares held in escrow	Name and Municipality of Residence of Security Holder	Designation of Class	Number of Resulting Issuer Shares held in escrow
Hadley Ford, New York, New York	10% holder, Director, Officer	Nil	Hadley Ford, New York, New York	10% holder, Director, Officer	2,712,500
Randy Maslow, Delray Beach, Florida	10% holder, Director, Officer	Nil	Randy Maslow, Delray Beach, Florida	10% holder, Director, Officer	2,712,500
John Henderson, Boston, Massachusetts	Officer	Nil	John Henderson, Boston, Massachusetts	Officer	1,400,000
Dr. Richard Boxer, Los Angeles, California	Director	Nil	Dr. Richard Boxer, Los Angeles, California	Director	260,000
Julius Kalcevich Toronto, Ontario	Director	Nil	Julius Kalcevich Toronto, Ontario	Director	415,282

Notes:

- (1) Such holder will receive Resulting Issuer Shares consisting of Class A restricted voting convertible shares in the capital of the Resulting Issuer. Such shares are not entitled to vote for the election of directors. For additional information see: "Part I – Information Concerning BC Co – Description of the Securities – Class A Shares."
- (2) Such holder will receive Resulting Shares consisting of common shares in the capital of the Resulting Issuer.

The CSE Escrow Shares

The CSE Escrow Shares will be held in escrow pursuant to the CSE Escrow Agreement. There are 7,500,282 Resulting Issuer Shares held in escrow. These are held in escrow as required by CSE policy on completion of the Transaction.

The CSE Escrow Shares are to be subject to the release schedule set out in the form of escrow required by s. 1.8 of Policy 8 – Fundamental Changes of the CSE. Ten (10%) percent of the CSE Escrow Shares are to be released upon the date of listing on the CSE and an additional 15% are to be released every 6 months thereafter until all CSE Escrow Shares have been released (36 months following the date of listing on the CSE).

The CSE Escrow Agreement provides that the CSE Escrow Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the CSE. In the event of the bankruptcy of an escrow shareholder, provided the CSE does not object, the CSE Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the CSE Escrow Shares which shares

will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the CSE does not object, the CSE Escrow Shares held by the escrow shareholder will be released from escrow.

To the knowledge of the Resulting Issuer's directors and senior officers, upon completion of the Transaction, no person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, the Resulting Issuer Shares carrying more than 10% of all voting rights attached to the outstanding the Resulting Issuer's common shares except the following:

Name	Ownership as at the date of this Prospectus	Number of Common Shares as at the date of this Prospectus	Number of Resulting Issuer Shares After Giving Effect to the Transaction Financing	Percentage After Giving Effect to the Transaction
Hadley Ford	21.1%	2,712,500	2,712,500 ⁽¹⁾	14.0%
Randy Maslow	21.1%	2,712,500	2,712,500 ⁽¹⁾	14.0%
John Henderson	10.9%	1,400,000	1,400,000 ⁽¹⁾	7.2%

Note:

- (1) Such holder will receive Resulting Issuer Shares consisting of Class A restricted voting convertible shares in the capital of the Resulting Issuer. Such shares are not entitled to vote for the election of directors. For additional information see: Part I – Information Concerning BC Co – Description of the Securities – Class A Shares.

Directors and Officers

The following table sets out the name, municipality and province of residence, position to be held with the Resulting Issuer, current principal occupation, and the number and percentage of the Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's proposed directors and officers following completion of the Transaction. As summarized above, the Transaction closed on August 12, 2016.

Name and Municipality of Residence	Position to be held with the Resulting Issuer	Principal Occupation for the Past Five Years	Number of the Resulting Issuer Shares after Completion of the Transaction	Percentage of class after Completion of the Transaction
Hadley Ford, New York, New York ⁽¹⁾	Managing Director, CEO and Director	Founder, CEO and Board member, ProCure Treatment Centers, 2005-2013	2,712,500 ⁽¹⁾	14.0%
Randy Maslow, Delray Beach, Florida	Managing Director, President and Director	Senior Vice President and General Counsel, IGE U.S. LLC, 2003-2006	2,712,500 ⁽²⁾	14.0%
John Henderson, Boston, Massachusetts	Managing Director and COO	COO, Proton International LLC, 2013-2014; COO and CDO, ProCure Treatment Centers, 2005-2013.	1,400,000 ⁽²⁾	7.2%

Name and Municipality of Residence	Position to be held with the Resulting Issuer	Principal Occupation for the Past Five Years	Number of the Resulting Issuer Shares after Completion of the Transaction	Percentage of class after Completion of the Transaction
Dr. Richard Boxer, Los Angeles, California	Director	Attending Urologist, Los Angeles Wadsworth Veteran's Administration Hospital, 2013 through present; UCLA Visiting Professor of Urology and Visiting Scholar, UCLA Business of Science Center, 2013 – present; Professor of Clinical Urology, University of Miami Department of Urology, Miami, FL, 2007-2012; Chief Medical Officer, Teladoc, Inc. Greenwich, CT and Dallas, TX, 2006-2013.	260,000 ⁽²⁾	1.3%
Savio Chiu Vancouver, British Columbia	CFO & Corporate Secretary	Senior Manager, Corporate Finance at Baron Global Financial Canada Ltd. from June 2009 to present; Associate of TD Commercial Bank from November 2008 to May 2009; Senior Associate of Deloitte & Touche LLP from September 2005 to October 2008	1,200 ⁽³⁾	0.0%
Julius Kalcevich ⁽¹⁾ Toronto, Ontario	Director	Partner at Bellotti Goodman Partners from January 2013 to Present, Director at CIBC World Markets from July 2011 to January 2013, Vice President of Dundee Capital Markets from April 2010 to July 2011	415,282 ⁽³⁾	2.2%

Name and Municipality of Residence	Position to be held with the Resulting Issuer	Principal Occupation for the Past Five Years	Number of the Resulting Issuer Shares after Completion of the Transaction	Percentage of class after Completion of the Transaction
Paul Rosen ⁽¹⁾ Toronto, Ontario	Director	President & CEO of PharmaCan Capital from March 2013 to May 2016, Chairman of Skypad Inc. from 1996-Present, Advisory Board Member of Alembic Goods from 2013- Present, and CEO of Project X from June 2011 to November 2013	0	0.0%

Notes:

- (1) Proposed members of the Audit Committee.
- (2) Such holder will receive Resulting Issuer Shares consisting of Class A restricted voting convertible shares in the capital of the Resulting Issuer. Such shares are not entitled to vote for the election of directors. For additional information see: Part I – Information Concerning BC Co – Description of the Securities – Class A Shares.
- (3) Such holder will receive Resulting Shares consisting of common shares in the capital of the Resulting Issuer.

At the Completion of the Transaction, the directors and officers of the Resulting Issuer as a group will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 7,500,282 of Resulting Issuer Shares, representing 38.8% of the issued and outstanding the Resulting Issuer Shares (on an undiluted basis). Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.

The Resulting Issuer's audit committee is comprised of Hadley Ford, Julius Kalcevich, and Paul Rosen. Mr. Kalcevich and Mr. Rosen will be independent members. All members are considered financially literate. There are no other committees of the Board at this time. The Resulting Issuer expects to have a compensation committee, nomination committee, audit committee, and project evaluation committee after completion of the Transaction. All compensation matters will be overseen by the compensation committee of the Resulting Issuer. All corporate governance matters will be overseen by the board of directors.

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director will devote 100% of their time to the activities of the Resulting Issuer. With the exception of Messrs Ford, Maslow and Henderson, none of the directors will be employees of the Resulting Issuer.

The Resulting Issuer is expected to enter into management employee agreements with Hadley Ford, Randy Maslow and John Henderson for their services as CEO, President and COO, respectively. Upon the Resulting Issuer having satisfactory funds, the Resulting Issuer is expected to pay Messrs Ford, Maslow and Henderson at market rates per month for these services. As part of this management agreement, Messrs Ford, Maslow and Henderson will agree to confidentiality and non-disclosure provisions.

The Resulting Issuer is also expected to enter into a contract with Baron Global Financial Canada Ltd. for CFO services. As part of the agreement, Baron will agree to confidentiality and non-disclosure provisions. See "Executive Compensation". Other than these agreements, none of the directors or officers is expected to enter into a non-competition or non-disclosure agreement with the Resulting Issuer at this time. See also "Management" below for additional biographic information about the proposed directors and officers.

Management

Hadley Ford, (Age: 56) CEO and Director

Hadley Ford is a healthcare and technology industry veteran with more than 20 years of experience as both an operating executive and investment banker. Mr. Ford has extensive experience in all operational facets of managing a large, world-class patient-centric healthcare operation. From 2005 to 2013, Mr. Ford was the co-founder and CEO of ProCure Treatment Centers, Inc. (“**ProCure**”), developer and operator of full-service proton therapy centers for the treatment of cancer. From ProCure’s inception, Mr. Ford grew the company to over 300 employees and \$100 million of annual revenue. Prior to ProCure, Mr. Ford spent fourteen years on Wall Street with First Boston, Bank of America and Goldman Sachs, where he completed over 150 transactions worth billions of dollars for all size clients in multiple industries. Mr. Ford has spoken at numerous healthcare, telecom and technology conferences and has been quoted and profiled by leading media such as The New York Times, The Wall Street Journal and National Public Radio. Mr. Ford received his M.B.A. from the Graduate School of Business at Stanford University in 1991, where he was named an Arjay Miller Scholar. Mr. Ford graduated summa cum laude with a B.S. in Business Administration from Boston University in 1987 and was class valedictorian.

Mr. Ford is expected to work full-time and is expected to enter into an employment contract with a non-competition and non-disclosure agreement with the Resulting Issuer. In his capacity as CEO, Mr. Ford will provide direction and skills with respect to the development of the Resulting Issuer to achieve the Resulting Issuer’s various milestones. Further, Mr. Ford will be responsible together with Mr. Maslow for the guiding strategy and direction of the Resulting Issuer.

Randy Maslow, (Age: 61) President and Director

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 startup 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.

Mr. Maslow is expected to work full-time and is expected to enter into an employment contract with a non-competition and non-disclosure agreement with the Resulting Issuer. In his capacity as President, Mr. Maslow will provide direction and skills with respect to the development of the Resulting Issuer to achieve the Resulting Issuer’s various milestones. Further, Mr. Maslow will be responsible together with Mr. Ford for the guiding strategy and direction of the Resulting Issuer.

John Henderson, (Age: 55) COO

John Henderson is a healthcare and real estate veteran with nearly 30 years of operating experience in technology and healthcare real estate, operations and development. Mr. Henderson served as both Chief Operating Officer and Chief Development Officer at ProCure. As COO of ProCure, Mr. Henderson managed the development of four \$150 million plus proton therapy centers, creating and managing a delivery system that reduced cost and time to market by over 30% from industry standard. Mr. Henderson subsequently applied his expertise to a new venture advising major academic research centers in Europe and the Middle East on the development of proton therapy projects. Prior to ProCure, Mr. Henderson spent 15 years at George B. H. Macomber Company (“**Macomber**”), a

leading regional construction services company for healthcare organizations, where he served as President from 2001 - 2005. At Macomber, Mr. Henderson managed the organization's delivery of millions of square feet of healthcare and technology facilities while growing the company six fold. Mr. Henderson received his BA in English Literature from Northwestern University in 1982, and his MBA from the Tuck School of Business Administration at Dartmouth College in 1987.

Mr. Henderson is expected to work full-time and is expected to enter into an employment contract with a non-competition and non-disclosure agreement with the Resulting Issuer. In his capacity as COO, Mr. Henderson will oversee the Resulting Issuer's operations and procedures.

Savio Chiu, (Age: 33) CFO & Corporate Secretary

Savio Chiu is a Chartered Account and holds a Bachelor of Commerce degree in Accounting from the University of British Columbia. He is currently the Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd. Previously, he was a senior associate with Deloitte & Touche LLP where he led large teams for audits under International Financial Reporting Standards. Mr. Chiu is currently the CFO and Corporate Secretary of Confederation Minerals Ltd. (TSXV: CFM) and a director of Helius Medical Technologies, Inc. (CSE: HSM). Mr. Chiu has previously held various management and directorship positions with other public companies. Mr. Chiu is not a party to any employment, non-competition or confidentiality agreement with iAnthus. It is expected that Mr. Chiu will devote approximately 20% of his time to the business of the Resulting Issuer to effectively fulfil his duties as CFO & Corporate Secretary.

Julius Kalcevich, (Age: 41) Director

Mr. Kalcevich, is a partner with BG Partners Corp. and Bellotti Capital Partners Inc. based in Toronto, Canada. He is responsible for planning, structuring and monitoring corporate finance transactions and conducting business due diligence, including his firm's involvement with The Hydropothecary Corporation, a licensed producer of cannabis and cannabis oils and licensed distributor of Medicinal Marijuana in Canada under the Marijuana for Medical Purposes Regulations. Mr. Kalcevich was previously a Director of Investment Banking with CIBC World Markets and Oppenheimer in Toronto and New York. During the period of 2005-2012, he completed over 20 transactions representing over \$4 billion in aggregate value. Mr. Kalcevich graduated from McGill University (B.A.) as a Scarlett Key Scholar and Columbia University (M.B.A) with First Class Honours.

Paul Rosen, (Age: 52) Director

Paul Rosen is a founder of PharmaCan Capital Corporation, a publically traded merchant bank focused on investing in Canada's medical marijuana industry. Mr. Rosen served as President and CEO of PharmaCan Capital for three years. While CEO at PharmaCan, Mr. Rosen executed the successful purchase of In The Zone Produce Ltd ("ITZ"), a Canadian medical marijuana producer licensed by Health Canada following which he concurrently served as President and the Senior Person in Charge (SPIC) at ITZ. An SPIC is the executive required by Health Canada to exercise overall responsibility for management of all regulated activities carried out by the licensed producer at its site. Prior to founding PharmaCan, Mr. Rosen founded and served as CEO of Skypad Inc. ("Skypad"), a leading global contract manufacturer. Mr. Rosen currently serves as Skypad's Chairman. Mr. Rosen is a member of the Law Society of Upper Canada and practiced constitutional law in Canada for several years. Mr. Rosen received a B.A. in Economics from Western University in 1985 and an LL.B. from the University of Toronto in 1988.

Dr. Richard Boxer, (Age: 68) Director and Medical Advisor

Dr. Richard Boxer is currently a Visiting Professor of Urology and Visiting Scholar at UCLA (University of California, Los Angeles) and was formerly Professor of Clinical Urology at the University of Miami Medical Center. Dr. Boxer was a finalist for the position of Surgeon General of the United States in both the Clinton and Bush administrations, and has served as a senior health policy advisor to President Bill Clinton and to the presidential campaigns of Vice President Al Gore, Senator Joe Lieberman and Secretary Hillary Clinton. Dr. Boxer has served on the National Cancer Advisory Board at the National Institute of Health and is dedicated to the advancement of research and improvement in medical standards in the provision of medical cannabis to cancer and

other patients. Dr. Boxer was a delegate to the World Health Organization, and is a recipient of a Presidential Citation and the National Cancer Research Award from the American Urological Association. Dr. Boxer graduated cum laude with a B.A. from the University of Wisconsin, and received his M.D., cum laude, from the University of Wisconsin Medical School. Dr. Boxer is credited with 65 publications in medical journals and has delivered 48 invited lectureships over his distinguished career.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Savio Chiu	H-Source Holdings Ltd.	CSE	Director	Aug 2015	Present
	Crownia Holdings Ltd.	TSX-V	Director	May 2015	Present
	Cassius Ventures Ltd.	TSXV	CFO and Corporate Secretary	July 2010	June 2011
	Helius Medical Technologies, Inc.	CSE	Director	June 2014	Present
	Lifestyle Delivery Systems Inc.	CSE	Director	December 2013	November 2015
	Gener8 Media Corp. (formerly Delon Resources Corp.)	CSE	CFO and Corporate Secretary	January 2011	April 2013
	Cerro Mining Corp.	TSXV	Corporate Secretary	November 2011	September 2013
	Pan American Fertilizer Corp. (Formerly Golden Fame Resources Corp.)	TSXV	CFO and Corporate Secretary	October 2010	August 2013
	Confederation Minerals Ltd.	TSXV	CFO and Corporate Secretary	April 2011	Present
	Finore Mining Inc.	CSE	Director	December 2010	August 2014
Paul Rosen	PharmaCan Capital Corp.	TSXV	President, CEO and Director	December 2014	May 2016

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, to the best of the Resulting Issuer's knowledge, no existing or proposed director, officer of the Resulting Issuer, nor any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Issuer is, or within the ten years prior to the date hereof has been, a director or CEO or CFO of any corporation (including the Resulting Issuer) that, while that person was acting in the capacity of director or CEO or CFO of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days.

Penalties or Sanctions

To the best of the Resulting Issuer's knowledge, no existing or proposed director or officer of the Resulting Issuer, nor any shareholder holding sufficient securities of the Resulting Issuer to materially affect control of the Resulting

Issuer has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the best of the Resulting Issuer's knowledge, no existing or proposed director or officer of the Resulting Issuer, nor any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

The directors of the Resulting Issuer are required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests, which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Resulting Issuer's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Resulting Issuer, its promoters, directors and officers or other members of management of the Resulting Issuer or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

Executive Compensation

The summary compensation table sets out particulars of compensation paid for the fiscal year ended December 31, 2014 to the individuals who were Chief Executive Officer and the Chief Financial Officer (the "**Named Executive Officers**") during those periods. The Issuer does not have any other executive officers whose total salary and other compensation during such period exceeded \$150,000.

Compensation Discussion and Analysis

The Resulting Issuer's Board of Directors will determine the compensation of its executive officers. In determining compensation, the Board of Directors will consider industry standards and financial situation but does not currently have any formal objectives or criteria. The performance of each executive officer is informally monitored by the Board of Directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer. The Resulting Issuer is expected to rely solely on the Board of Directors to determine the compensation of the executive officers. In determining compensation, the Board of Directors will consider industry standards and the Resulting Issuer's financial situation without any formal objectives or criteria.

Option-based Awards

Please see "– Options to Purchase Securities". In considering new grants to executive officers, the Board of Directors considers the number of options, if any, previously granted to each executive officer.

Summary Compensation Table

The following table sets out particulars of compensation paid to the Managing Directors and Named Executive Officers for the fiscal year ended December 31, 2015.

Name and Principal Position	Year (or part)	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Hadley Ford <i>Managing Director</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Randy Maslow <i>Managing Director</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Henderson <i>Managing Director</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

The following table sets out particulars of compensation paid to the Named Executive Officers for the period ended March 31, 2016.

Name and Principal Position	Year (or part)	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Hadley Ford <i>Managing Director</i>	2015	Nil	Nil ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
Randy Maslow <i>Managing Director</i>	2015	Nil	Nil ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil
John Henderson <i>Managing Director</i>	2015	Nil	Nil ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) Hadley Ford, Randy Maslow and John Henderson each received 120,000 option grants with a \$1.25 exercise price on May 11, 2016.

The following table sets out the anticipated compensation to the Resulting Issuer's CEO, President, COO and CFO for the 12-month period after giving effect to the Transaction. Neither the resulting Issuer nor iAnthus currently has a management agreement with any Named Executive Officer. The Resulting Issuer anticipates entering into employment contracts with executive officers at such time as the Resulting Issuer determines it has the resources available to pay such cash compensation. Such management agreements and compensation will be approved by the Resulting Issuer's Board of Directors. The Resulting Issuer may also consider share or option based awards for the

Named Executive Officers. Such equity based compensation will be approved by the Resulting Issuer's Board of Directors.

Name and principal position	Salary (\$)	Share-based awards (\$)	Option - based awards (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
Hadley Ford <i>Managing Director and CEO</i>	\$0	Nil	Nil	Nil	Nil	Nil	Nil	\$0
Randy Maslow <i>Managing Director and President</i>	\$0	Nil	Nil	Nil	Nil	Nil	Nil	\$0
John Henderson <i>Managing Director and COO</i>	\$0	Nil	Nil	Nil	Nil	Nil	Nil	\$0
Savio Chiu <i>CFO</i>	CAD \$144,000	Nil	Nil	Nil	Nil	Nil	Nil	CAD \$144,000

Note:

- (1) The amount represents the fees collected through Baron Global Financial Canada Ltd. in which Savio Chiu is an employee of.

Incentive Plan Awards

The following table sets out particulars of the option-based awards, granted to the Named Executive Officers of iAnthus and outstanding as of March 31, 2016. BC Co does not have any share-based awards.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in- the-money options (\$)
Hadley Ford	Nil ⁽¹⁾	N/A	N/A	N/A
Randy Maslow	Nil ⁽¹⁾	N/A	N/A	N/A
John Henderson	Nil ⁽¹⁾	N/A	N/A	N/A

Note:

- (1) Hadley Ford, Randy Maslow and John Henderson each received 120,000 option grants with a \$1.25 exercise price on May 11, 2016.

Please see "– Options to Purchase Securities" for options anticipated to be held by the officers of the Resulting Issuer.

Incentive plan awards - value vested or earned during the year

The following table sets out the value of option-based awards which vested in the Managing Directors and Named Executive Officers of iAnthus for the fiscal period ended March 31, 2016. BC Co does not have any share-based awards nor non-equity incentive plan compensation.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation -Value earned during the year (\$)
Hadley Ford	Nil	Nil	Nil
Randy Maslow	Nil	Nil	Nil
John Henderson	Nil	Nil	Nil

Pension Plan Benefits

The Resulting Issuer will have a 401k plan with an employee match safe harbor of 4% of annual salary, but will not have any pension or any deferred compensation plan. It is not anticipated that the Resulting Issuer will have any pension or deferred compensation plan in the 12 months following completion of the Transaction.

Termination and Change of Control Benefits

The Resulting Issuer does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or a change in a Named Executive Officer's responsibilities. The Resulting Issuer anticipates that it will enter into management contracts with the certain Named Executive Officers and such contracts may contain termination and change of control benefits. Such contracts will be approved by the Board of Directors of the Resulting Issuer.

Director Compensation

iAnthus is a Delaware Limited Liability Company and as such the company does not have a Board of Directors. iAnthus is managed by a single member, iAnthus Manager, which is 100% controlled by Mr. Ford and Mr. Maslow. There was no compensation provided to iAnthus Manager nor to Mr. Ford nor Mr. Maslow, for the year ended December 31, 2015 and period ending March 31, 2016, respectively. There was no compensation provided to the directors of BC Co, who are not Named Executive Officers, for the financial year ended December 31, 2015 and period ended March 31, 2016, respectively. It is anticipated that the Resulting Issuer will pay certain non-executive directors a grant of 25,000 options post the Transaction and CAD\$5,000 in person per board meeting and CAD\$2,500 for a telephonic board meeting in their capacity as directors.

Share-based awards, option-based awards and non-equity incentive plan compensation

iAnthus has no other managing members other than iAnthus Manager which is 100% controlled by Mr. Ford and Mr. Maslow. Hadley Ford, Randy Maslow and John Henderson each received 120,000 option grants with a \$1.25 exercise price on May 11, 2016.

The following table sets out particulars of the option-based awards granted to, managing members other than managing members who are also Named Executive Officers, outstanding as of March 31, 2016. BC Co does not have any share-based awards or non-equity incentive plan compensation.

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
iAnthus Manager	Nil	N/A	N/A	N/A

Incentive plan awards - value vested or earned during the year

The following table sets out the value of option-based awards which vested in each managing member, who is not a Named Executive Officer, for the period ended March 31, 2016. BC Co does not have any share-based awards or non-equity incentive plan compensation.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
iAnthus Manager	Nil	N/A	N/A

Indebtedness of Directors and Executive Officers

As at the date of this Prospectus none of the directors and executive officers of BC Co, proposed directors and officers for the Resulting Issuer, or associates of such persons is indebted to BC Co, iAnthus 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 BC Co or iAnthus.

Audit Committee and Corporate Governance

The Audit Committee's Charter

The text of the audit committee's charter is attached hereto as Appendix "F". It is anticipated that the Resulting Issuer will adopt this charter.

Composition of the Audit Committee

The members of the audit committee of the Resulting Issuer will consist of Hadley Ford, Paul Rosen and Julius Kalcevich. All members are financially literate and Mr. Rosen and Mr. Kalcevich are independent.

Relevant Education and Experience

All members of the audit committee the Resulting Issuer have been involved with public companies and each has many years of experience as directors or officers of reporting issuers.

Each audit committee member has had extensive experience reviewing financial statements. Each member has an understanding of the Resulting Issuer's business and has an appreciation for the relevant accounting principles for that business.

Audit Committee Oversight

At no time since the beginning of the fiscal year completed December 31, 2014 was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the beginning of the fiscal year ended December 31, 2014 has BC Co or iAnthus relied on the exemption provided in section 2.4 of NI 52-110 (De minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions). It is not anticipated that the Resulting Issuer will rely on any of the above exemptions.

Pre-Approval Policies and Procedures

The audit committees of BC Co or iAnthus have not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to the prior approval of the audit committee. It is not anticipated that the Resulting Issuer will adopt specific policies and procedures.

External Auditor Service Fees

The aggregate fees billed by the external auditors of iAnthus and BC Co for the fiscal year ended December 31, 2015 for the following fees are:

Fiscal Year Ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2015	CAD\$9,095 + CAD\$7,500 + \$31,635	N/A	CAD\$735	N/A

Exemption

The Resulting Issuer is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

Corporate Governance Practices

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Resulting Issuer. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Resulting Issuer’s general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators (the “National Guidelines”).

Board of Directors

The Board consists of five directors.

The National Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “unrelated” directors. An “unrelated” director is a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Resulting Issuer, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the National Guidelines suggest that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

Paul Rosen, Julius Kalcevich and Dr. Richard Boxer are considered by the Board to be “unrelated” within the meaning of the National Guidelines. In assessing the National Guidelines and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

Other Directorships

The following table sets out the proposed directors of the Resulting Issuer who are presently, or were at the time of filing the Prospectus, directors of other issuers that are reporting issuers in any Canadian jurisdiction.

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Paul Rosen	PharmaCan Capital	TSXV	CEO and President	March 2013	May 2016

Orientation and Continuing Education

The Board has not adopted formal steps to orient new board members. The Board's continuing education is typically derived from correspondence with the legal counsels of the Issuer and iAnthus to remain up to date with developments in relevant corporate and securities law matters. It is not anticipated that the board of the Resulting Issuer will adopt formal steps in the 12 months following completion of the Transaction.

Ethical Business Conduct

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its board members independent of corporate matters. It is not anticipated that the board of the Resulting Issuer will adopt formal guidelines in the 12 months following completion of the Transaction.

Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the nomination members, including both formal and informal discussions among nomination members. It is not anticipated that the nomination committee of the Resulting Issuer will adopt a formal process to determine new nominees in the 12 months following completion of the Transaction.

Compensation

The Board decides on the compensation for officers and directors, based on industry standards and the Resulting Issuer's financial situation. It is anticipated that the Board of the Resulting Issuer will decide as a board the compensation for officers and directors in the 12 months following completion of the Transaction.

Other Board Committees

The Board has also established a project evaluation committee and an audit committee. It is not anticipated that the Board of the Resulting Issuer will establish any committee other than its audit committee and project evaluation committee in the 12 months following completion of the Transaction.

Assessments

The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board. It is not anticipated that the board of the Resulting Issuer will perform formal assessments of its members in the 12 months following completion of the Transaction.

PART IV – RISK FACTORS

The following are certain factors relating to the Transaction and business of the Resulting Issuer assuming completion of the Transaction, which factors investors should carefully consider when making an investment decision concerning the shares of the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to iAnthus or currently deems immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

An investment in the Resulting Issuer is speculative. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Resulting Issuer.

General

A purchase of any of the securities of the Resulting Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Resulting Issuer's securities prior to purchasing any of the securities.

Risks Related to the Resulting Issuer

Regulatory Risks

The Resulting Issuer's activities would be subject to regulation by governmental authorities. Achievement of the Resulting Issuer's business objectives are contingent, in part, upon compliance with necessary and applicable regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals necessary. The Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of the Resulting Issuer's plans and could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Investing in target companies or projects which have limited or no operating history and are engaged in activities currently considered illegal under US federal laws.

The Resulting Issuer will invest in businesses that are directly or indirectly engaged in the medical and adult-use marijuana industry in the United States where local state law permits such activities. However, the distribution, possession, and consumption of cannabis remain illegal under US federal law. There is a growing movement in the United States supporting the legalization of cannabis for medical, as well as non-medical purposes. As of June 2016, twenty-five (25) states and Washington, D.C. enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while another 15 states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the Controlled Substance Act of 1970. While the federal government has stated its present intention not to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law, there can be no guarantee that it will not enforce such laws in the future. Further, there is no guaranty that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Resulting Issuer's investments in such businesses would be materially and adversely

affected notwithstanding the fact that the Resulting Issuer is not directly engaged in the sale or distribution of cannabis. However, the federal government has not legalized marijuana for medical or adult-use. The federal government of the United States has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by state law. Further, there is no guaranty that at some future date, voters and/or the applicable legislative bodies will not repeal, overturn or limit any such legislation legalizing the sale, disbursement and consumption of medical or adult-use marijuana. It is also important to note that local and city ordinances may strictly limit and/or restrict disbursement of marijuana in a manner that will make it extremely difficult or impossible to transact business that is necessary for the continued operation of the marijuana industry. Federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Resulting Issuer, its business and its investments.

The Resulting Issuer's funding of the activities of businesses engaged in the medical and adult-use marijuana industry through direct loans or other forms of investment, is illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Resulting Issuer. The consequences of such enforcement would likely be materially detrimental to the Resulting Issuer, the Resulting Issuer's business and could result in the forfeiture or seizure of all or substantially all of the Resulting Issuer's assets.

Change in Laws, Regulations and Guidelines

The implementation of the Resulting Issuer's business plan and the eventual operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Resulting Issuer may cause adverse effects to the Resulting Issuer.

Limited Operating History

Neither iAnthus nor BC Co has history of earnings. As such, after completion of the Transaction, the Resulting Issuer has no immediate prospect of generating revenue from its intended operations. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Management

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Additional Financing

The Resulting Issuer will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. Any debt financing secured in the future could involve restrictive

covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Competition

There is potential that the Resulting Issuer will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Resulting Issuer. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Because of the early stage of the industry in which the Resulting Issuer will operate, the Resulting Issuer expects to face additional competition from new entrants. To become and remain competitive, the Resulting Issuer will require research and development, marketing, sales and support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Risks Inherent in an Agricultural Business

Medical marijuana is an agricultural product. There are risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the products are usually grown indoors under climate controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on the production of its products.

Vulnerability to Rising Energy Costs

Medical marijuana growing operations consume considerable energy, making the Resulting Issuer potentially vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Unfavorable Publicity or Consumer Perception

The Resulting Issuer believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical marijuana produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for medical marijuana and on the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical marijuana in general, or associating the consumption of medical marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise.

Hindering market growth and state adoption due to inconsistent public opinion and perception of the medical-use and adult-use marijuana industry.

Public opinion and support for medical and adult-use marijuana has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use marijuana, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general).

Product Liability

In the event that the Resulting Issuer is able to obtain the necessary governmental approvals, as a manufacturer and distributor of products designed to be ingested by humans, the Resulting Issuer would face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of marijuana involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of marijuana alone or in combination with other medications or substances could occur. The Resulting Issuer could, in the event it becomes a manufacturer and distributor of medical marijuana, or in its role as an investor in or service provider to an entity that becomes a manufacturer and distributor of medical marijuana, be subject to various product liability claims, including, among others, that the marijuana product caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Resulting Issuer could result in increased costs, could adversely affect the Resulting Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Resulting Issuer. There can be no assurances that the Resulting Issuer will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Resulting Issuer's potential products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Additionally, product recall can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on Key Inputs

The marijuana business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Resulting Issuer might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Resulting Issuer in the future. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results.

Dependence on Suppliers and Skilled Labour

The ability of the Resulting Issuer to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Resulting Issuer will be successful in maintaining its required supply of skilled labour, equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Resulting Issuer's capital expenditure program may be significantly greater than anticipated by the Resulting Issuer's management, and may be greater than funds available to the Resulting Issuer, in which circumstance the Resulting Issuer may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the financial results of the Resulting Issuer.

Difficulty to Forecast

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies.

Litigation

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer's common shares. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant company resources.

The Market Price of the Resulting Issuer's Common Shares may be subject to Wide Price Fluctuations

The market price of the Resulting Issuer's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer's common shares.

Dividends

The Resulting Issuer has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

Limited Market for Securities

It is proposed that the Resulting Issuer Shares will be listed on the CSE, however, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the Resulting Issuer Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

There is a Substantial Risk of Regulatory or Political Change.

The success of the business strategy of the Resulting Issuer depends on the legality of the marijuana industry. The political environment surrounding the marijuana industry in general can be volatile and the regulatory framework remains in flux. As of the date of this Prospectus, in the US, at least 25 states and Washington D.C. have implemented laws and regulations to legalize and regulate the cultivation, sale, possession and use of marijuana, and additional states have pending legislation regarding the same; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Resulting Issuer's ability to successfully invest and/or participate in the selected business opportunities. Furthermore, marijuana remains illegal under US federal law, and the US federal government could bring criminal and civil charges against iAnthus or its investments at any time.

The federal government can prosecute crimes related to the cultivation, distribution, possession and use of marijuana, as well as crimes arising out of the act of facilitating the cultivation, distribution, possession and use of marijuana.

Delays in enactment of new state or federal regulations could restrict the ability of iAnthus to reach strategic growth targets and lower return on investor capital.

The strategic growth strategy of the Resulting Issuer, is reliant upon certain federal and state regulations being enacted to facilitate the legalization of medical and adult-use marijuana. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Resulting Issuer, and thus, the effect on the return of investor capital, could be detrimental. iAnthus is unable to predict with certainty when and how the outcome of these complex, legal, regulatory, and legislative proceedings will affect its business and growth.

Banks often refuse to provide banking services to businesses involved in the marijuana industry due to the present state of the laws and regulations governing financial institutions in the United States.

The lack of banking and financial services presents unique and significant challenges to businesses in the marijuana industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services.

The U.S. Department of Justice (“DOJ”) continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state, including in states that have legalized the applicable conduct. The DOJ’s current enforcement priorities could change for any number of reasons, including a change in the opinions of the President of the United States or the United States Attorney General. A change in the DOJ’s enforcement priorities could result in the DOJ prosecuting banks and financial institutions for crimes that previously were not prosecuted.

The inability of the Resulting Issuer to respond to the changing regulatory landscape could harm its business. The medical and adult-use marijuana industry is subject to significant regulatory change at both the state and federal level. If the Resulting Issuer and its subsidiaries are unable to respond appropriately to changing federal and state regulations, it may not be successful in capturing significant market share. There are particular risks associated with synthetic production and technological advances that compete with the organic marijuana use and products.

The pharmaceutical industry may attempt to dominate the marijuana industry, and in particular, legal marijuana, through the development and distribution of synthetic products which emulate the effects and treatment of organic marijuana. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the marijuana industry. This could adversely affect the ability of the Resulting Issuer and its subsidiaries to secure long-term profitability and success through the sustainable and profitable operation of the anticipated businesses and investment targets. There may be unknown additional regulatory fees and taxes that may be assessed in the future. The Resulting Issuer is aware that multiple states are considering special taxes or fees on businesses in the marijuana industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. This could change the net income and return on the Resulting Issuer’s investments and/or participation in the selected business opportunities.

Reliable Data on the Medical and Adult-Use Marijuana Industry is not Available.

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use marijuana industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by iAnthus of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Resulting Issuer’s management team as of the date of this document.

There is a Risk of High Bonding and Insurance Costs.

Although it will vary from state to state in the US, there is risk that some or all of the state regulatory agencies will begin requiring entities and individuals engaged in certain aspects of the business or industry of legal marijuana to post a bond when applying for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. This risk may not be relevant to all aspects of the business or industry of legal marijuana, however, as this industry is relatively new, iAnthus does not have definitive information or enough information to date to completely quantify what such a figure could or would be. It remains an unknown cost that could have a negative impact on the ultimate success of iAnthus and its subsidiaries and/or iAnthus' participation in the business opportunities ultimately selected.

There are Risks Associated with new Well-capitalized Entrants Developing Large-Scale Operations.

Currently, the marijuana industry generally is comprised of individuals and small to medium-sized entities, however, the risk remains that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger dispensaries and cultivation facilities. In doing so, these larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use marijuana industry. While the trend in most state laws and regulations seemingly deters this type of takeover, this industry remains quite nascent, so what the landscape will be in the future remains largely unknown, which in itself is a risk.

The Resulting Issuer is still in the start-up stage and has no past revenues other than revenues from the limited operation of the Resulting Issuer. The Resulting Issuer's proposed business plan is subject to all business risks associated with new business enterprises, including the absence of any significant operating history upon which to evaluate an investment. The likelihood of the Resulting Issuer's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, the development of new strategy and the competitive environment in which the Resulting Issuer and its subsidiaries will operate. It is possible that the Resulting Issuer and its subsidiaries will incur losses in the future. There is no guarantee that the Resulting Issuer or its subsidiaries will be profitable.

Financial Projections May Prove Materially Inaccurate or Incorrect.

The Resulting Issuer's financial estimates, projections and other forward-looking information accompanying this document were prepared by iAnthus without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking statements. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should inquire of iAnthus and become familiar with the assumptions underlying any estimates, projections or other forward-looking statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results iAnthus and its subsidiaries might achieve.

Risk of limited number of investments; limitation on participation in investments.

If the Resulting Issuer participates in a limited number of investments, the aggregate return to the Resulting Issuer may be materially and adversely affected by the unfavourable performance of a single investment. Although the Resulting Issuer intends to make investments in marijuana and marijuana related businesses in the United States, it has no established limits or constraints with respect to geographic regions, property types or product types. Lack of geographic diversification across the portfolio may increase exposure to adverse market conditions in a given region. In addition, the diversification of investments could be further limited to the extent the Resulting Issuer invests a significant portion of its capital in one or a small number of transactions.

Risk of unspecified investments.

There can be no assurance that the Resulting Issuer will acquire favourable investment opportunities or that any such investments will generate revenues or profits. Failure to successfully manage the acquisition of investments could harm the Resulting Issuer's business, strategy and operating results in a material way. The Resulting Issuer's inability to implement its financing strategy successfully could adversely affect its profitability and its ability to satisfy its financial obligations. The transactions and their success may be exposed to a number of risks, including the risks that the Resulting Issuer may not be able to identify viable opportunities or, if it does identify viable opportunities, effect the transaction and that the investment may fail to perform.

The Resulting Issuer may not realize satisfactory returns on money lent to new and existing customers.

The Resulting Issuer intends to enter into agreements to provide financing to companies operating in the legal marijuana industry. Under these agreements, the Resulting Issuer will provide loans or other sources of financing. These activities may result in unforeseen operating difficulties, financial risks, or required expenditures that could adversely affect the Resulting Issuer's liquidity. In connection with one or more of these transactions, and to obtain the necessary funds to enter these agreements, the Resulting Issuer may need to extend secured and unsecured credit to potential or existing partners that may not be repaid, incur debt on terms unfavorable to the Resulting Issuer or that the Resulting Issuer is unable to repay, or incur other contingent liabilities. The failure to maintain controls and processes related to billing and collecting accounts receivable or the deterioration of the financial condition of the Resulting Issuer's customers could negatively impact the Resulting Issuer's business.

There are Limitations on Certain Remedies and Rights to Indemnification that Apply.

The Resulting Issuer's governing documents provide that the liability of its Board and officers is eliminated to the fullest extent allowed under the laws of the Province of British Columbia. Thus, the Resulting Issuer and the shareholders of the Resulting Issuer may be prevented from recovering damages for alleged errors or omissions made by the members of the Board and its officers. The Resulting Issuer's governing documents also provide that the Resulting Issuer will, to the fullest extent permitted by law, indemnify members of the Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of the Resulting Issuer.

Economic Environment

The Resulting Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Resulting Issuer's sales and profitability.

As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Resulting Issuer's management.

Global Economic Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Resulting Issuer is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Resulting Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Resulting Issuer. If uncertain market conditions persist, the Resulting Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Resulting Issuer's operations and trading price of the Resulting Issuer Shares on the stock exchange.

Going-Concern Risk

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Resulting Issuer's future

operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Resulting Issuer be unable to continue as a going concern.

PART V – OTHER MATTERS

Promoters

Hadley Ford, the CEO and Managing Director of iAnthus, is the promoter of iAnthus.

Herrick Lau, a director of BC Co is the promoter of BC Co.

Other than as disclosed in this section and under “Executive Compensation” or elsewhere in this Prospectus, no person who was a promoter of iAnthus or BC Co within the last two years:

1. received anything of value directly or indirectly from the Issuer or a subsidiary;
2. sold or otherwise transferred any asset to the Issuer or a subsidiary within the last 2 years;
3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became 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 or receiver manager or trustee appointed to hold its assets;
4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
5. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
6. has within the past 10 years 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 or receiver manager or trustee appointed to hold its assets.

Legal Proceedings and Regulatory Actions

BC Co is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated. Management of BC Co is not aware that the Issuer is a party to any legal proceedings or that any such proceedings are known to be contemplated.

iAnthus is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated. Management of iAnthus is not aware that iAnthus is a party to any legal proceedings or that any such proceedings are known to be contemplated.

No penalties or sanctions have been imposed against BC Co by a court relating to provincial and territorial securities legislation or by a securities regulatory body within the three years immediately preceding the date of this Prospectus. Management of the Issuer is not aware of any such penalties or sanctions imposed against BC Co.

No penalties or sanctions have been imposed against iAnthus by a court relating to provincial, state and territorial securities legislation or by a securities regulatory body within the three years immediately preceding the date of this Prospectus. Management of iAnthus is not aware of any such penalties or sanctions imposed against iAnthus.

BC Co has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus. Management of BC Co is not aware of any such settlement agreements entered into by BC Co.

iAnthus has not entered into any settlement agreements before a court relating to provincial, state and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus. Management of iAnthus is not aware of any such settlement agreements entered into by iAnthus.

Interest of Management and Others in Material Transactions

Other than as set forth in this Prospectus, the management of the Resulting Issuer is not aware of any material interest, direct or indirect, of any director, executive officer, any Person or Company beneficially owning, controlling or directing, directly or indirectly, more than ten (10%) percent of the Resulting Issuer's outstanding voting securities, or any Associate or Affiliate of the foregoing Persons, in any transaction in which the Issuer has participated within the three years before the date of this Prospectus, that has materially affected or is reasonably expected to materially affect the Resulting Issuer.

Auditors, Transfer Agents and Registrars

Auditors

The auditor of the Resulting Issuer is BDO Canada LLP, located at 600 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3L2. The auditor of iAnthus is Sheehan and Company, CPA, PC, located at 165 Orinoco Drive, Brightwaters, New York, USA, 11718 - 1304.

Registrar and Transfer Agent

The transfer agent and registrar for the BC Co Common Shares is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3B9, and Computershare Investor Services Inc. will continue as transfer agent and registrar of the Resulting Issuer upon Completion of the Transaction.

Material Contracts

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by BC Co or iAnthus within two years prior to the date hereof which are currently in effect and considered to be currently material:

- The Share Exchange Agreement with respect to the Transaction;
- Administrative Services Agreement with Last Dance Ventures, LLC dated October 1, 2015; and
- Corporate Advisory Services Agreement with Baron Global Financial Canada Ltd. dated February 4, 2016.

PART VI – EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

Sheehan and Company, CPA, PC
BDO Canada LLP

Interest of Experts

To the knowledge of management, as of the date hereof, no expert, nor any Associate or Affiliate of such person has any beneficial interest, direct or indirect, in the securities or property of BC Co, iAnthus or the Resulting Issuer or of an Associate or Affiliate of any of them, and no such person is or is expected to be elected, appointed or employed as a director, officer or employee of BC Co, iAnthus or the Resulting Issuer or of an Associate or Affiliate thereof.

PART VII – OTHER MATERIAL FACTS

To management’s knowledge, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Transaction.

Financial Statement Disclosure

APPENDIX “A”	IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.) AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2015, 2014 AND 2013 AND UNAUDITED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016.....
APPENDIX “A1”	IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.) MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
APPENDIX “A2”	IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.) MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED MARCH 31, 2016
APPENDIX “B”	IANTHUS CAPITAL MANAGEMENT, LLC AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2015 AND 2014 AND UNAUDITED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016.....
APPENDIX “B1”	IANTHUS CAPITAL MANAGEMENT, LLC MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014.....
APPENDIX “B2”	IANTHUS CAPITAL MANAGEMENT, LLC MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED MARCH 31, 2016
APPENDIX “C”	IANTHUS TRANSFER CORP. AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2015 AND 2014 AND UNAUDITED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016
APPENDIX “C1”	IANTHUS TRANSFER CORP. MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014.....
APPENDIX “C2”	IANTHUS TRANSFER CORP. MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED MARCH 31, 2016
APPENDIX “D”	IANTHUS FORMATION CORP. AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2015 AND 2014 AND UNAUDITED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016
APPENDIX “D1”	IANTHUS FORMATION CORP. MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
APPENDIX “D2”	IANTHUS FORMATION CORP. MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED MARCH 31, 2016
APPENDIX “E”	RESULTING ISSUER PRO FORMA FINANCIAL STATEMENTS AS AT MARCH 31, 2016

Other Appendices

APPENDIX “F”	SHARE EXCHANGE AGREEMENT
APPENDIX “G”	STOCK OPTION PLAN
APPENDIX “H”	AUDIT COMMITTEE CHARTER.....

APPENDIX “A”

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)
AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2015, 2014 AND 2013
AND UNAUDITED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016

IANTHUS CAPITAL HOLDINGS, INC.

(formerly Genarca Holdings Ltd.)

FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

(Expressed in U.S. Dollars)



Tel: 604 688 5421
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BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the shareholders of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

We have audited the accompanying financial statements of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.), which comprise the statement of financial position as at December 31, 2015 and 2014, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.) as at December 31, 2015 and 2014 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company has incurred a net loss of \$16,967 for the year ended December 31, 2015 and has an accumulated deficit of \$27,262 as of December 31, 2015. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

BDO Canada LLP

Chartered Professional Accountants
Vancouver, British Columbia
August 12, 2016

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Statements of Financial Position
(Expressed in U.S. Dollars)

	December 31,	
	2015	2014
	\$	\$
ASSETS		
Current Assets:		
Cash	106,893	1
Receivables	27	-
TOTAL ASSETS	106,920	1
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable and accrued liabilities	15,904	9,798
Total Liabilities	15,904	9,798
Shareholders' Equity (Deficit):		
Share capital (Note 3)	130,469	1
Accumulated other comprehensive (loss) income (deficit)	(12,191)	497
Accumulated deficit	(27,262)	(10,295)
Total Shareholders' Equity (Deficit)	91,016	(9,797)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	106,920	1

These financial statements were approved and are authorized for issue by the Board of Directors on August 12, 2016. They are signed on the Company's behalf by:

"Herrick Lau" Director

"David Velisek" Director

The accompanying notes are an integral part of these financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Statements of Comprehensive Loss
(Expressed in U.S. Dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
Expenses	\$	\$
Accounting and audit	16,241	9,058
Legal	-	1,237
Office and miscellaneous	727	-
	<u>(16,968)</u>	<u>(10,295)</u>
Other income	1	-
Net loss for the year	<u>(16,967)</u>	<u>(10,295)</u>
Other comprehensive (loss) income for the year		
Foreign exchange on translation to presentation currency	(12,688)	497
Total comprehensive loss for the year	<u>(29,655)</u>	<u>(9,798)</u>
Basic and diluted loss per share	<u>(0.04)</u>	<u>(10,295)</u>
Weighted average number of common shares outstanding - basic and diluted	<u>386,302</u>	<u>1</u>

The accompanying notes are an integral part of these financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

Statements of Changes in Equity

For the years ended December 31, 2015 and 2014

(Expressed in U.S. Dollars)

			Share Capital	Accumulated Other Comprehensive Income (deficit)	Accumulated Deficit	Shareholders' Equity (Deficit)
			\$	\$	\$	\$
Balance – January 1, 2014	1		1	-	-	1
Other comprehensive income for the year			-	497	-	497
Loss for the year			-	-	(10,295)	(10,295)
Balance – December 31, 2014	1		1	497	(10,295)	(9,797)
Non-brokered private placement	300,000		7,528	-	-	7,528
Non-brokered private placement	300,000		122,940	-	-	122,940
Other comprehensive loss for the year			-	(12,688)	-	(12,688)
Loss for the year			-	-	(16,967)	(16,967)
Balance –December 31, 2015	600,001		130,469	(12,191)	(27,262)	91,016

The accompanying notes are an integral part of these financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Statements of Cash Flows
(Expressed in U.S. Dollars)

	Year ended December 31, 2015	Year ended December 31, 2014
	\$	\$
Operating Activities		
Net loss for the year	(16,967)	(10,295)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	6,106	9,798
Receivables	(27)	-
Net cash provided by operating activities	(10,888)	(497)
Financing Activities		
Issuance of common shares	130,468	1
Net cash provided by financing activities	130,468	1
Effect of foreign exchange rate changes on cash	(12,688)	497
Net change in cash	106,892	-
Cash, beginning of the year	1	1
Cash, end of the year	106,893	1

The accompanying notes are an integral part of these financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

Notes to Financial Statements

(Expressed in U.S. Dollars, unless stated otherwise)

For the years ended December 31, 2015 and 2014

1. NATURE AND CONTINUANCE OF OPERATIONS

Genarca Holdings Ltd. was incorporated in British Columbia, Canada, on November 15, 2013. On August 4th, 2016, Genarca Holdings Ltd., changed its name to iAnthus Capital Holdings, Inc. ("ICH" or the "Company"). The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry. The Company's head office is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada.

The financial statements are presented in U.S. Dollars and the functional currency of the Company is the Canadian Dollar.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended December 31, 2015, the Company incurred a net loss of \$16,967 and, as at that date, had an accumulated deficit of \$27,262. The Company's financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The areas involving a higher degree of judgment of complexity or where assumptions and estimates are significant to the financial statements are disclosed below in Note 2.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized during the period in which the estimate is revised if the revision affects only that period or during the period of the revision and further periods if the review affects both current and future periods.

The Company intends to fund ongoing activities by utilizing current cash and cash equivalents and by raising additional capital through equity or debt financings. There can be no assurance that the Company will be successful in raising additional capital or that such capital, if available, will be on terms that are acceptable to the Company. If the Company is unable to raise sufficient additional capital, the Company may be compelled to reduce the scope of its operations. This material uncertainty gives rise to substantial doubt about the Company's ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of ICH is the Canadian Dollar ("CAD \$"). The reporting currency of the Company is the United States Dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Cash

Cash includes cash at banks and on hand.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss, available-for-sale, fair value through profit or loss liabilities or other liabilities. Fair value through profit or loss assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income or loss during the period. Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income or loss, except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	Loans and receivables
Receivables	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Income Taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)**Notes to Financial Statements**

(Expressed in U.S. Dollars, unless stated otherwise)

For the years ended December 31, 2015 and 2014

deferred income tax asset is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Loss per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

As at December 31, 2015, the Company has nil warrants (December 31, 2014 – nil) and nil options outstanding (December 31, 2014 – nil).

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. As at December 31, 2015 and 2014, no provision has been recorded by the Company.

Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as accumulated other comprehensive income.

New Standards, Interpretations and Amendments

The following are accounting standards anticipated to be effective January 1, 2016 or later:

IFRS 7 Financial instruments: Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 15 Revenue from Contracts with Customers

The standard replaces IAS 18 Revenue and IAS 11 Construction contracts, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model

features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 16 Leases

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements

On December 18, 2014 amendments were made to IAS 1 as part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. This standard has a minimal impact on the Company's financial statements.

3. SHARE CAPITAL

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Authorized: Unlimited common shares without par value.

Issued and Outstanding: At December 31, 2015, the Company had issued 600,001 (December 31, 2014: 1) common shares for CAD \$159,001 (\$130,469) cash.

On April 28, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$9,000 by the issuance of 300,000 common shares at a price of CAD \$0.03 per share.

On May 21, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$150,000 by the issuance of 300,000 common shares at a price of CAD \$0.50 per share.

4. FINANCIAL INSTRUMENTS

Fair Value

The Company's financial instruments include cash and accounts payable and accrued liabilities.

IFRS establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

Notes to Financial Statements

(Expressed in U.S. Dollars, unless stated otherwise)

For the years ended December 31, 2015 and 2014

in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 - applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash, receivables, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature.

The Company is exposed to a variety of financial instrument related risk. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The principal financial instruments used by the Company, from which financial instrument risk arises are cash and accounts payable and accrued liabilities.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists primarily of cash. As at December 31, 2015 and 2014, the Company had \$106,893 (December 31, 2014: \$1) in cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is managed by attempting to ensure the Company has sufficient financial resources available to meet obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure.

Market Risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Interest Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than the Canadian Dollar. Therefore, the Company is not exposed to currency risk as at December 31, 2015 and 2014.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company currently has no assets subject to changes in valuation arising from changes in equity markets.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Notes to Financial Statements
(Expressed in U.S. Dollars, unless stated otherwise)
For the years ended December 31, 2015 and 2014

5. MANAGEMENT OF CAPITAL RISK

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenue or operating cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of common shares and cash. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements, nor were there changes to the Company's approach to capital management during the year.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

6. DEFERRED INCOME TAX

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate is as follows:

	December 31, 2015	December 31, 2014
Net loss before taxes	\$ (16,967)	\$ (10,295)
Income taxed at local statutory rates – 26.00% (2014 – 26.00%)	(4,411)	(2,676)
Change in unrecognized deferred tax assets	4,411	2,676
Deferred income taxes	\$ -	\$ -

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at December 31, 2015 and 2014 are summarized as follows:

	December 31, 2015	December 31, 2014
Non-capital losses	\$ 7,087	\$ 2,676
Unrecognized deferred tax asset	(7,087)	(2,676)
Net deferred tax	\$ -	\$ -

As at December 31, 2015 the Company had estimated non-capital losses for Canadian income tax purposes of \$28,000 (2014: \$10,000) that may be carried forward to reduce taxable income derived in future years.

7. SUBSEQUENT EVENTS

On March 11, 2016 the Company signed a share exchange agreement with iAnthus Capital Management, LLC ("iAnthus"), the Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. ("iAnthus Transfer"), the Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. ("iAnthus Formation"), and the Shareholders of iAnthus Formation Corp.

iAnthus, iAnthus Transfer, and iAnthus Formation are collectively referred to as the "Investment Vehicles".

The iAnthus Capital Founding Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, are collectively referred to as "Sellers" and "Seller."

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

Notes to Financial Statements

(Expressed in U.S. Dollars, unless stated otherwise)

For the years ended December 31, 2015 and 2014

At closing, ICH shall issue from treasury, an aggregate of (i) 9,410,015 ICH Class A Shares to the Sellers and (ii) 3,438,500 ICH Common Shares to the Sellers, (collectively, the “Payment Shares”) as follows:

- (a) 0 (nil) ICH Class A Shares pro rata to the iAnthus Capital Founding Sellers;
- (b) 1,638,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders; and
- (c) 1,800,000 ICH Common Shares pro rata to the iAnthus Formation Shareholders.

This transaction would constitute as a Reverse Take-Over transaction for the Company and will result in the Sellers to own majority of the shares of the Company. At the close of the transaction and receiving final receipt of approval from the BCSC on the joint non-offering prospectus, the Company will apply for a listing on the Canadian Securities Exchange and list its shares as a publicly traded company.

On June 30, 2016, the Company signed an amended and restated share exchange agreement (superseding the March 11, 2016 share exchange agreement) with iAnthus Capital Management, LLC (“iAnthus”), the Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. (“iAnthus Transfer”), the Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. (“iAnthus Formation”), and the Shareholders of iAnthus Formation Corp. in which the consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, ICH shall issue from treasury at the time of closing, an aggregate of (i) 11,255,000 ICH Class A Common Shares to the Sellers that are Applicable U.S. Stockholders, and (ii) 5,083,065 ICH Common Shares to the Sellers, (collectively, the “Payment Shares”) as follows:

- (a) 1,700,815 ICH Common Shares to iAnthus Investor Corp. (“iAnthus Investor”), which is currently owned by iAnthus Investor Shareholders, as defined in the preliminary prospectus, (or as it may otherwise direct);
- (b) 1,718,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 ICH Common Shares pro rata to the iAnthus Formation Shareholders; and
- (d) 65,000 ICH Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on the SEA

IANTHUS CAPITAL HOLDINGS, INC.

(formerly Genarca Holdings Ltd.)

FINANCIAL STATEMENTS

**Year Ended December 31, 2014 and the period from
incorporation on November 15, 2013 to December 31, 2013**

(Expressed in U.S. Dollars)



Tel: 604 688 5421
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BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Auditor's Report

To the shareholders of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

We have audited the accompanying financial statements of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.), which comprise the statement of financial position as at December 31, 2014 and 2013, and the statements of comprehensive loss, changes in equity and cash flows for the year ended December 31, 2014 and the period from incorporation on November 15, 2013 to December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.) as at December 31, 2014 and 2013 and its financial performance and its cash flows for the year ended December 31, 2014 and the period from incorporation on November 15, 2013 to December 31, 2013, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company has incurred a net loss of \$10,295 for the year ended December 31, 2014 and has an accumulated deficit of \$10,295 as of December 31, 2014. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

BDO Canada LLP

Chartered Professional Accountants
Vancouver, British Columbia
August 12, 2016

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Statement of Financial Position
(Expressed in U.S. Dollars)

	December 31,	
	2014	2013
	\$	\$
ASSETS		
Current Assets:		
Cash	1	1
TOTAL ASSETS	<u>1</u>	<u>1</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	9,798	-
Total Liabilities	<u>9,798</u>	<u>-</u>
Shareholders' (Deficit) Equity:		
Share capital – Note 3	1	1
Accumulated other comprehensive income	497	-
Accumulated deficit	(10,295)	-
Total Shareholders' (Deficit) Equity	<u>(9,797)</u>	<u>1</u>
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY	<u>1</u>	<u>1</u>

These financial statements were approved and are authorized for issue by the Board of Directors on August 12, 2016. They are signed on the Company's behalf by:

"Herrick Lau" Director

"David Velisek" Director

The accompanying notes are an integral part of these financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Statement of Comprehensive Loss
(Expressed in U.S. Dollars)

	Year ended December 31, 2014	For the period from incorporation on November 15, 2013 to December 31, 2013
Expenses	\$	\$
Accounting and audit	9,058	-
Legal	1,237	-
Net loss for the year	(10,295)	-
Other comprehensive gains (loss) for the period		
Foreign exchange on translation to presentation currency	497	-
Total comprehensive loss for the period	(9,798)	-
Basic and diluted loss per share	(10,295)	-
Weighted average number of common shares outstanding - basic and diluted	1	1

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

(Expressed in U.S. Dollars)

The accompanying notes are an integral part of these financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Statement of Cash Flows
(Expressed in U.S. Dollars)

	Year ended December 31, 2014	For the period from incorporation on November 15, 2013 to December 31, 2013
	\$	\$
Operating Activities		
Net loss for the year	(10,295)	-
Adjustments for:		
Foreign exchange	497	-
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	9,798	-
Net cash provided by operating activities	-	-
Financing Activities		
Issuance of common shares	-	1
Net cash provided by financing activities	-	1
Net change in cash	-	1
Cash, beginning of the year/period	1	-
Cash, end of the year/period	1	1

The accompanying notes are an integral part of these financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

Notes to Financial Statements

(Expressed in U.S. Dollars, unless stated otherwise)

For the year ended December 31, 2014 and period ended December 31, 2013

1. NATURE AND CONTINUANCE OF OPERATIONS

Genarca Holdings Ltd. was incorporated in British Columbia, Canada, on November 15, 2013. On August 4, 2016, Genarca Holdings Ltd., changed its name to iAnthus Capital Holdings, Inc. ("ICH" or the "Company"). The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry. The Company's head office is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada.

The financial statements are presented in U.S. Dollars and the functional currency of the Company is the Canadian Dollar.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. At December 31, 2014, the Company had incurred a net loss of \$10,295 and had an accumulated deficit of \$10,295. The Company's financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee. These are the Company's first financial statements prepared under IFRS. There is no impact from the adoption of IFRS on the Company's financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies, as IFRS is the only accounting framework adopted by the Company since formation.

Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Management has not made any significant judgments and/or estimates at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of ICH is Canadian dollar ("C\$"). The reporting currency of the Company is United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Cash

Cash includes cash at banks and on hand.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss, available-for-sale, fair value through profit or loss liabilities or other liabilities. Fair value through profit or loss assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income or loss during the period. Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income or loss, except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Income Taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax asset is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Notes to Financial Statements
(Expressed in U.S. Dollars, unless stated otherwise)
For the year ended December 31, 2014 and period ended December 31, 2013

right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Loss per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of outstanding common shares for the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are all anti-dilutive.

As at December 31, 2014, the Company has nil warrants (December 31, 2013 – nil) and nil options outstanding (December 31, 2013 – nil).

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. As at December 31, 2014 and 2013, no provision has been recorded by the Company.

Comprehensive Loss

Comprehensive loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as accumulated other comprehensive income.

New standards, interpretations and amendments

The following are accounting standards anticipated to be effective January 1, 2015 or later:

IFRS 7 Financial instruments: Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 15 Revenue from Contracts with Customers

The standard replaces IAS 18 Revenue and IAS 11 Construction contracts, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Notes to Financial Statements
(Expressed in U.S. Dollars, unless stated otherwise)
For the year ended December 31, 2014 and period ended December 31, 2013

recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 16 Leases

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements

On December 18, 2014 amendments were made to IAS 1 as part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. This standard has a minimal impact on the Company's financial statements.

3. SHARE CAPITAL

Authorized: Unlimited common shares without par value.

Issued and Outstanding: At December 31, 2014, the Company had issued 1 (December 31, 2013: 1) common share for \$1 cash.

At December 31, 2014 and 2013, the sole shareholder of the Company's issued and outstanding common share was David Velisek.

4. FINANCIAL INSTRUMENTS

a) Fair value

The Company's financial instruments include cash and accounts payable and accrued liabilities.

IFRS establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

- Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 - applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash, accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

Notes to Financial Statements

(Expressed in U.S. Dollars, unless stated otherwise)

For the year ended December 31, 2014 and period ended December 31, 2013

The Company is exposed to one variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The principal financial instruments used by the Company, from which financial instrument risk arises are cash and cash equivalents, accounts payable and other accrued liabilities.

4. FINANCIAL INSTRUMENTS (continued)

b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists primarily of cash. As at December 31, 2014 and 2013, the Company had minimal cash resources and does not consider credit risk to be significant. The Company limited its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

c) Liquidity Risk

Liquidity risk is managed by attempting to ensure the Company has sufficient financial resources available to meet obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. At December 31, 2014, the Company does not have cash available to meet its financial liabilities.

d) Market Risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Interest Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than the Canadian dollar. Accounts payable and accrued liabilities are denominated in Canadian currency. Therefore, the Company is not exposed to currency risk as at December 31, 2014 and 2013.

Equity Price Risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company currently has no assets subject to changes in valuation arising from changes in equity markets.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Notes to Financial Statements
(Expressed in U.S. Dollars, unless stated otherwise)
For the year ended December 31, 2014 and period ended December 31, 2013

5. MANAGEMENT OF CAPITAL RISK

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its operations and business development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has not generated any revenue or cash flows since its inception; therefore, the Company is dependent on external financing to fund its future intended business plan. The capital structure of the Company currently consists of common shares and cash. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements, nor were there changes to the Company's approach to capital management during the year.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

6. DEFERRED INCOME TAX

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate is as follows:

	December 31, 2014	December 31, 2013
Net loss before taxes	\$ (10,295)	\$ -
Income taxed at local statutory rates – 26.00% (2013 – 25.75%)	(2,676)	-
Change in unrecognized deferred tax assets	2,676	-
Deferred income tax expense/(recovery)	\$ -	\$ -

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at December 31, 2014 and 2013 are summarized as follows:

	December 31, 2014	December 31, 2013
Non-capital losses	\$ 2,676	\$ -
Unrecognized deferred tax asset	(2,676)	-
Net deferred tax assets	\$ -	\$ -

As at December 31, 2014 the Company had estimated non-capital losses for Canadian income tax purposes of \$10,000 (2013: \$Nil) that may be carried forward to reduce taxable income derived in future years.

7. SUBSEQUENT EVENTS

On April 28, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$9,000 by the issuance of 300,000 common shares at a price of CAD \$0.03 per share.

On May 21, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$150,000 by the issuance of 300,000 common shares at a price of CAD \$0.50 per share.

On March 11, 2016 the Company signed a share exchange agreement with iAnthus Capital Management, LLC ("iAnthus"), The Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. ("iAnthus

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)

Notes to Financial Statements

(Expressed in U.S. Dollars, unless stated otherwise)

For the year ended December 31, 2014 and period ended December 31, 2013

Transfer”), The Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. (“iAnthus Formation”), and The Shareholders of iAnthus Formation Corp.

iAnthus, iAnthus Transfer, and iAnthus Formation are collectively referred to as the “**Investment Vehicles**”.

The iAnthus Capital Founding Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, are collectively referred to as “**Sellers**” and “**Seller.**”

At closing, ICH shall issue from treasury, an aggregate of (i) 9,410,015 ICH Class A Shares to the Sellers and (ii) 3,438,500 ICH Common Shares to the Sellers, (collectively, the “**Payment Shares**”) as follows:

- (a) 0 (nil) ICH Class A Shares pro rata to the iAnthus Capital Founding Sellers;
- (b) 1,638,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders; and
- (c) 1,800,000 ICH Common Shares pro rata to the iAnthus Formation Shareholders,

This transaction would constitute as a Reverse Take-Over transaction for the Company and will result in the Sellers to own majority of the shares of the Company. At the close of the transaction and receiving final receipt of approval from the BCSC on the joint non-offering prospectus, the Company will apply for a listing on the Canadian Securities Exchange and list its shares as a publicly traded company.

On June 30, 2016, the Company signed an amended and restated share exchange agreement (superseding the March 11, 2016 share exchange agreement) with iAnthus Capital Management, LLC (“iAnthus”), the Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. (“iAnthus Transfer”), the Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. (“iAnthus Formation”), and the Shareholders of iAnthus Formation Corp. in which the consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, ICH shall issue from treasury at the time of closing, an aggregate of (i) 11,255,000 ICH Class A Common Shares to the Sellers that are Applicable U.S. Stockholders, and (ii) 5,083,065 ICH Common Shares to the Sellers, (collectively, the “**Payment Shares**”) as follows:

- (a) 1,700,815 ICH Common Shares to iAnthus Investor Corp. (“iAnthus Investor”), which is currently owned by iAnthus Investor Shareholders, as defined in the preliminary prospectus, (or as it may otherwise direct);
- (b) 1,718,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 ICH Common Shares pro rata to the iAnthus Formation Shareholders; and
- (d) 65,000 ICH Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on the SEA

IANTHUS CAPITAL HOLDINGS, INC.

(formerly Genarca Holdings Ltd.)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2016 and 2015

(Expressed in U.S. Dollars)
(Unaudited)

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Condensed Interim Statements of Financial Position
(Expressed in U.S. Dollars)
(Unaudited)

	March 31, 2016	December 31, 2015
	\$	\$
ASSETS		
Current Assets:		
Cash	111,430	106,893
Receivables	1,543	27
TOTAL ASSETS	112,973	106,920
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	48,808	15,904
Total Liabilities	48,808	15,904
Shareholders' Equity:		
Share capital (Note 3)	130,469	130,469
Accumulated other comprehensive loss	(7,955)	(12,191)
Accumulated deficit	(58,349)	(27,262)
Total Shareholders' Equity	64,165	91,016
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	112,973	106,920

These condensed interim financial statements were approved and are authorized for issue by the Board of Directors on August 12, 2016. They are signed on the Company's behalf by:

"Herrick Lau" Director

"David Velisek" Director

The accompanying notes are an integral part of these condensed interim financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Condensed Interim Statements of Comprehensive (Loss) Gain
 (Expressed in U.S. Dollars)
 (Unaudited)

	Three months ended March 31,	
	2016	2015
Expenses	\$	\$
Accounting and audit	28,683	-
Office and miscellaneous	2,404	5
Loss for the period	(31,087)	(5)
Foreign exchange on translation to presentation currency	4,236	818
Comprehensive (loss) gain for the period	(26,851)	813
Basic and diluted loss per share	(0.05)	(5.00)
Weighted average number of common shares outstanding - basic and diluted	600,001	1

The accompanying notes are an integral part of these condensed interim financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Condensed Interim Statements of Changes in Equity
(Expressed in U.S. Dollars)
(Unaudited)

	Number of Shares	Share Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Shareholders' Equity
		\$	\$	\$	\$
Balance – December 31, 2014	1	1	497	(10,295)	(9,797)
Other comprehensive income for the period		-	818	-	818
Loss for the period		-	-	(5)	(5)
Balance – March 31, 2015	1	1	1,315	(10,300)	(8,984)
Balance – December 31, 2015	600,001	130,469	(12,191)	(27,262)	91,016
Other comprehensive income for the period		-	4,236	-	4,236
Loss for the period		-	-	(31,087)	(31,087)
Balance – March 31, 2016	600,001	130,469	(7,955)	(58,349)	64,165

The accompanying notes are an integral part of these condensed interim financial statements.

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Condensed Interim Statements of Cash Flows
(Expressed in U.S. Dollars)
(Unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
	\$	\$
Operating activities		
Net loss for the period	(31,087)	(5)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	32,904	(814)
Receivables	(1,516)	-
Net cash generated (used) by operating activities	301	(819)
Effect of foreign exchange rate changes on cash	4,236	818
Net change in cash	4,537	(1)
Cash, beginning of the period	106,893	1
Cash, end of the period	111,430	-

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Genarca Holdings Ltd. was incorporated in British Columbia, Canada, on November 15, 2013. On August 4th, 2016, Genarca Holdings Ltd., changed its name to iAnthus Capital Holdings, Inc. ("ICH" or the "Company"). The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry. The Company's head office is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada.

The condensed interim financial information is presented in U.S. dollars and the functional currency of the Company is the Canadian dollar.

These condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At March 31, 2016, the Company had incurred a net loss of \$31,087 and had an accumulated deficit of \$58,349. The Company's financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these condensed interim financial statements. These condensed interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim financial statements for the three months ended March 31, 2016 and 2015 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, on a basis consistent with the significant accounting policies disclosed in note 3 of the most recent annual financial statements as at and for the year ended December 31, 2015. These condensed interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the Board of Directors on August 12, 2016.

Basis of Presentation

These condensed interim financial statements have been prepared on a historical cost basis. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting.

Significant Accounting Estimates and Judgments

The preparation of condensed interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The area involving a higher degree of judgment relates to going concern which is disclosed in Note 1.

New Standards, Interpretations and Amendments

IAS 1 Presentation of Financial Statements

iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.)
Notes to Condensed Interim Financial Statements
For the three month periods ended March 31, 2016 and 2015
(Expressed in U.S. Dollars, unless stated otherwise)
(Unaudited)

The Company has reviewed and considered the amendments made to IAS 1 effective on January 1, 2016. The Company has concluded that the adoption of such standard has resulted in no impact on the Company's financial statements. The Company will re-evaluate IAS 1 should a transaction occur.

The following are accounting standards anticipated to be effective January 1, 2016 or later:

IFRS 7 Financial instruments: Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. Effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 9 Financial Instruments

IFRS 9 reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 15 Revenue from Contracts with Customers

The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

IFRS 16 Leases

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the lessee. The treatment of leases by the lessee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. The Company is currently evaluating the impact this standard is expected to have on its financial statements.

3. SHARE CAPITAL

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Authorized: Unlimited common shares without par value.

Issued and Outstanding: At March 31, 2016, the Company had issued 600,001 (December 31, 2015: 600,001) common shares for CAD \$159,001 cash (US \$130,469).

On April 28, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$9,000 by the issuance of 300,000 common shares at a price of CAD \$0.03 per share.

On May 21, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$150,000 by the issuance of 300,000 common shares at a price of CAD \$0.50 per share.

4. FINANCIAL INSTRUMENTS

Fair Value

The Company's financial instruments include cash and accounts payable and accrued liabilities.

IFRS establishes a fair value hierarchy for financial instruments measured at fair value that reflects the significance of inputs in making fair value measurements as follows:

Level 1 - applied to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 - applies to assets or liabilities for which there are unobservable market data.

The recorded amounts of cash and accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature.

The Company did not have any financial instruments in any levels that are measured at fair value on a recurring basis and there were no transfers between levels during the period.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is managed by attempting to ensure the Company has sufficient financial resources available to meet obligations associated with financial liabilities.

Market Risk

Strategic and operational risks arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Interest risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than the Canadian dollar. Accounts payable and accrued liabilities are denominated in Canadian currency. Therefore, the Company is not exposed to currency risk as at March 31, 2016 and 2015.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company currently has no assets subject to changes in valuation arising from changes in equity markets.

5. SHARE EXCHANGE AGREEMENT

On March 11, 2016 the Company signed a share exchange agreement with iAnthus Capital Management, LLC (“iAnthus”), The Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. (“iAnthus Transfer”), The Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. (“iAnthus Formation”), and The Shareholders of iAnthus Formation Corp.

iAnthus, iAnthus Transfer, and iAnthus Formation are collectively referred to as the “**Investment Vehicles**”.

The iAnthus Capital Founding Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, are collectively referred to as “**Sellers**” and “**Seller.**”

At closing, ICH shall issue from treasury, an aggregate of (i) 9,410,015 ICH Class A Shares to the Sellers and (ii) 3,438,500 ICH Common Shares to the Sellers, (collectively, the “**Payment Shares**”) as follows:

- (a) 0 (nil) ICH Class A Shares pro rata to the iAnthus Capital Founding Sellers;
- (b) 1,638,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders; and
- (c) 1,800,000 ICH Common Shares pro rata to the iAnthus Formation Shareholders,

This transaction would constitute as a Reverse Take-Over transaction for the Company and will result in the Sellers to own majority of the shares of the Company. At the close of the transaction and receiving final receipt of approval from the BCSC on the joint non-offering prospectus, the Company will apply for a listing on the Canadian Securities Exchange and list its shares as a publicly traded company.

On June 30, 2016, the Company signed an amended and restated share exchange agreement (superseding the March 11, 2016 share exchange agreement) with iAnthus Capital Management, LLC (“iAnthus”), the Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. (“iAnthus Transfer”), the Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. (“iAnthus Formation”), and the Shareholders of iAnthus Formation Corp. in which the consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, ICH shall issue from treasury at the time of closing, an aggregate of (i) 11,255,000 ICH Class A Common Shares to the Sellers that are Applicable U.S. Stockholders, and (ii) 5,083,065 ICH Common Shares to the Sellers, (collectively, the “**Payment Shares**”) as follows:

- (a) 1,700,815 ICH Common Shares to iAnthus Investor Corp. (“iAnthus Investor”), which is currently owned by iAnthus Investor Shareholders, as defined in the preliminary prospectus, (or as it may otherwise direct);
- (b) 1,718,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 ICH Common Shares pro rata to the iAnthus Formation Shareholders; and
- (d) 65,000 ICH Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on the SEA

APPENDIX “A1”

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

BACKGROUND

The following management discussion and analysis ("MD&A") of the results of operations and financial condition, prepared as of August 12, 2016, should be read in conjunction with the audited financial statements of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.) (the "Company" or "ICH") for the years ended December 31, 2015 and 2014, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the year ended December 31, 2015, the Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in U.S. dollars unless noted otherwise.

CAUTIONARY NOTE REGARDING FORWARDING LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

DESCRIPTION OF BUSINESS AND OVERALL PERFORMANCE

The Company was incorporated in British Columbia, Canada, on November 15, 2013. The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry. The Company's head office is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada.

HIGHLIGHTS FOR THE PERIOD ENDED DECEMBER 31, 2015 AND SUBSEQUENTLY

On March 11, 2016 the Company signed a share exchange agreement with iAnthus Capital Management, LLC ("iAnthus"), The Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. ("iAnthus Transfer"), The Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. ("iAnthus Formation"), and The Shareholders of iAnthus Formation Corp.

iAnthus, iAnthus Transfer, and iAnthus Formation are collectively referred to as the "**Investment Vehicles**".

The iAnthus Capital Founding Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, are collectively referred to as "**Sellers**" and "**Seller**."

At closing, ICH shall issue from treasury, an aggregate of (i) 9,410,015 ICH Class A Shares to the Sellers and (ii) 3,438,500 ICH Common Shares to the Sellers, (collectively, the "**Payment Shares**") as follows:

- (a) 0 (nil) ICH Class A Shares pro rata to the iAnthus Capital Founding Sellers;
- (b) 1,638,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders; and
- (c) 1,800,000 ICH Common Shares pro rata to the iAnthus Formation Shareholders.

This transaction would constitute as a Reverse Take-Over transaction for the Company and will result in the Sellers to own majority of the shares of the Company. At the close of the transaction and receiving final receipt of approval from the BCSC on the joint non-offering prospectus, the Company will apply for a listing on the Canadian Securities Exchange and list its shares as a publicly traded company.

IANTHUS CAPITAL HOLDINGS, INC. (GENARCA HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

On June 30, 2016, the Company signed an amended and restated share exchange agreement (superseding the March 11, 2016 share exchange agreement) with iAnthus Capital Management, LLC ("iAnthus"), the Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. ("iAnthus Transfer"), the Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. ("iAnthus Formation"), and the Shareholders of iAnthus Formation Corp. in which the consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, ICH shall issue from treasury at the time of closing, an aggregate of (i) 11,255,000 ICH Class A Common Shares to the Sellers that are Applicable U.S. Stockholders, and (ii) 5,083,065 ICH Common Shares to the Sellers, (collectively, the "**Payment Shares**") as follows:

- (a) 1,700,815 ICH Common Shares to iAnthus Investor Corp. ("iAnthus Investor"), which is currently owned by iAnthus Investor Shareholders, as defined in the preliminary prospectus, (or as it may otherwise direct);
- (b) 1,718,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 ICH Common Shares pro rata to the iAnthus Formation Shareholders; and
- (d) 65,000 ICH Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on the SEA

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015, the Company had working capital of \$91,016 (December 31, 2014 – working capital deficit of \$9,797).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. At December 31, 2015, the Company had incurred a net loss of \$16,967 and had an accumulated deficit of \$27,262. The Company's financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

The Company's expected cash resources are sufficient to meet its short-term needs. Management estimates that the current cash position and future cash flows from new equity financings and/or related party loans will be sufficient for the Company to carry out its anticipated costs of operations through 2016. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its business objectives.

OUTSTANDING SHARE DATA

The following share capital data is current as of the date of this document:

	Balance
Shares issued and outstanding	600,001

RESULTS OF OPERATIONS

IANTHUS CAPITAL HOLDINGS, INC. (GENARCA HOLDINGS LTD.)**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

Operating expenses for the year ended December 31, 2015, totaled \$16,968 (December 31, 2014 - \$10,295). Operating expenses for the year ended December 31, 2015 were comprised of accounting and audit fees of \$16,241 (December 31, 2014 - \$9,058), legal fees of \$nil (December 31, 2013 - \$1,237), and office and miscellaneous fees of \$727 (December 31, 2014 - \$nil). Office and miscellaneous fees were comprised of filing fees and bank charges.

The Company's operations are in their infancy and no comparative or trend discussion is relevant.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Gain (Loss)	(8,547)	125	(8,540)	(5)	(9,110)	(3)	(1,182)	-
Basic loss per share	(0.02)	0.00	(0.03)	(5)	(9,110)	(3)	(1,182)	-

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Ref.	December 31, 2015
		\$
Loans and receivables	a	106,920
Other financial liabilities	b	(15,904)

- Comprises cash held in a Canadian dollar account at a major Canadian financial institution and short-term receivables.
- Comprises accounts payable and accrued liabilities.

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss, available-for-sale, fair value through profit or loss liabilities or other liabilities. Fair value through profit or loss assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net loss during the period. Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive loss, except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company is exposed to one variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

IANTHUS CAPITAL HOLDINGS, INC. (GENARCA HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

The principal financial instruments used by the Company, from which financial instrument risk arises are cash, receivables, accounts payable and other accrued liabilities.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of a major bank which is a high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to interest rate risk.

OFF-BALANCE SHEET TRANSACTIONS

The Company has not entered into any significant off-balance sheet arrangements or commitments.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

RISK AND UNCERTAINTIES

The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry.

Conflicts of Interest

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

Negative Operating Cash Flows

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

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will

IANTHUS CAPITAL HOLDINGS, INC. (GENARCA HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

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

RISK FACTORS

Market Risk for Securities

We are a reporting issuer company whose common shares are not listed for trading on a stock exchange. There can be no assurance that an active trading market for our common shares will be established and sustained. Upon a listing, the market price for our common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of our securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uninsured or Uninsurable Risk

We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk

Certain of our directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us.

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

No Established Market for Shares Risk

IANTHUS CAPITAL HOLDINGS, INC. (GENARCA HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

There is currently no established trading market through which common shares in our authorized capital may be sold. Even if a trading market develops, there can be no assurance that such market will continue in the future. You may lose your entire investment.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the trading price of our Common Shares on the Exchange.

Dividend Risk

We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility Risk

It is anticipated that our common shares will be listed for trading on the Exchange. As such, external factors outside of our control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward the medical marijuana sector stocks may have a significant impact on the market price of our common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

BACKGROUND

The following management discussion and analysis ("MD&A") of the results of operations and financial condition, prepared as of August 12, 2016, should be read in conjunction with the audited financial statements of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.) (the "Company" or "ICH") for the year ended December 31, 2014 and the period from incorporation on November 15, 2013 to December 31, 2013, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the year ended December 31, 2014, the Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in U.S. dollars unless noted otherwise.

CAUTIONARY NOTE REGARDING FORWARDING LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

DESCRIPTION OF BUSINESS AND OVERALL PERFORMANCE

The Company was incorporated in British Columbia, Canada, on November 15, 2013. The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry. The Company's head office is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada.

HIGHLIGHTS FOR THE PERIOD ENDED DECEMBER 31, 2014 AND SUBSEQUENTLY

On April 28, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$9,000 by the issuance of 300,000 common shares at a price of CAD \$0.03 per share.

On May 21, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$150,000 by the issuance of 300,000 common shares at a price of CAD \$0.50 per share.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, the Company had working capital deficit of \$9,797 (December 31, 2013 – positive working capital of \$1).

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. At December 31, 2014, the Company had incurred a net loss of \$10,295 and had an accumulated deficit of \$10,295. The Company's financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements. These financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2014
(All amounts expressed in U.S. dollars, unless otherwise stated)

The Company's expected cash resources are sufficient to meet its short-term needs. Management estimates that the current cash position and future cash flows from new equity financings and/or related party loans will be sufficient for the Company to carry out its anticipated costs of operations through 2015. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its business objectives.

OUTSTANDING SHARE DATA

The following share capital data is current as of the date of this document:

	Balance
Shares issued and outstanding	600,001

RESULTS OF OPERATIONS

Operating expenses for the year ended December 31, 2014, totaled \$10,295 (December 31, 2013 - \$nil). Operating expenses for the year ended December 31, 2014 were comprised of accounting and audit fees of \$9,058 (December 31, 2013 - \$nil), and legal fees of \$1,237 (December 31, 2013 - \$nil).

The Company's operations are in their infancy and no comparative or trend discussion is relevant.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	November 15, 2013 (incorporation) to December 31, 2013
	\$	\$	\$	\$	\$
Net loss	(9,110)	(3)	(1,182)	-	-
Basic loss per share	(9,110)	(3)	(1,182)	-	-

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Ref.	December 31, 2014
		\$
Loans and receivables	a	1
Other financial liabilities	b	(9,798)

- a. Comprises cash held in a Canadian dollar account at a major Canadian financial institution.
- b. Comprises accounts payable and accruals

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2014

(All amounts expressed in U.S. dollars, unless otherwise stated)

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss, available-for-sale, fair value through profit or loss liabilities or other liabilities. Fair value through profit or loss assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net loss during the period. Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive loss, except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company is exposed to one variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The principal financial instruments used by the Company, from which financial instrument risk arises are cash and cash equivalents, accounts payable and other accrued liabilities.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of a major bank which is a high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. Liquidity risk has been assessed as being high.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to interest rate risk.

OFF-BALANCE SHEET TRANSACTIONS

The Company has not entered into any significant off-balance sheet arrangements or commitments.

PROPOSED TRANSACTIONS

On March 11, 2016 the Company signed a share exchange agreement with iAnthus Capital Management, LLC ("iAnthus"), The Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. ("iAnthus Transfer"), The Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. ("iAnthus Formation"), and The Shareholders of iAnthus Formation Corp.

iAnthus, iAnthus Transfer, and iAnthus Formation are collectively referred to as the "**Investment Vehicles**".

The iAnthus Capital Founding Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, are collectively referred to as "**Sellers**" and "**Seller.**"

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2014

(All amounts expressed in U.S. dollars, unless otherwise stated)

At closing, ICH shall issue from treasury, an aggregate of (i) 9,410,015 ICH Class A Shares to the Sellers and (ii) 3,438,500 ICH Common Shares to the Sellers, (collectively, the **"Payment Shares"**) as follows:

- (a) 0 (nil) ICH Class A Shares pro rata to the iAnthus Capital Founding Sellers;
- (b) 1,638,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders; and
- (c) 1,800,000 ICH Common Shares pro rata to the iAnthus Formation Shareholders,

On June 30, 2016, the Company signed an amended and restated share exchange agreement (superseding the March 11, 2016 share exchange agreement) with iAnthus Capital Management, LLC ("iAnthus"), the Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. ("iAnthus Transfer"), the Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. ("iAnthus Formation"), and the Shareholders of iAnthus Formation Corp. in which the consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, ICH shall issue from treasury at the time of closing, an aggregate of (i) 11,255,000 ICH Class A Common Shares to the Sellers that are Applicable U.S. Stockholders, and (ii) 5,083,065 ICH Common Shares to the Sellers, (collectively, the **"Payment Shares"**) as follows:

- (a) 1,700,815 ICH Common Shares to iAnthus Investor Corp. ("iAnthus Investor"), which is currently owned by iAnthus Investor Shareholders, as defined in the preliminary prospectus, (or as it may otherwise direct);
- (b) 1,718,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 ICH Common Shares pro rata to the iAnthus Formation Shareholders; and
- (d) 65,000 ICH Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on the SEA

RISK AND UNCERTAINTIES

The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry.

Conflicts of Interest

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

Negative Operating Cash Flows

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

Risks Related as a Going Concern

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

Reliance on Key Personnel and Advisors

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2014
(All amounts expressed in U.S. dollars, unless otherwise stated)

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

RISK FACTORS

Market Risk for Securities

We are a reporting issuer company whose common shares are not listed for trading on a stock exchange. There can be no assurance that an active trading market for our common shares will be established and sustained. Upon a listing, the market price for our common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of our securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uninsured or Uninsurable Risk

We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk

Certain of our directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us.

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

No Established Market for Shares Risk

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2014

(All amounts expressed in U.S. dollars, unless otherwise stated)

There is currently no established trading market through which common shares in our authorized capital may be sold. Even if a trading market develops, there can be no assurance that such market will continue in the future. You may lose your entire investment.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the trading price of our Common Shares on the Exchange.

Dividend Risk

We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility Risk

It is anticipated that our common shares will be listed for trading on the Exchange. As such, external factors outside of our control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward the medical marijuana sector stocks may have a significant impact on the market price of our common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “A2”

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2016

IANTHUS CAPITAL HOLDINGS, INC. (FORMERLY GENARCA HOLDINGS LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR PERIOD ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

BACKGROUND

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 12, 2016, should be read in conjunction with the condensed interim financial statements of iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.) (the "Company" or "ICH") for the period ended March 31, 2016 as well as the audited financial statements for the year ended December 31, 2015, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the period ended March 31, 2016, the Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in U.S. dollars unless noted otherwise.

CAUTIONARY NOTE REGARDING FORWARDING LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

DESCRIPTION OF BUSINESS AND OVERALL PERFORMANCE

The Company was incorporated in British Columbia, Canada, on November 15, 2013. The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry. The Company's head office is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, Canada.

HIGHLIGHTS

On April 28, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$9,000 by the issuance of 300,000 common shares at a price of CAD \$0.03 per share.

On May 21, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$150,000 by the issuance of 300,000 common shares at a price of CAD \$0.50 per share.

On March 11, 2016 the Company signed a share exchange agreement with iAnthus Capital Management, LLC ("iAnthus"), The Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. ("iAnthus Transfer"), The Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. ("iAnthus Formation"), and The Shareholders of iAnthus Formation Corp.

iAnthus, iAnthus Transfer, and iAnthus Formation are collectively referred to as the "**Investment Vehicles**".

The iAnthus Capital Founding Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, are collectively referred to as "**Sellers**" and "**Seller.**"

At closing, ICH shall issue from treasury, an aggregate of (i) 9,410,015 ICH Class A Shares to the Sellers and (ii) 3,438,500 ICH Common Shares to the Sellers, (collectively, the "**Payment Shares**") as follows:

- (a) 0 (nil) ICH Class A Shares pro rata to the iAnthus Capital Founding Sellers;
- (b) 1,638,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders; and

GENARCA HOLDINGS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR PERIOD ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

- (c) 1,800,000 ICH Common Shares pro rata to the iAnthus Formation Shareholders,

This transaction would constitute as a Reverse Take-Over transaction for the Company and will result in the Sellers to own majority of the shares of the Company. At the close of the transaction and receiving final receipt of approval from the BCSC on the joint non-offering prospectus, the Company will apply for a listing on the Canadian Securities Exchange and list its shares as a publicly traded company.

On June 30, 2016, the Company signed an amended and restated share exchange agreement (superseding the March 11, 2016 share exchange agreement) with iAnthus Capital Management, LLC ("iAnthus"), the Founding Members of iAnthus Capital Management, LLC, iAnthus Transfer Corp. ("iAnthus Transfer"), the Shareholders of iAnthus Transfer Corp., iAnthus Formation Corp. ("iAnthus Formation"), and the Shareholders of iAnthus Formation Corp. in which the consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, ICH shall issue from treasury at the time of closing, an aggregate of (i) 11,255,000 ICH Class A Common Shares to the Sellers that are Applicable U.S. Stockholders, and (ii) 5,083,065 ICH Common Shares to the Sellers, (collectively, the "**Payment Shares**") as follows:

- (a) 1,700,815 ICH Common Shares to iAnthus Investor Corp. ("iAnthus Investor"), which is currently owned by iAnthus Investor Shareholders, as defined in the preliminary prospectus, (or as it may otherwise direct);
- (b) 1,718,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 ICH Common Shares pro rata to the iAnthus Formation Shareholders; and
- (d) 65,000 ICH Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on the SEA

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016, the Company had working capital of \$64,165 (December 31, 2015 –\$91,016).

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the three-month period ended March 31, 2016, the Company incurred a net loss of \$31,087 (March 31, 2015 - \$5) and had an accumulated deficit of \$58,349. The Company's financial success is dependent on management's ability to raise adequate financing on reasonable terms and to commence profitable operations in the future. These factors indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these condensed interim financial statements. These condensed interim financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern.

The Company's expected cash resources are sufficient to meet its short-term needs. Management estimates that the current cash position and future cash flows from new equity financings and/or related party loans will be sufficient for the Company to carry out its anticipated costs of operations through 2016. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its business objectives.

OUTSTANDING SHARE DATA

The following share capital data is current as of the date of this document:

GENARCA HOLDINGS LTD.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR PERIOD ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

	Balance
Shares issued and outstanding	600,001

RESULTS OF OPERATIONS

Operating expenses for the three-month period ended March 31, 2016, totaled \$31,087 (March 31, 2015 - \$5). The three-month operating loss was comprised of accounting and audit expenses of \$28,683 (March 31, 2015 - \$nil), and office and miscellaneous expenses of \$2,404 (March 31, 2015- \$5).

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Gain (Loss)	(31,087)	(8,329)	125	(8,759)	(5)	(9,110)	(3)	(1,182)
Basic loss per share	(0.05)	(0.02)	0.00	(0.03)	(5)	(9,110)	(3)	(1,182)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Ref.	March 31, 2016
		\$
Loans and receivables	a	111,430
Other financial liabilities	b	48,808

- a. Comprises cash held in a Canadian dollar account at a major Canadian financial institution.
- b. Comprises accounts payable and accrued liabilities.

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss, available-for-sale, fair value through profit or loss liabilities or other liabilities. Fair value through profit or loss assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period. Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method. Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active markets and whose fair value cannot be reliably measured, which are measured at cost.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit Risk

GENARCA HOLDINGS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR PERIOD ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of a major bank which is a high credit quality financial institutions as determined by rating agencies.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to interest rate risk.

OFF-BALANCE SHEET TRANSACTIONS

The Company has not entered into any significant off-balance sheet arrangements or commitments.

PROPOSED TRANSACTIONS

On April 28, 2015, the Company closed a non-brokered private placement raising gross proceeds of CAD \$9,000 by the issuance of 300,000 common shares at a price of CAD \$0.03 per share.

RISK AND UNCERTAINTIES

The Company currently has no operating business and intends to pursue an opportunity in the medical marijuana industry.

Conflicts of Interest

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

Negative Operating Cash Flows

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

Risks Related as a Going Concern

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

Reliance on Key Personnel and Advisors

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

GENARCA HOLDINGS LTD.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR PERIOD ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

RISK FACTORS**Market Risk for Securities**

We are a reporting issuer company whose common shares are not listed for trading on a stock exchange. There can be no assurance that an active trading market for our common shares will be established and sustained. Upon a listing, the market price for our common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of our securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uninsured or Uninsurable Risk

We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk

Certain of our directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us.

GENARCA HOLDINGS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR PERIOD ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

No Established Market for Shares Risk

There is currently no established trading market through which common shares in our authorized capital may be sold. Even if a trading market develops, there can be no assurance that such market will continue in the future. You may lose your entire investment.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the trading price of our Common Shares on the Exchange.

Dividend Risk

We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility Risk

It is anticipated that our common shares will be listed for trading on the Exchange. As such, external factors outside of our control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward the medical marijuana sector stocks may have a significant impact on the market price of our common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “B”

IANTHUS CAPITAL MANAGEMENT, LLC
AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2015 AND 2014
AND UNAUDITED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016

iAnthus Capital Management, LLC

FINANCIAL STATEMENTS

Year Ended December 31, 2015

and

Period From Inception on September 18, 2014 to December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Members of
iAnthus Capital Management, LLC

We have audited the accompanying financial statements of iAnthus Capital Management, LLC, (a Delaware limited liability company), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of comprehensive loss, changes in members' equity (deficit) and cash flows for the year ended December 31, 2015 and the period from inception on September 18, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

To the Members of
iAnthus Capital Management, LLC

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of iAnthus Capital Management, LLC as at December 31, 2015 and 2014 and of its financial performance and its cash flows for the year ended December 31, 2015 and the period from inception on September 18, 2014 to December 31, 2014, in accordance with International Financial Reporting Standards.

Sheehan & Company CPA, P.C.

Brightwaters, New York
August 12, 2016

iAnthus Capital Management, LLC
Statements of Financial Position
Expressed in U.S. Dollars

	Notes	December 31, 2015	December 31, 2014
<u>ASSETS</u>			
Current			
Cash		\$ 211,717	\$ -
Prepaid expenses		29,206	10,000
Due from related parties	6	206,313	-
Interest receivable		4,072	-
Reimbursements receivable from related party	6	23,615	-
Promissory note receivable	8	39,507	-
Total current assets		514,430	10,000
Non-current			
Management fee receivable		24,345	-
Promissory note receivable	8	220,493	-
Investment at fair value	5	99,969	-
Total non-current assets		344,807	-
TOTAL ASSETS		\$ 859,237	\$ 10,000
<u>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</u>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 311,594	\$ 260,702
Due to related party	6	132,930	218,066
Total current liabilities		444,524	478,768
Total non-current liabilities		-	-
TOTAL LIABILITIES		444,524	478,768
<u>MEMBERS' EQUITY (DEFICIT)</u>			
Members' equity (deficit)	3,7,10	414,713	(468,768)
TOTAL MEMBERS' EQUITY (DEFICIT)		414,713	(468,768)
TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		\$ 859,237	\$ 10,000

The accompanying notes are an integral part of these financial statements

iAnthus Capital Management, LLC
Statements of Comprehensive Loss
Expressed in U.S. Dollars

				For the period from inception on September 18, 2014 to December 31, 2014*
	Notes	Year ended December 31, 2015		
Operations				
Management fee income	6	\$ 24,345	\$	-
Reimbursed expenses	6	23,615		-
Interest income		21,221		-
Total operating income		69,181		-
Operating expenses				
Accounting fees		76,340		1,805
Administrative management fee	6	190,000		-
Bank charges		4,874		266
Charitable contributions		7,500		-
Commissions and fees		360		-
Computer and internet expenses		1,303		80
Conferences		7,513		-
Consulting fees		84,703		47,566
Dues and subscriptions		1,758		52
Equity based compensation expense	10	164,306		-
Fees		4,891		20,648
Insurance		1,452		439
Legal and professional fees		422,872		178,182
Office expense		5,534		1,210
Payroll and related fringes	6	245,563		66,530
Promotional		22,500		-
Rent	6	67,152		13,668
Shipping and delivery expense		1,125		1,281
Taxes and licenses		25		-
Travel, meals and entertainment		75,158		59,511
Total operating expenses		1,384,929		391,238
Total loss and comprehensive loss for the period		\$ (1,315,748)	\$	(391,238)
Loss per unit - basic and diluted	3	\$ (0.11)	\$	(0.04)
Weighted average number of units outstanding - basic and diluted		11,937,550		10,000,000

*Certain amounts were revised to conform with current period's presentation.

The accompanying notes are an integral part of these financial statements

iAnthus Capital Management, LLC
Statements of Changes in Members' Equity (Deficit)
Expressed in U.S. Dollars

**For the year ended December 31, 2015 and
the period from inception on September 18, 2014 to December 31, 2014**

	Notes	Units Issued	Members' Equity (Deficit)
Balance, September 18, 2014			\$ -
Class A units issued to founders	7	10,000,000	-
Syndication costs related to equity offerings	3,7		(77,530)
Net loss for the period ended December 31, 2014			(391,238)
Members' equity (deficit), January 1, 2015		10,000,000	(468,768)
Class A units issued for cash	7	2,244,515	2,254,515
Syndication costs related to equity offerings	3,7		(219,592)
Noncash equity based compensation expense	10		164,306
Net loss			(1,315,748)
Distributions			-
Members' equity, December 31, 2015		12,244,515	\$ 414,713

The accompanying notes are an integral part of these financial statements

iAnthus Capital Management, LLC
Statements of Cash Flows
Expressed in U.S. Dollars

	Year ended December 31, 2015	For the period from Inception on September 18, 2014 to December 31, 2014
Operating activities		
Loss for the period	\$ (1,315,748)	\$ (391,238)
Adjustments for:		
Noncash equity based compensation expense	164,306	-
Changes in non-cash working capital items:		
Prepaid expenses	(19,206)	(10,000)
Interest receivable	(4,041)	-
Management fee and reimbursements receivable	(47,960)	-
Accounts payable and accrued liabilities	50,892	260,702
Net cash flows used in operating activities	(1,171,757)	(140,536)
Investing activities		
Issuances of promissory notes receivable	(360,000)	-
Net cash flows used in investing activities	(360,000)	-
Financing activities		
Capital contributions	2,254,515	-
Equity financing costs	(219,592)	(77,530)
Net proceeds (repayments) to/from related parties	(291,449)	218,066
Net cash flows from financing activities	1,743,474	140,536
Change in cash during the period	211,717	-
Cash, beginning of period	-	-
Cash, end of period	\$ 211,717	\$ -

Supplemental disclosure with respect to cash flows

Noncash financing activities:		
Conversion of promissory note to equity	\$ 99,969	\$ -

The accompanying notes are an integral part of these financial statements

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information:

iAnthus Capital Management, LLC (the Company), a Delaware limited liability company, was formed on September 18, 2014 to deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. Through December 31, 2015, its operations related to the organization of the entity, its preparation for the commencement of revenue producing activities and its investment of certain proceeds received from new members.

The address of the Company's corporate office and principal place of business is 420 Lexington Avenue, New York, New York in the United States of America.

2. Basis of presentation:

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board which is a basis of accounting other than United States Generally Accepted Accounting Principles (GAAP).

The December 31, 2015 and period from inception September 18, 2014 to December 31, 2014 financial statements were authorized for issue on August 12, 2016 by the members of the Company.

b) Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in U.S. dollars, which is also the Company's functional currency.

3. Significant accounting policies:

a) Cash and cash equivalents

Cash and cash equivalents consist of actual cash as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

b) Management fee and reimbursements receivable

Receivables are measured at amortized cost net of allowance for uncollectible amounts. The Company determines its allowance based on a number of factors, including length of time an account is past due, the client's previous loss history, and the ability of the client to pay its obligation to the Company. The Company writes off receivables when they become uncollectible. As of December 31, 2015, there were no uncollectible amounts.

c) Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 8.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Company's investment in 4Front Ventures, Inc. that is not traded in an active market is classified as an AFS financial asset and stated at fair value at the end of each reporting period. Fair value is determined in the manner described in Note 8. Changes in the fair value of AFS financial assets are recognized in other comprehensive income.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

c) Financial assets (continued):

When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

d) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid.

e) Provisions

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

f) Income taxes

The Company is treated as a partnership for federal and state income tax purposes and, accordingly, is not subject to a company-level tax. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement. Therefore, no provision or liability for federal or state corporate income taxes has been included in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction, in various states and local jurisdictions. The Company is subject to U.S. federal, state and local income tax examinations by taxing authorities.

g) Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable in the period earned. Reported revenue is stated net of trade allowances and rebates. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

g) Revenue recognition (continued)

Revenue for the year ended December 31, 2015 consists of management fees, reimbursed out-of-pocket expenses and interest due to the Company under a promissory and loan receivable. There was no revenue for the period ended December 31, 2014.

h) Members' equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common units are classified as equity instruments.

Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

Basic and diluted loss per unit

The calculation of basic and diluted loss per unit for the period ended December 31, 2014 is calculated by dividing the loss attributable to the members of \$391,238 and the weighted average number of Class A units outstanding of 10,000,000.

The calculation of basic and diluted loss per unit for the year ended December 31, 2015 is calculated by dividing the loss attributable to the members of \$1,315,748 and the weighted average number of Class A units outstanding of 11,937,550.

Earnings Per Unit

Basic earnings per unit are calculated by dividing income available to unit holders by the weighted-average number of units outstanding during each period. Diluted earnings per unit ("diluted EPU") is calculated using income available to unit holders divided by diluted weighted-average units outstanding during each period. Potentially dilutive units include Class A units underlying vested and non-vested equity awards (collectively "equity awards"). Diluted EPU considers the impact of potentially dilutive units except in periods in which there is a loss because the inclusion of the

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

h) Members' equity (continued)

Earnings Per Unit (continued)

potential units would have an anti-dilutive effect. Equity awards are excluded from the calculation of diluted EPU in the event they are subject to performance conditions, are anti-dilutive, or do not result in the issuance of ordinary units for less than the average market price.

	From the period of Inception on September 18, 2014 to	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Net loss	\$ (1,315,748)	\$ (391,238)
Units:		
Weighted average number of units outstanding	11,937,550	10,000,000
Dilutive equity awards	-	-
Diluted weighted average number of units outstanding	11,937,550	10,000,000
Basic earnings per unit	(0.11)	(0.04)
Diluted earnings per unit	(0.11)	(0.04)

i) Standards, amendments and interpretations not yet effective

The following new standards have been issued by the IASB but are not yet effective:

IFRS 7 Financial Statements: Disclosures

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application to this IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

i) Standards, amendments and interpretations not yet effective (continued):

IFRS 9 Financial Instruments (continued)

business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 10 Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

IFRS 11 Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will apply to most revenue contracts and how to recognize revenue under these contracts. IFRS 15 changes the criteria for determining whether revenue is recognized at a point in time or over time. The standard provides more guidance in areas where current IFRSs are lacking such as multiple element arrangements, variable pricing, rights of return, warranties and licensing. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

i) Standards, amendments and interpretations not yet effective (continued):

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not currently have any leases that would be affected by the new standard; however, the Company is in the process of evaluating how the new standard will affect future transactions.

4. Critical accounting judgments and estimates:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these estimates and assumptions.

Judgments

Given the limited scope of the Company's operations through December 31, 2015, there have been no critical judgments in applying accounting policies that have any significant risk of causing material adjustment to the carrying amounts of the assets and liabilities recognized in the financial statements through that date.

Estimates

The effect of change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting judgments and estimates (continued):

Estimates (continued)

The most significant estimate relates to the recoverability of the promissory notes. On November 19, 2015 the Company notified 4Front Ventures, Inc, that the convertible promissory note to 4Front Ventures, Inc. will be converted to equity on January 8, 2016. The convertible promissory note was converted to equity on December 22, 2015. Management believes that the additional promissory note to FWR, Inc. (FWR) is fully collectible at December 31, 2015.

5. Investment at fair value

The Company holds 627 units of Series B preferred stock of 4Front Ventures, Inc. which is classified as a Level 3 investment. The reconciliation of the Level 3 investment for the year ended December 31, 2015 is as follows:

Balance at January 1, 2015	\$ -
Units acquired via	
conversion of promissory note	<u>99,969</u>
Balance at December 31, 2015	<u>\$99,969</u>

6. Related party transactions:

Related party balances

The following amounts are due to related parties:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Due to Last Dance Ventures, LLC, owned by Managers, Hadley Ford and Randy Maslow	\$132,930	\$205,931
Due to Griscom Advisors LLC, owned by Manager, Hadley Ford	-	<u>12,135</u>
Total	<u>\$132,930</u>	<u>\$218,066</u>

These amounts are unsecured, non-interest bearing, have no fixed terms of repayment and are due on demand.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

6. Related party transactions (continued):

Related party balances (continued)

At December 31, 2015, the Company advanced \$203,595 to Mayflower Medicinal, a non-profit entity controlled by Company Management, for payment of Massachusetts license application fees and expenses. The advances bear interest at 2% per annum and accrued interest receivable amounted to \$1,043 and \$-0- at December 31, 2015 and 2014, respectively. This amount is expected to be repaid within twelve months and accordingly has been classified as current.

The Company utilizes the services and office space of an affiliate owned by two members. Such services are allocated based upon management's estimate and are as follows:

	<u>Year Ended December 31, 2015</u>	<u>Period from Inception on September 18, 2014 to December 31, 2014</u>
Payroll and related fringes	\$245,563	\$66,530
Rental costs	\$ 67,152	\$13,668

On June 23, 2015, the Company entered into an agreement to provide management services to FWR, a related party through a family relationship with one of the officer's, Hadley Ford. The management fees which are based on ten percent (10%) of the fiscal year Gross Revenue of FWR and an additional one percent (1%) of the fiscal year gross revenues for each fifty thousand dollars (\$50,000) by which the aggregate amount drawn by the FWR under the loan (see Note 8) exceeds five hundred thousand dollars (\$500,000), commenced on July 1, 2015. Management fee income amounted to \$24,345 for the year ended December 31, 2015. There was no management fee income for the period ended December 31, 2014.

The agreement also provides for the reimbursement, by FWR of certain expenses incurred by the Company on behalf of FWR which amounted to \$23,615 for the year ended December 31, 2015. The Company did not incur any expenses on behalf of FWR that were reimbursable to the Company under the agreement for the period ended December 31, 2014.

On October 1, 2015, amended December 1, 2015, the Company entered into an administrative services agreement with Last Dance Ventures, LLC (LDV), a related party owned by managers Hadley Ford and Randy Maslow. LDV will provide full time equivalent staff to perform certain accounting, business development, recordkeeping, tax

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

6. Related party transactions (continued):

Related party balances (continued)

filing and other operating functions. The agreement provides for a monthly fee. Through December 31, 2015, the Company incurred administrative management fees of \$190,000.

The Company has incurred, during 2015, approximately \$3,500 of miscellaneous expenses on behalf of related parties which participated in the raising of capital for the benefit of the Company.

Key management compensation

Key management includes the directors and the Vice President of Finance.

Compensation paid or payable to key management for services provided during the year ended December 31, 2015 and the period between September 18, 2014 through December 31, 2014 was as follows:

	<u>December 31, 2015</u>	<u>From the period of Inception on September 18, 2014 to December 31, 2014</u>
Management compensation	\$109,184	\$45,360

7. Members' equity (deficit):

On January 22, 2015, the Company amended and restated the limited liability company agreement. The capitalization of the Company was amended to be represented by issued and outstanding units, which may be divided into one or more types, classes or series, with each type of class or series having rights and privileges, including voting rights, if any, as set forth in the agreement. The agreement provides for the issuance of up to 100,000,000 Class A units and 2,500,000 Class B units. During the year ended December 31, 2015, the Company has received additional capital contributions from new members' and issued 2,244,515 Class A units yielding proceeds amounting to \$2,254,515 less offering costs of \$219,592. At December 31, 2015, there were 12,244,515 issued and fully paid Class A units.

During 2014, the Company issued 10,000,000 Class A units to its founders and incurred \$77,530 in syndication costs related to the issuance of equity, which was offset by the proceeds received from the issuance in January 2015.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management:

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Managing Members have overall responsibility for the determination of the Company's risk management objectives and policies. The overall objectives of the Managing Members are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's borrowings are non-interest bearing. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash and promissory notes receivable. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

c) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

a) Liquidity and funding risk (continued)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2015:

	<u>Within one Year</u>	<u>Between one and five years</u>	<u>More than five years</u>
Accounts payables and accrued liabilities	\$311,594	\$ -	\$ -
Due to related party	\$132,930	\$ -	\$ -

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2014:

	<u>Within one Year</u>	<u>Between one and five years</u>	<u>More than five years</u>
Accounts payables and accrued liabilities	\$260,702	\$ -	\$ -
Due to related party	\$218,066	\$ -	\$ -

Fair Value

Cash, receivables, due to/from related parties and accounts payable and accrued liabilities, approximate their fair values because of the short-term maturities of these financial instruments. The fair values of the promissory notes approximate their carrying values.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 in a hierarchy that is based on the degree to which the fair value is observable. The levels in the hierarchy are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Fair Value (continued)

Investment valuation: On November 19, 2015, the Company was notified by 4Front Ventures, Inc. that a "type 1 funding event" was entered into and on December 22, 2015, the Company exercised its conversion option to convert the principal balance of the note into units of the corporation's Series B preferred stock. The investment in 4Front Ventures, Inc. is carried at fair value as determined by the management of 4Front Ventures, Inc. at the date of the conversion.

There were no changes in valuation techniques during the periods.

Financial assets

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Losses and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables are comprised of cash.

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Impairment of financial assets (continued)

financial asset or the group of financial assets. No impairment losses have been required through December 31, 2015.

Promissory notes

On April 20, 2015, the Company issued a convertible promissory note in the amount of \$100,000 to 4Front Ventures, Inc. The principal amount and any unpaid accrued interest was payable upon the maturity date of February 27, 2018. The note bore interest at a rate of 5% payable annually on the first day of each calendar year with the balance due payable on the maturity date. The Company had the right, but not the obligation, to convert the entire unpaid principal into Series B preferred stock, but not the accrued interest (i) in the event of a type 1 funding event and/or a type 2 funding event, as defined or (ii) if this note has not been previously converted into Series B preferred stock or paid in full on February 27, 2018.

On November 19, 2015, the Company was notified by 4Front Ventures, Inc. that a "type 1 funding event" was entered into. On December 22, 2015, the Company exercised its conversion option to convert the principal balance of the note into units of the 4 Front Ventures, Inc.'s Series B preferred stock. The \$100,000 principal was converted to 627 units of Series B preferred stock for approximately \$159 per unit.

Additionally, on June 23, 2015, the Company issued a secured promissory note for an amount not to exceed \$915,000 to FWR. The total amount advanced under the promissory note as of December 31, 2015 amounted to \$260,000. The note bears interest at a rate of 20%, compounded monthly and payable monthly beginning on July 15, 2015.

Principal payments for the \$260,000 of the note begin on July 15, 2016 and end on June 15, 2020.

In January 2016, February 2016, March 2016, April 2016 and May 2016, the Company advanced an additional \$40,000, \$30,000, \$30,000, \$30,000 and \$30,000, respectively, under the promissory note.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

9. Capital management:

The Company monitors its cash, common units and debt obligations as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

10. Equity compensation plan:

In November 2015, the Company established the iAnthus Capital Management, LLC 2015 Equity Compensation Plan (the Plan). The Plan authorized the issuance of 2,000,000 Class A units. Options granted generally vest over one and a half to two years, and typically have a life of ten years. The option price under the Plan is determined in the sole discretion of the Committee, but in no case will it be less than 100% of the fair market value of a unit on the grant date. The purpose of the Plan is to allow selected employees and officers of and consultants to the Company and certain of its affiliates to acquire or increase equity ownership in the Company, thereby strengthening their commitment to the success of the Company and stimulating their efforts on behalf of the Company, as well as to promote the long-term retention of the Company's key employees and certain other persons who are in a position to make significant contributions to the success of the Company.

Through December 31, 2015, the Company has issued 387,500 Class A units with a fair value of \$382,107. The fair value of these units was determined using the Black-Scholes Pricing Model. The significant assumptions utilized by the Company in the Valuation of these options were as follows:

Market Price: \$1.00

Exercise Price: \$1.00

Volatility: 154.54%

Expected Term: 10 Years

Annual Rate of Quarterly Dividends: 0.00%

Discount Rate - Bond Equivalent Rate: 0.88%

Expected volatility is estimated based upon historical data from comparable companies commensurate with the expected term. No options were forfeited, expired or were exercised during the fiscal year ended December 31, 2015. Options to purchase 166,625 Class A units were exercisable as of December 31, 2015.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

10. Equity compensation plan (continued):

The Company obtained a third party valuation which concluded that as the new financing was expected to close shortly after the valuation date and as this was an arms-length transaction, the price derived from that transaction could be relied upon in calculating the fair value of the Company's Class A units.

The related compensation expense for the year ended December 31, 2015 was \$164,306.

11. Risk and uncertainties:

The Company operates in the rapidly growing U. S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products do not pass or are reversed in the near term.

12. Subsequent events:

Share Exchange Agreement

The Company on March 11, 2016 entered into a Share Exchange Agreement (SEA) with Genarca Holdings Ltd. (Genarca) and various other parties that will result in the acquisition of all of the membership interests of the Company by Genarca. Genarca then will be renamed iAnthus Capital Holdings Inc. after the close of the transaction which constitutes a reverse asset acquisition. It is contemplated as part of the transaction that Genarca and ultimately the Company will be listed on the Canadian Securities Exchange.

Capital Contributions

The Company raised additional capital subsequent to December 31, 2015 in the amount of \$5,356,000 through the issuance of 4,294,800 Class A units. At August 12, 2016, there were 6,338,065 issued and fully paid Class A units yielding proceeds amounting to \$7,198,015 less offering costs of approximately \$345,730. Not reflected in the 6,338,065 shares issued is the 10,000,000 Class A units issued to the founders at no cost.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

12. Subsequent events (continued):

Capital Contributions (continued)

Pursuant to an agreement between the Company and iAnthus Formation Corp., during May 2016, the Company repurchased 201,250 of founders units originally granted to iAnthus Formation Corp. at no cost, for an agreed upon price of \$15.

Related Party Transactions

The Company loaned Reynold, Greenleaf and Associates LLC a related party through a family relationship with one of the officer's, Hadley Ford, \$50,000 on January 21, 2016 and entered into an allonge for another \$350,000 on March 10, 2016, \$20,000 on April 7, 2016, \$80,000 on April 23, 2016, \$420,000 on May 24, 2016 and \$400,000 on July 1, 2016.

These loans bear an interest rate of 20% and are payable at the maturity date, which is the earlier of (a) closing of an investment in the Maker by the Note holder or its affiliate in excess of \$1,000,000 or (b) the one year anniversary of the date of the loan (January 21, 2017).

Subsequent to December 31, 2015, the Company advanced under a secured promissory note, an additional \$789,708 to Mayflower Medicinal, a non-profit entity controlled by Company management, for the payment of Massachusetts license application fees and expenses.

The secured promissory note is for an amount not to exceed \$1,300,000. The total amount advanced under the promissory note as of July 1, 2016 amounted to \$993,422. The note bears interest at a rate of 16%, compounded daily and payable on a quarterly basis, starting one year after Mayflower Medicinal commences sales of licensed products to patients (the First Payment Date). The maturity date is seven (7) years after the First Payment Date.

Convertible Promissory Notes

In February 2016, iAnthus Investor, LLC (iAnthus Investor) a U.S. investment vehicle for the Company issued two unsecured convertible promissory notes (the Notes) for a total principal amount of \$1,300,000. \$500,000 of that amount has been loaned to the Company on the same terms as the Notes and \$800,000 is being held in escrow by iAnthus Investor subject to a public filing of the Company and other certain milestones. The Notes are convertible at conversion prices ranging from \$1.00 to \$1.65 per unit

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

12. Subsequent events (continued):

Convertible Promissory Notes (continued)

contingent on certain Company milestones being met, bear interest at 8.0% per annum and have maturities of one to three years. The Notes do not have redemption, retraction, purchase for cancellation, surrender, or sinking or purchase fund provisions.

In conjunction with issuance of the Notes, iAnthus Investor has issued 275,758 three-year warrants (consisting of 106,061 warrants currently issued and 169,697 warrants held in escrow subject to a public filing of the Company and other certain milestones.) Each warrant gives the holder the right to purchase one Class A unit of the Company for an exercise price of \$1.75.

Equity Compensation Plan

From January 2016 through May 2016, the Company has issued an additional 975,000 Class A units at a market and exercise price of \$1.25 with a fair value of \$1,201,725 as determined by using the Black-Scholes Pricing Model.

13. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current period.

Comparative amounts in the statement of comprehensive loss were reclassified to conform to the presentation adopted in the current period, which resulted in \$1,805 being reclassified from 'consulting fees' to 'accounting fees'.

iAnthus Capital Management, LLC

INTERIM FINANCIAL STATEMENTS

**For the Three Months Ended March 31, 2016
And March 31, 2015
(Unaudited)**

iAnthus Capital Management, LLC
Statements of Financial Position
Expressed in U.S. Dollars

		March 31, 2016	December 31, 2015
	Notes	Unaudited	Audited
<u>ASSETS</u>			
Current			
Cash		\$ 442,877	\$ 211,717
Prepaid expenses		38,647	29,206
Due from related parties	6	455,890	206,313
Interest receivable		6,147	4,072
Reimbursements receivable from related party	6	23,576	23,615
Promissory note receivable	8	457,889	39,507
Total current assets		1,425,026	514,430
Non-current			
Management fee receivable	6	36,652	24,345
Promissory note receivable	8	302,111	220,493
Investment at fair value	5	99,969	99,969
Total non-current assets		438,732	344,807
TOTAL ASSETS		\$ 1,863,758	\$ 859,237
<u>LIABILITIES AND MEMBERS' EQUITY</u>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 483,333	\$ 311,594
Accrued interest payable		5,479	-
Due to related party	6	203,575	132,930
Total current liabilities		692,387	444,524
Non-current liabilities			
Convertible promissory note	8	413,450	-
Total non-current liabilities		413,450	-
TOTAL LIABILITIES		1,105,837	444,524
<u>MEMBERS' EQUITY</u>			
Members' equity	3,7,10	757,921	414,713
TOTAL MEMBERS' EQUITY		757,921	414,713
TOTAL LIABILITIES AND MEMBERS' EQUITY		\$ 1,863,758	\$ 859,237

The accompanying notes are an integral part of these financial statements

iAnthus Capital Management, LLC
Statements of Comprehensive Loss
Expressed in U.S. Dollars

	Notes	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Operations			
Management fee income	6	\$ 12,308	\$ -
Reimbursed expenses	6	10,662	-
Interest income		22,576	417
Total operating income		45,546	417
Operating expenses			
Accounting fees		27,640	5,277
Administrative management fee	6	210,000	-
Bank charges		1,386	306
Charitable contributions		-	2,000
Computer and internet expenses		312	-
Conferences		3,937	1,947
Consulting fees		33,367	3,215
Dues and subscriptions		529	-
Equity based compensation expense	10	90,844	-
Fees		750	743
Insurance		22,559	462
Interest		5,479	-
Legal and professional fees		112,575	29,159
Office expense		3,471	1,568
Payroll and related fringes	6	-	53,655
Promotional		17,500	5,000
Rent	6	25,645	12,775
Shipping and delivery expense		1,997	204
Taxes and licenses		25	25
Travel, meals and entertainment		23,115	10,106
Total operating expenses		581,131	126,442
Total loss and comprehensive loss for the period		\$ (535,585)	\$ (126,025)
Loss per unit - basic and diluted	3	\$ (0.04)	\$ (0.01)
Weighted average number of units outstanding - basic and diluted		12,636,119	11,454,178

The accompanying notes are an integral part of these financial statements

iAnthus Capital Management, LLC
Statements of Changes in Members' Equity
Expressed in U.S. Dollars

For the three months ended March 31, 2016 and March 31, 2015

	Notes	Units Issued	Members' Equity
Members' equity (deficit), January 1, 2015		10,000,000	\$ (468,768)
Class A units issued for cash	7	1,930,015	1,930,015
Syndication costs related to equity offerings	3,7		(177,646)
Net loss for the three months ended March 31, 2015			(126,025)
Members' equity, March 31, 2015		11,930,015	\$ 1,157,576
Members' equity, January 1, 2016		12,244,515	414,713
Class A units issued for cash	7	604,000	742,500
Syndication costs related to equity offerings	3,7		(41,101)
Noncash equity based compensation expense	10		90,844
Warrants issued	8		86,550
Net loss for the three months ended March 31, 2016			(535,585)
Members' equity, March 31, 2016		12,848,515	\$ 757,921

The accompanying notes are an integral part of these financial statements

iAnthus Capital Management, LLC
Statements of Cash Flows
Expressed in U.S. Dollars

	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Operating activities		
Loss for the period	\$ (535,585)	\$ (126,025)
Adjustments for:		
Noncash equity based compensation expense	90,844	-
Changes in non-cash working capital items:		
Prepaid expenses	(9,441)	-
Interest receivable	(2,075)	(417)
Reimbursements receivable from related party	39	-
Management fee receivable	(12,307)	-
Accounts payable and accrued liabilities	171,739	(98,437)
Accrued interest payable	5,479	-
Net cash flows used in operating activities	(291,307)	(224,879)
Investing activities		
Issuances of promissory notes receivable	(500,000)	(140,000)
Net cash flows used in investing activities	(500,000)	(140,000)
Financing activities		
Capital contributions	742,500	1,930,015
Equity financing costs	(41,101)	(177,646)
Borrowings	413,450	-
Warrants issued	86,550	-
Net proceeds (repayments) to/from related parties	(178,932)	(67,189)
Net cash flows from financing activities	1,022,467	1,685,180
Change in cash during the period	231,160	1,320,301
Cash, beginning of period	211,717	-
Cash, end of period	\$ 442,877	\$ 1,320,301

The accompanying notes are an integral part of these financial statements

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Organization and nature of business:

iAnthus Capital Management, LLC (the Company), a Delaware limited liability company, was formed on September 18, 2014 to deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. Through March 31, 2016, its operations related to the organization of the entity, its preparation for the commencement of revenue producing activities and its investment of certain proceeds received from new members.

The address of the Company's executive office and principal place of business is 420 Lexington Avenue, New York, New York in the United States of America.

2. Basis of preparation:

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 annual financial statements.

The Company has applied the same accounting policies and methods of computation in its interim financial statements as in its 2015 annual financial statements, except for those that relate to new standards and interpretations effective for the first time of period beginning on or after January 1, 2016 and will be adopted in the 2016 annual financial statements.

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in U.S. dollars, which is also the Company's functional currency.

These interim financial statements were authorized for issue on August 12, 2016 by the members of the Company.

3. Significant accounting policies:

a) Cash and cash equivalents

Cash and cash equivalents consist of actual cash as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

b) Management fee and reimbursements receivable

Receivables are measured at amortized cost net of allowance for uncollectible amounts. The Company determines its allowance based on a number of factors, including length of time an account is past due, the client's previous loss history, and the ability of the client to pay its obligation to the Company. The Company writes off receivables when they become uncollectible. As of March 31, 2016 and December 31, 2015, there were no uncollectible amounts.

c) Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. Fair value is determined in the manner described in Note 8.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Company's investment in 4Front Ventures, Inc. that is not traded in an active market is classified as an AFS financial asset and stated at fair value at the end of each reporting period. Fair value is determined in the manner

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

c) Financial assets (continued)

described in Note 8. Changes in the fair value of AFS financial assets are recognized in other comprehensive income.

When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

d) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the period, which are unpaid.

e) Provisions

Provisions are recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

f) Income taxes

The Company is treated as a partnership for federal and state income tax purposes and, accordingly, is not subject to a company-level tax. Taxable income or losses are allocated to the members in accordance with the limited liability company operating agreement. Therefore, no provision or liability for federal or state corporate income taxes has been included in the financial statements.

The Company files income tax returns in the U.S. federal jurisdiction, in various states and local jurisdictions. The Company is subject to U.S. federal, state and local income tax examinations by taxing authorities.

g) Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable in the period earned. Reported revenue is stated net of trade allowances and rebates. The Company recognizes revenue when the amount of revenue can be reliably measured,

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

g) Revenue recognition (continued)

it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities.

Revenue for the three months ended March 31, 2016 consists of management fees, reimbursed out-of-pocket expenses and interest due to the Company under a promissory note receivable. Revenue for the three months ended March 31, 2015 consists of interest due to the Company under a promissory note receivable.

h) Members' equity

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common units and warrants are classified as equity instruments.

Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

Basic and diluted loss per unit

The calculation of basic and diluted loss per unit for the three months ended March 31, 2016 is calculated by dividing the loss attributable to the members of \$535,585 and the weighted average number of Class A basic and diluted units outstanding of 12,636,119.

The calculation of basic and diluted loss per unit for the three months ended March 31, 2015, is calculated by dividing the loss attributable to the members of \$126,025 and the weighted average number of Class A units outstanding of 11,454,178.

Earnings per unit

Basic earnings per unit are calculated by dividing income available to unit holders by the weighted-average number of units outstanding during each period. Diluted earnings per unit (diluted EPU) is calculated using income available to unit holders

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

Earnings per unit (continued)

h) Members' equity (continued)

divided by diluted weighted-average units outstanding during each period. Potentially dilutive units include Class A units underlying vested and non-vested equity awards (collectively "equity awards"). Diluted EPU considers the impact of potentially dilutive units except in periods in which there is a loss because the inclusion of the potential units would have an anti-dilutive effect. Equity awards are excluded from the calculation of diluted EPU in the event they are subject to performance conditions, are anti-dilutive, or do not result in the issuance of ordinary units for less than the average market price.

The calculation of basic and diluted loss per unit for the three months ended March 31, 2016 and March 31, 2015 is as follows:

	Three Months Ended	
	March 31, 2016	March 31, 2015
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Net loss	\$ (535,585)	\$ (126,025)
Units:		
Weighted average number of units outstanding	12,636,119	11,454,178
Dilutive equity awards	-	-
Diluted weighted average number of units outstanding	12,636,119	11,454,178
Basic earnings per unit	(0.04)	(0.01)
Diluted earnings per unit	(0.04)	(0.01)

i) Standards, amendments and interpretations not yet effective

The following new standards have been issued by the IASB but are not yet effective:

IFRS 7 Financial Statements: Disclosures

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application to this IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

i) Standards, amendments and interpretations not yet effective (continued):

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: Amortized Cost and Fair Value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 10 Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

IFRS 11 Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

i) Standards, amendments and interpretations not yet effective (continued):

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will apply to most revenue contracts and how to recognize revenue under these contracts. IFRS 15 changes the criteria for determining whether revenue is recognized at a point in time or over time. The standard provides more guidance in areas where current IFRSs are lacking such as multiple element arrangements, variable pricing, rights of return, warranties and licensing. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not currently have any leases that would be affected by the new standard; however, the Company is in the process of evaluating how the new standard will affect future transactions.

4. Critical accounting judgments and estimates:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Given the limited scope of the Company's operations through March 31, 2016, there have been no critical judgments in applying accounting policies that have any significant risk of causing material adjustment to the carrying amounts of the assets and liabilities recognized in the financial statements through that date.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting judgments and estimates (continued):

Estimates

The effect of change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change effects that year only, or in the year of the change and future years, if the change affects both.

The most significant estimate relates to recoverability of the promissory notes, fair value measurement of Level 3 investments and estimating fair value for equity based compensation. The Company believes that the promissory note to FWR, Inc. (FWR) and Reynold, Greenleaf and Associates, LLC is fully collectible at March 31, 2016. The key assumptions used to determine the fair value of the investment and equity based compensation are provided in Note 8 and 10, respectively.

5. Investment at fair value

As of March 31, 2016 and December 31, 2015, the Company holds 627 units of Series B preferred stock of 4Front Ventures, Inc. which is classified as a Level 3 investment. These units were acquired via conversion of promissory note on December 22, 2015 (see Note 8). The reconciliation of Level 3 investment for the three months ended March 31, 2016 and the year ended December 31, 2015 is as follows:

	Three months Ended March 31, 2016 <u>(Unaudited)</u>	Year Ended December 31, 2015 <u>(Audited)</u>
Opening balance	\$99,969	\$ -
Units acquired via conversion of promissory note	-	99,969
Change in fair value	-	-
Closing balance	<u>\$99,969</u>	<u>\$99,969</u>

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

6. Related party transactions:

Related party balances

The following amounts are due from (to) related parties:

	<u>March 31, 2016</u> <u>(Unaudited)</u>	<u>December 31, 2015</u> <u>(Audited)</u>
Due from Mayflower Medicinal, a non-profit entity Controlled by Company Management	\$454,214	\$204,637
Due from Griscom Advisors LLC, owned by Manager Hadley Ford	<u>1,676</u>	<u>1,676</u>
Total due from related parties	<u>\$455,890</u>	<u>\$206,313</u>
Due to Last Dance Ventures, LLC, owned by Managers, Hadley Ford and Randy Maslow	<u>\$203,575</u>	<u>\$132,930</u>

At December 31, 2015, the Company advanced \$203,595 and additional \$247,993 for the three months ended March 31, 2016, with an interest rate of 2% to Mayflower Medicinal, a not-for-profit entity controlled by Company Management, for payment of Massachusetts license application fees and expenses. Accrued interest was \$2,626 and \$1,043 at March 31, 2016 and December 31, 2015, respectively. This amount is expected to be repaid within twelve months and, accordingly, has been classified as current.

The Company utilizes the services and office space of an affiliate owned by two members. Such services are allocated based upon management's estimate and are as follows:

	<u>Three Months Ended</u> <u>March 31, 2016</u> <u>(Unaudited)</u>	<u>March 31, 2015</u> <u>(Unaudited)</u>
Payroll and related fringes	\$ -	\$53,655
Rental costs	\$ 25,645	\$12,775

On June 23, 2015, the Company entered into an agreement to provide management services to FWR, a related party through a family relationship with one of the officer's, Hadley Ford. The management fees which are based on ten percent (10%) of the fiscal year Gross Revenue of FWR and an additional one percent (1%) of the fiscal year gross revenues for each fifty thousand dollars (\$50,000) by which the aggregate amount drawn by the FWR under the loan (see Note 8) exceeds five hundred thousand dollars (\$500,000), commenced on July 1, 2015. Management fee income amounted to \$12,308

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

6. Related party transactions (continued):

Related party balances (continued)

for the three months ended March 31, 2016. There was no management fee income for the three months ended March 31, 2015.

The agreement also provides for the reimbursement, by FWR of certain expenses incurred by the Company on behalf of FWR which amounted to \$10,662 for the three months ended March 31, 2016. The Company did not incur any expenses on behalf of FWR that were reimbursable to the Company under the agreement for the three months ended March 31, 2015.

On October 1, 2015, amended December 1, 2015, the Company entered into an administrative services agreement with Last Dance Ventures, LLC (LDV), a related party owned by managers Hadley Ford and Randy Maslow. LDV will provide full time equivalent staff to perform certain accounting, business development, recordkeeping, tax filing and other operating functions. The agreement provides for a monthly fee. For the three months ended March 31, 2016, the Company incurred administrative management fees of \$210,000. There were no administrative management fees for the three months ended March 31, 2015.

Key management compensation

No compensation paid or payable to key management for the three months ended March 31, 2016. For the three months ended March 31, 2015, compensation paid totaled \$53,665.

7. Members' equity:

On January 22, 2015, the Company amended and restated the limited liability company agreement. The capitalization of the Company was amended to be represented by issued and outstanding units, which may be divided into one or more types, classes or series, with each type of class or series having rights and privileges, including voting rights, if any, as set forth in the agreement. The agreement provides for the issuance of up to 100,000,000 Class A units and 2,500,000 Class B units.

For the three months ended March 31, 2016, the Company raised additional capital through the issuance of 604,000 Class A units yielding proceeds amounting to \$742,500 less offering costs of \$41,101. As of March 31, 2016, there were 12,848,515 issued and fully paid Class A units.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

7. Members' equity (continued):

For the three months ended March 31, 2015, the Company issued 1,930,015 Class A units for \$1,930,015 less offering costs of \$177,646. As of March 31, 2015, there were 11,930,015 issued and fully paid Class A units.

8. Financial instruments and financial risk management:

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Managing Members have overall responsibility for the determination of the Company's risk management objectives and policies. The overall objectives of the Managing Members are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's borrowings are non-interest bearing. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash and promissory notes receivable. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal for all cash assets based on changes that are reasonably possible at each reporting date.

Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Liquidity and funding risk (continued)

holdings of cash. The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2016:

	<u>Within one Year</u>	<u>Between one and five years</u>	<u>More than five years</u>
Accounts payables and accrued liabilities	\$483,333	\$ -	\$ -
Due to related party	\$203,575	\$ -	\$ -

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at December 31, 2015:

	<u>Within one Year</u>	<u>Between one and five years</u>	<u>More than five years</u>
Accounts payables and accrued liabilities	\$311,594	\$ -	\$ -
Due to related party	\$132,930	\$ -	\$ -

Fair Value

Cash, receivables, due to/from related parties and accounts payable and accrued liabilities, approximate their fair values because of the short-term maturities of these financial instruments. The fair values of the promissory notes approximate their carrying values.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 in a hierarchy that is based on the degree to which the fair value is observable. The levels in the hierarchy are as follows:

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Fair Value (continued)

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment valuation: On November 19, 2015, the Company was notified by 4Front Ventures, Inc. that a "type 1 funding event" was entered into and on December 22, 2015, the Company exercised its conversion option to convert the principal balance of the note into units of the corporation's Series B preferred stock. The investment in 4Front Ventures, Inc. is carried at fair value as determined by the management of 4Front Ventures, Inc. at the date of the conversion.

There were no changes in valuation techniques during the periods.

Financial assets

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Losses and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Losses and receivables (continued)

Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company's loans and receivables are comprised of cash.

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. No impairment losses have been required for the three months ended March 31, 2016 and March 31, 2015.

Promissory notes

On April 20, 2015, the Company issued a convertible promissory note in the amount of \$100,000 to 4Front Ventures, Inc. The principal amount and any unpaid accrued interest was payable upon the maturity date of February 27, 2018. The note bore interest at a rate of 5% payable annually on the first day of each calendar year with the balance due payable on the maturity date. The Company had the right, but not the obligation, to convert the entire unpaid principal into Series B preferred stock, but not the accrued interest (i) in the event of a type 1 funding event and/or a type 2 funding event, as defined or (ii) if this note has not been previously converted into Series B preferred stock or paid in full on February 27, 2018. On November 19, 2015, the Company was notified by 4Front Ventures, Inc. that a "type 1 funding event" was entered into. On December 22, 2015, the Company exercised its conversion option to convert the principal balance of the note into units of 4Front Ventures, Inc. Series B preferred stock. The \$100,000 principal was converted to 627 units of Series B preferred stock for approximately \$159 per unit (see Note 5).

On June 23, 2015, the Company issued a secured promissory note for an amount not to exceed \$915,000 to FWR. The total amount advanced under the promissory note as of March 31, 2016 amounted to \$360,000. The note bore interest at a rate of 20%, compounded monthly and payable monthly beginning on July 15, 2015. Principal payments for the note begin on July 15, 2016 and end on June 15, 2020. During the

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Promissory notes (continued)

period from April 2016 through May 2016, the Company advanced an additional \$60,000 under the promissory note.

The Company loaned Reynold, Greenleaf and Associates LLC a related party through a family relationship with one of the officer's, Hadley Ford, \$50,000 on January 21, 2016 and entered into an allonge for another \$350,000 on March 10, 2016. During the period April 2016 through July 1, 2016, the Company entered into allonges aggregating \$920,000. These loans bear an interest rate of 20% and are payable at the maturity date, which is the earlier of (a) closing of an investment in the Maker by the Note holder or its affiliate in excess of \$1,000,000 or (b) the one year anniversary of the date of the loan (January 21, 2017).

Convertible Promissory Notes

In February 2016, iAnthus Investor, LLC (iAnthus Investor), a U.S. investment vehicle for the Company, issued two unsecured convertible promissory notes (the Notes) for a total principal amount of \$1,300,000. \$500,000 of that amount has been loaned to the Company on the same terms as the Notes and \$800,000 is being held in escrow by iAnthus Investor subject to a public filing of the Company and other certain milestones. The Notes are convertible at conversion prices ranging from \$1.00 to \$1.65 per unit contingent on certain Company milestones being met, bear interest at 8.0% per annum and have maturities of one to three years. The Notes do not have redemption, retraction, purchase for cancellation, surrender, or sinking or purchase fund provisions.

In conjunction with issuance of the Notes, iAnthus Investor has issued 275,758 three-year warrants (consisting of 106,061 warrants currently issued and 169,697 warrants held in escrow subject to a public filing of the Company and other certain milestones.) Each warrant gives the holder the right to purchase one Class A unit of the Company for an exercise price of \$1.75. As at March 31, 2016, the 106,061 warrants has a fair value of \$104,640 as determined by the Black-Scholes Pricing Model.

At March 31, 2016, the \$500,000 convertible note and 106,061 warrants are carried at \$413,450 and \$86,550, respectively, using the proportionate value allocation method. The convertible note is stated at a discount that will be accreted to interest expense using the effective interest method.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Convertible Promissory Notes (continued)

The Notes had a covenant requiring that as long as the Notes remain outstanding and less than 80% of the original principal amount of the Notes have been converted by the payee, the Company shall maintain a minimum cash balance of \$500,000. As of March 31, 2016, the Company was not in compliance with this covenant. However, the agreement provides for a period of 30 days from the receipt of a written notice to cure the issue. By April 29, 2016, the Company raised enough funds to maintain a cash balance that is in compliance with this covenant.

9. Capital management:

The Company monitors its cash, common units and debt obligations as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

10. Equity compensation plan:

In November 2015, the Company established the iAnthus Capital Management, LLC 2015 Equity Compensation Plan (the Plan). The Plan authorized the issuance of 2,000,000 Class A units. Options granted generally vest over one and a half to two years, and typically have a life of ten years. The option price under the Plan is determined in the sole discretion of the Committee, but in no case will it be less than 100% of the fair market value of a unit on the grant date. The purpose of the Plan is to allow selected employees and officers of and consultants to the Company and certain of its affiliates to acquire or increase equity ownership in the Company, thereby strengthening their commitment to the success of the Company and stimulating their efforts on behalf of the Company, as well as to promote the long-term retention of the Company's key employees and certain other persons who are in a position to make significant contributions to the success of the Company.

The following table shows the options issued through March 31, 2016, the fair value using the Black-Scholes Pricing Model and the significant assumptions utilized by the Company in the valuation of these options:

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

10. Equity compensation plan (continued):

	<u>November 2015</u>	<u>March 2016</u>
Number of options issued	387,500 units	165,000 units
Fair value	\$382,107	\$203,385
Market price	\$1.00	\$1.25
Exercise price	\$1.00	\$1.25
Volatility	154.54%	154.54%
Expected term	10 years	10 years
Annual rate of quarterly dividends	0.00%	0.00%
Discount rate - bond equivalent rate	0.88%	0.91%

Expected volatility is estimated based upon historical data from comparable companies commensurate with the expected term. No options were forfeited, expired or were exercised during the three months ended March 31, 2016. Options to purchase 235,938 Class A units were exercisable as of March 31, 2016.

The Company obtained a third party valuation which concluded that as the new financing was expected to close shortly after the valuation date and as this was an arms-length transaction, the price derived from that transaction could be relied upon in calculating the fair value of the Company's Class A units.

The related compensation expense for the three months ended March 31, 2016 was \$90,844. No compensation expense was recorded for the three months ended March 31, 2015.

During April 2016 through May 2016, the Company issued options to purchase 810,000 Class A units at a market price and exercise price of \$1.25 with a fair value of \$998,341 as determined by the Black-Scholes Pricing Model.

11. Share Exchange Agreement:

The Company, on March 11, 2016, entered into a Share Exchange Agreement (SEA) with Genarca Holdings Ltd. (Genarca) and various other parties that will result in the acquisition of all of the membership interests of the Company by Genarca. Genarca then will be renamed iAnthus Capital Holdings Inc. after the close of the transaction which constitutes a reverse asset acquisition. It is contemplated, as part of the transaction, that Genarca and ultimately the Company will be listed on the Canadian Securities Exchange.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

12. Commitments:

The Company entered into an agreement with ProActive Capital Resources Group (PCG) on February 8, 2016 to provide strategic advisory, communications and market access services. Pursuant to the services agreement, the Company retained PCG on a 12-month term and to pay PCG a monthly cash fee of \$5,000 and the Company is responsible for all reasonable out-of-pocket expenses related to the services. Either party can terminate the agreement without any reason by providing 30 days written notice to the other party of the termination thereof. In addition, iAnthus Investor LLC granted 50,000 warrants to PCG at an exercise price of \$1.25.

The Company entered into an agreement with Baron Global Financial Canada Ltd. (Baron) on February 4, 2016 to provide advisory services. Pursuant to the advisory services agreement, the Company retained Baron on a 12-month term upon listing on the Canadian Stock Exchange (CSE) to be its exclusive corporate advisor. Pursuant to the advisory services agreement, the Company agreed to pay Baron a one-time fee of CAD\$50,000 and a monthly cash fee of CAD\$12,000 plus applicable tax upon listing on CSE and the Company is responsible for all reasonable out-of-pocket expenses related to the services. Either party can terminate the agreement without any reason by providing 30 days written notice to the other party of the termination thereof. In addition, the Resulting Issuer will grant 100,000 stock options to Baron.

13. Risk and uncertainties:

The Company operates in the rapidly growing U. S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products do not pass or are reversed in the near term.

14. Subsequent events:

Capital contributions

The Company raised additional capital subsequent to March 31, 2016 in the amount of \$4,613,500 through the issuance of 3,690,800 Common and Class A units.

iAnthus Capital Management, LLC

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

14. Subsequent events (continued):

Capital contributions (continued)

Pursuant to an agreement between the Company and iAnthus Formation Corp., during May 2016, the Company repurchased 201,250 of founders units originally granted to iAnthus Formation Corp. at no cost, for an agreed upon price of \$15.

Related party transactions

Subsequent to March 31, 2016, the Company advanced, under a secured promissory note, an additional \$541,938 to Mayflower Medicinal, a not-for-profit entity controlled by Company management, for payment of Massachusetts license application fees and expenses.

The secured promissory note is for an amount not to exceed \$1,300,000. The total amount advanced under the promissory note as of July 1, 2016 amounted to \$993,422. The note bears interest at a rate of 16%, compounded daily and payable on a quarterly basis, starting one year after Mayflower Medicinal commences sales of licensed products to patients (the First Payment Date). The maturity date is seven (7) years after the First Payment Date.

APPENDIX “B1”

IANTHUS CAPITAL MANAGEMENT, LLC
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

IANTHUS CAPITAL MANAGEMENT, LLC**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 12, 2016, should be read in conjunction with the audited financial statements of iAnthus Capital Management, LLC (the "Company" or "iAnthus") for the year ended December 31, 2015, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the year ended December 31, 2015, the financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in United States dollars unless noted otherwise.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "postulate" and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

COMPANY OVERVIEW**General Development of the Business**

iAnthus was created to capitalize on the rapidly growing U.S. regulated cannabis (marijuana) market and the unique opportunity that exists for providing capital investment and expert management services ("value-added capital") to licensed cultivators, product manufacturers and dispensaries. 25 U.S. states and the District of Columbia have now legalized the cultivation and sale of cannabis for medical purposes. In addition, four states have completely legalized cannabis for both medical and recreational use by adults over the age of 21. Management of iAnthus believes that several additional U.S. states will legalize cannabis for adult use by the end of 2016, through state legislation or voter ballot initiatives. Polls throughout the U.S. consistently show overwhelming support for the legalization of medical cannabis, together with strong majority support for the full legalization of recreational adult-use cannabis.

Despite the fast growing market for legalized cannabis in the U.S., cannabis remains a Schedule I substance under the federal Controlled Substances Act of 1970. Capital scarcity is therefore expected to continue until cannabis is completely legalized by repeal of the federal prohibition on cannabis cultivation and sale. The high demand for legal cannabis and limited number of licenses under most state regulatory schemes combined with the artificially restricted availability of capital has created an environment for compelling investment opportunities.

Description of Business

The principal business activity of iAnthus is to provide financing and related management and advisory services to state-licensed operators engaged in the cultivation, manufacturing and dispensing of cannabis in states throughout the U.S. where medical and/or adult use cannabis is legal.

iAnthus is expected to generate returns from any or all of the revenue sources below:

- Interest income from debt financing structures;
- Dividend income (or other profit distributions) and capital appreciation from equity investments; and
- Management and advisory fees from management service contracts with certain license holders to which iAnthus has provided debt or equity financing.

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

Management Services

iAnthus is expected to provide advice and oversight in many areas of general business management. In addition to bringing value-added capital to transactions and relationships with investment targets, iAnthus works closely with cannabis industry leaders to augment its management services offering with expertise in cultivation, extraction, refining, analytical testing and dispensary operations. Through these relationships with other industry professionals, iAnthus can provide its local partners cannabis specific knowledge. In addition, iAnthus' strategic partners provide an additional channel for deal flow, increasing access to potential investment opportunities across the regulated landscape.

Financing Structures

iAnthus intends to provide debt or equity capital, sometimes as part of a syndicate, to existing holders or applicants for cannabis licenses. Such investments may include straight debt securities (secured or unsecured), convertible debt instruments, and/or common or preferred equity securities.

iAnthus expects to provide debt financings (typically to nonprofit entities in states where medical cannabis licenses may only be held by nonprofits) at interest rates currently prevailing in the U.S. cannabis market. Loans to such license holders will typically be secured by real estate and/or leasehold interests and collateral including cultivation, processing and dispensary equipment. iAnthus may also enter into a management services agreement with the license holder, thereby enhancing the financial return on its investment.

In the majority of states where for-profit license holders are permitted, iAnthus may make direct equity investments in license applicants or existing license holders, working closely with the local operator on its strategy and operating plan, developing a financing and business plan, and coming to agreement on mutually-beneficial terms of an iAnthus equity investment. iAnthus will not typically seek a control position in such investments, but may acquire a management services contract, one or more board seats, and/or other minority investor controls to protect its investment.

RECENT DEVELOPMENTS & SUBSEQUENT EVENTS

Limited Liability Company Agreement

On January 22, 2015, the Company amended and restated the Limited Liability Company agreement. The capitalization of the Company was amended to be represented by issued and outstanding units, which may be divided into one or more types, classes or series, with each type of class or series having rights and privileges, including voting rights, if any, as set forth in the agreement. The agreement provides for the issuance of up to 100,000,000 Class A units and 2,500,000 Class B units.

Capital Contributions

During the year ended December 31, 2015, the Company has received additional capital contributions from new members' and issued 2,244,515 Class A units yielding proceeds amounting to \$2,254,515 less offering costs of \$219,592. At December 31, 2015, there were 12,244,515 issued and fully paid Class A units.

During 2014, the Company issued 10,000,000 Class A units to its founders and incurred \$77,530 in syndication costs related to the issuance of equity, which was offset by the proceeds received from the issuance in January 2015.

The Company raised additional capital subsequent to December 31, 2015 in the amount of \$5,356,000 through the issuance of 4,294,800 Class A units. At August 12, 2016, there were 6,539,315 issued and fully paid Class A yielding proceeds amounting to \$7,198,015 less offering costs of approximately \$345,730.

Pursuant to an agreement between the Company and iAnthus Formation Corp., during May 2016, the Company repurchased 201,250 of founders units originally granted to iAnthus Formation Corp. at no cost, for an agreed upon price of \$15.

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

4Front Ventures, Inc.

On April 20, 2015, the Company issued a convertible promissory note in the amount of \$100,000 to 4Front Ventures, Inc. The principal amount and any unpaid accrued interest shall be payable upon the maturity date of February 27, 2018. The note bears interest at a rate of 5% payable annually on the first day of each calendar year with the balance due payable on the maturity date. The Company had the right, but not the obligation, to convert the entire unpaid principal into Series B preferred stock, but not the accrued interest (i) in the event of a type 1 funding event and/or a type 2 funding event, as defined or (ii) if this note has not been previously converted into Series B preferred stock or paid in full on February 27, 2018. On November 19, 2015, the Company was notified by 4Front Ventures, Inc. that a "type 1 funding event" was entered into. On December 22, 2015, the Company exercised its conversion option to convert the principal balance of the note into units of the Company's Series B preferred stock. The \$100,000 principal was converted to 627 units of Series B preferred stock for approximately \$159 per unit.

Platform Investments

iAnthus has entered into a management services contract and financing agreement with FWR, Inc., which conducts business under the trade name Grassroots Vermont ("Grassroots"), a not-for-profit company and the holder of one of four medical cannabis licenses in Vermont. Grassroots is a provider of consumable medical cannabis products and currently operates a cultivation and dispensary facility in Brandon, Vermont.

iAnthus and Grassroots signed a management services contract and loan agreement in June 23, 2015. iAnthus issued a secured promissory note for an amount not to exceed \$915,000. The total advanced under the promissory note as of December 31, 2015 amounts to \$260,000. The note bears interest at a rate of 20%, compounded monthly and payable monthly beginning on July 15, 2015. Principal payments for the note begin on July 15, 2016 and end on June 15, 2020.

In January 2016, February 2016, March 2016, April 2016 and May 2016, the Company advanced an additional \$40,000, \$30,000, \$30,000, \$30,000, \$30,000, respectively, under the promissory note.

The Company loaned Reynold, Greenleaf and Associates LLC a related party through a family relationship with one of the officer's, Hadley Ford, \$50,000 on January 21, 2016 and entered into an allonge for another \$350,000 on March 10, 2016, \$20,000 on April 7, 2016, \$80,000 on April 23, 2016, \$420,000 on May 24, 2016 and \$400,000 on July 1, 2016. These loans bear an interest rate of 20% and are payable at the maturity date, which is the earlier of (a) closing of an investment in the Maker by the Note holder or its affiliate in excess of \$1,000,000 or (b) the one year anniversary of the date of the loan (January 21, 2017).

Equity Compensation Plan

In November 2015, the Company established the iAnthus Capital Management, LLC 2015 Equity Compensation Plan (the "Plan"). The Plan authorized the issuance of 2,000,000 Class A units. Options granted generally vest over one and a half to two years, and typically have a life of ten years. The option price under the Plan is determined in the sole discretion of the Committee, but in no case will be less than 100% of the fair market value of a unit on the grant date. The purpose of the Plan is to allow selected employees and officers of and consultants to the Company and certain of its affiliates to acquire or increase equity ownership in the Company, thereby strengthening their commitment to the success of the Company and stimulating their efforts on behalf of the Company, as well as to promote the long-term retention of the Company's key employees and certain other persons who are in a position to make significant contributions to the success of the Company.

Through December 31, 2015, the Company has issued 387,500 Class A units with a fair value of \$382,107. The fair value of these units were determined by the Black-Scholes Pricing Model. The significant assumptions utilized by the Company in the Valuation of these options were as follows:

Market Price: \$1.00

Exercise Price: \$1.00

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

Volatility: 154.54%

Expected Term: 10 Years

Annual Rate of Quarterly Dividends: 0.00%

Discount Rate – Bond Equivalent Rate: 0.88%

Expected volatility is estimated based upon historical data from comparable companies commensurate with the expected term. No options were forfeited, expired or were exercised during the year ended December 31, 2015. Options to purchase 166,625 Class A units were exercisable as of December 31, 2015.

The Company obtained a third party valuation which concluded that as new financing was expected to close shortly after the valuation date and involve new investors in the Company, they determined that as that was an arm's-length transaction and as such, that the price derived from that transaction could be relied upon in calculating the fair value of the Company's Class A Units.

The related compensation expense for the year ended December 31, 2015 was \$164,306.

From January 2016 through May 2016, the Company issued an additional 975,000 Class A units at a market and exercise price of \$1.25 with a fair value of \$1,201,725 as determined by the Black-Scholes Pricing Model.

Convertible Promissory Notes

In February 2016, iAnthus Investor, LLC (iAnthus Investor), a U.S. investment vehicle for the Company, issued two unsecured convertible promissory notes (the Notes) for a total principal amount of \$1,300,000. \$500,000 of that amount has been loaned to the Company on the same terms as the Notes and \$800,000 is being held in escrow by iAnthus Investor subject to a public filing of the Company and other certain milestones. The Notes are convertible at conversion prices ranging from \$1.00 to \$1.65 per unit contingent on certain Company milestones being met, bear interest at 8.0% per annum and have maturities of one to three years. The Notes do not have redemption, retraction, purchase for cancellation, surrender, or sinking or purchase fund provisions.

In conjunction with issuance of the Notes, iAnthus Investor has issued 275,758 three-year warrants (consisting of 106,061 warrants currently issued and 169,697 warrants held in escrow subject to a public filing of the Company and other certain milestones). Each warrant gives the holder the right to purchase one Class A unit of the Company for an exercise price of \$1.75.

Share Exchange Agreement

The Company, on March 11, 2016, entered into a Share Exchange Agreement with Genarca Holdings Ltd. ("Genarca"), and various other parties that will result in the acquisition of all of the membership interests of the Company by Genarca. Genarca then will be renamed iAnthus Capital Holdings Inc. after the close of the transaction which constitutes a reverse asset acquisition. It is contemplated, as part of the transaction, that Genarca and ultimately the Company will be listed on the Canadian Securities Exchange.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

IANTHUS CAPITAL MANAGEMENT, LLC**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

The Company is a Delaware limited liability company formed on September 18, 2014. The Company currently has limited operations and intends to pursue opportunities in states throughout the U.S. where medical and/or adult use cannabis is legal. The Company's corporate office and principal place of business is located at 420 Lexington Avenue, Suite 300, New York, NY 10170 in the United States of America and the registered office of iAnthus is located at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808 in the United States of America. During the year ended December 31, 2015, the Company incurred a net loss of \$1,315,748 from operations. The income and expenses are itemized in the Company's Financial Statements for the year ended December 31, 2015. The net loss is attributed to continuing start-up costs, which include legal and professional fees, payroll expenses, and rent.

During the year ended December 31, 2015, the Company earned management fee income and interest income from its investment in Vermont. The Company had no income for the period from inception on September 18, 2014 to December 31, 2014.

As of December 31, 2015, the Company has issued a total of 12,244,515 Class A membership units.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2015, the Company had working capital of \$69,906 in comparison to a working capital deficit of \$468,768 as of December 31, 2014.

The Company's expected cash resources are sufficient to meet its short-term needs. Management estimates that the current cash position and future cash flows from consulting fees, new equity financings, and/or related party loans may need to be supplemented by external financing for the Company to carry out its anticipated costs of operations through 2016.

The chart below highlights the Company's cash flows during the year ending December 31, 2015 and for the period from Inception on September 18, 2014 to December 31, 2014.

Net cash provided by (used in):	Year ended December 31, 2015 Audited	For the period from Inception on September 18, 2014 to December 31, 2014 Audited
Operating activities	\$(1,171,757)	\$(140,536)
Investing activities	\$(360,000)	\$-
Financing activities	\$1,743,474	\$140,536

RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

	December 31, 2015 Audited	December 31, 2014 Audited
Due from Mayflower Medicinal, a non-profit entity Controlled by Company Management	\$204,637	\$-
Due from Griscom Advisors, LLC, Owned by Manager, Hadley Ford	\$1,676	\$-
Due to Last Dance Ventures, LLC, owned by Managers, Hadley Ford and Randy Maslow	\$132,930	\$205,931

IANTHUS CAPITAL MANAGEMENT, LLC**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

Due to Griscom Advisors, LLC, Owned by Manager, Hadley Ford	\$-	\$12,135

At December 31, 2015, the Company advanced \$203,595 with an interest rate of 2% to Mayflower Medicinal, a not-for-profit entity controlled by company management, for payment of Massachusetts license application fees and expenses. Accrued interest was \$1,043 and \$0 at December 31, 2015 and December 31, 2014 respectively. This amount is expected to be repaid within twelve months and accordingly has been classified as current.

Subsequent to March 31, 2016, the Company advanced an additional \$789,708 to Mayflower Medicinal for payment of Massachusetts license application fees and expenses.

On July 1, 2016, Mayflower Medicinals Inc. issued a secured promissory note for an amount not to exceed \$1,300,000 to the Company. The total amount advanced under the promissory note as of July 1, 2016 amounted to \$993,422. The note bears interest at a rate of 16%, compounded daily and payable on a quarterly basis, starting one year after Mayflower commences sales of licensed products to patients (the "First Payment Date"). The maturity date is seven (7) years after the First Payment Date.

iAnthus utilizes the services and office space of Last Dance Ventures LLC owned by two members. Such services are allocated based upon management's estimate and are as follows:

	Year ended December 31, 2015 Audited	For the period from Inception on September 18, 2014 to December 31, 2014 Audited
Payroll and related fringes	\$245,563	\$66,530
Rental Costs	\$67,152	\$13,668

On June 23, 2015, the Company entered into an agreement to provide management services to FWR, a related party through a family relationship with one of the officer's, Hadley Ford. The management fees which are based on ten percent (10%) of the fiscal year Gross Revenue of FWR and an additional one percent (1%) of the fiscal year gross revenues for each fifty thousand dollars (\$50,000) by which the aggregate amount drawn by the FWR under the loan exceeds five hundred thousand dollars (\$500,000), commenced on July 1, 2015. Management fee income amounted to \$24,345 for the year ended December 31, 2015. There was no management fee income for the period from Inception on September 18, 2014 to December 31, 2014.

The agreement also provides for the reimbursement, by FWR of certain expenses incurred by the Company on behalf of FWR which amounted to \$23,615 for the year ended December 31, 2015. The Company did not incur any expenses on behalf of FWR that were reimbursable to the Company under the agreement for the period from Inception on September 18, 2014 to December 31, 2014.

On October 1, 2015, and amended December 1, 2015, the Company entered into an administrative services agreement with Last Dance Ventures, LLC (LDV), a related party owned by managers Hadley Ford and Randy Maslow. LDV will provide full time equivalent staff to perform certain accounting, business development, recordkeeping, tax filing and other operating functions. The agreement provides for a monthly fee. For the year ended December 31, 2015, the Company incurred administrative management fees of \$190,000. There were no administrative management fees for the period from Inception on September 18, 2014 to December 31, 2014.

IANTHUS CAPITAL MANAGEMENT, LLC**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

The Company has incurred, during 2015, approximately \$3,500 of miscellaneous expenses on behalf of related parties that participated in the raising of capital for the benefit of the Company.

OUTSTANDING SHARE (UNIT) DATA

The following share capital data is current as of the date of this document:

	Balance
Shares (units) issued and outstanding	16,338,065

RESULTS OF OPERATIONS

Operating expenses for the year ended December 31, 2015 and for the period from Inception on September 18, 2014 to December 31, 2014 totaled \$1,384,929 and \$391,238, respectively. Net loss for the year ended December 31, 2015 was \$1,315,748, or \$0.11 per unit on a basic and diluted basis as compared to a net loss of \$391,238, or a net loss of \$0.04 per unit on a basic and diluted basis for the period from Inception on September 18, 2014 to December 31, 2014.

SELECTED YEARLY INFORMATION FOR MOST RECENT COMPLETED YEARS

	Year Ended December 31, 2015 Audited	For the period from Inception on September 18, 2014 to December 31, 2014 Audited
Revenue	\$69,181	\$-
Operating Expenses	\$1,384,929	\$391,238
Net (loss) income after taxes	\$(1,315,748)	\$(391,238)
Net (loss) income per unit – basic and diluted	\$(0.11)	\$(0.04)
Weighted average number of units outstanding – basic and diluted	11,937,550	10,000,000

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

		December 31, 2015 Audited	December 31, 2014 Audited
Current financial assets	a	\$514,430	\$10,000
Current financial liabilities	b	\$444,524	\$478,768

- Comprises cash, prepaid expenses, balances due from related parties, interest receivable, reimbursements, and convertible promissory note receivable
- Comprises accounts payable and balances due to related parties

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

The fair values of the Company's cash are not materially different from its carrying value.

The Company's financial instruments are exposed to certain financial risks, which include the following:

- Market risk
- Credit risk
- Liquidity risk

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's borrowings are non-interest bearing. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity Price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

c) Liquidity and Funding risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Liquidity risk has been assessed as being high.

Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

Capital Management

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

The Company monitors its cash, common units and debt obligations as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

RISK AND UNCERTAINTIES

Through the principal business activity of the Company, it is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Conflicts of Interest

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

Negative Operating Cash Flows

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

Risks Related as a Going Concern

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

Reliance on Key Personnel and Advisors

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

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “B2”

IANTHUS CAPITAL MANAGEMENT, LLC
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2016

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 12, 2016, should be read in conjunction with the unaudited financial statements of iAnthus Capital Management, LLC (the "Company" or "iAnthus") for the quarter ended March 31, 2016, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the quarter ended March 31, 2016, the financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in United States dollars unless noted otherwise.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "postulate" and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

COMPANY OVERVIEW

General Development of the Business

iAnthus was created to capitalize on the rapidly growing U.S. regulated cannabis (marijuana) market and the unique opportunity that exists for providing capital investment and expert management services ("value-added capital") to licensed cultivators, product manufacturers and dispensaries. 25 U.S. states and the District of Columbia have now legalized the cultivation and sale of cannabis for medical purposes. In addition, four states have completely legalized cannabis for both medical and recreational use by adults over the age of 21. Management of iAnthus believes that several additional U.S. states will legalize cannabis for adult use by the end of 2016, through state legislation or voter ballot initiatives. Polls throughout the U.S. consistently show overwhelming support for the legalization of medical cannabis, together with strong majority support for the full legalization of recreational adult-use cannabis.

Despite the fast growing market for legalized cannabis in the U.S., cannabis remains a Schedule I substance under the federal Controlled Substances Act of 1970. Capital scarcity is therefore expected to continue until cannabis is completely legalized by repeal of the federal prohibition on cannabis cultivation and sale. The high demand for legal cannabis and limited number of licenses under most state regulatory schemes combined with the artificially restricted availability of capital has created an environment for compelling investment opportunities.

Description of Business

The principal business activity of iAnthus is to provide financing and related management and advisory services to state-licensed operators engaged in the cultivation, manufacturing and dispensing of cannabis in states throughout the U.S. where medical and/or adult use cannabis is legal.

iAnthus is expected to generate returns from any or all of the revenue sources below:

- Interest income from debt financing structures;
- Dividend income (or other profit distributions) and capital appreciation from equity investments; and
- Management and advisory fees from management service contracts with certain license holders to which iAnthus has provided debt or equity financing.

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

Management Services

iAnthus is expected to provide advice and oversight in many areas of general business management. In addition to bringing value-added capital to transactions and relationships with investment targets, iAnthus works closely with cannabis industry leaders to augment its management services offering with expertise in cultivation, extraction, refining, analytical testing and dispensary operations. Through these relationships with other industry professionals, iAnthus can provide its local partners cannabis specific knowledge. In addition, iAnthus' strategic partners provide an additional channel for deal flow, increasing access to potential investment opportunities across the regulated landscape.

Financing Structures

iAnthus intends to provide debt or equity capital, sometimes as part of a syndicate, to existing holders or applicants for cannabis licenses. Such investments may include straight debt securities (secured or unsecured), convertible debt instruments, and/or common or preferred equity securities.

iAnthus expects to provide debt financings (typically to nonprofit entities in states where medical cannabis licenses may only be held by nonprofits) at interest rates currently prevailing in the U.S. cannabis market. Loans to such license holders will typically be secured by real estate and/or leasehold interests and collateral including cultivation, processing and dispensary equipment. iAnthus may also enter into a management services agreement with the license holder, thereby enhancing the financial return on its investment.

In the majority of states where for-profit license holders are permitted, iAnthus may make direct equity investments in license applicants or existing license holders, working closely with the local operator on its strategy and operating plan, developing a financing and business plan, and coming to agreement on mutually-beneficial terms of an iAnthus equity investment. iAnthus will not typically seek a control position in such investments, but may acquire a management services contract, one or more board seats, and/or other minority investor controls to protect its investment.

RECENT DEVELOPMENTS & SUBSEQUENT EVENTS

Limited Liability Company Agreement

On January 22, 2015, the Company amended and restated the Limited Liability Company agreement. The capitalization of the Company was amended to be represented by issued and outstanding units, which may be divided into one or more types, classes or series, with each type of class or series having rights and privileges, including voting rights, if any, as set forth in the agreement. The agreement provides for the issuance of up to 100,000,000 Class A units and 2,500,000 Class B units.

Capital Contributions

For the three months ended March 31, 2016, the Company raised additional capital through the issuance of 604,000 Class A units yielding proceeds amounting to \$742,500 less offering costs of \$41,101. As of March 31, 2016, there were 12,848,515 issued and fully paid Class A units. For the three months ended March 31, 2015, the Company issued 1,930,015 Class A units for \$1,930,015 less offering costs of \$177,646. As of March 31, 2015, there were 11,930,015 issued and fully paid Class A units.

The Company raised additional capital subsequent to March 31, 2016 in the amount of \$4,613,500 through the issuance of 3,690,800 Common and Class A units.

Pursuant to an agreement between the Company and iAnthus Formation Corp., during May 2016, the Company repurchased 201,250 of founders units originally granted to iAnthus Formation Corp. at no cost, for an agreed upon price of \$15.

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

4Front Ventures, Inc.

On April 20, 2015, the Company issued a convertible promissory note in the amount of \$100,000 to 4Front Ventures, Inc. The principal amount and any unpaid accrued interest shall be payable upon the maturity date of February 27, 2018. The note bears interest at a rate of 5% payable annually on the first day of each calendar year with the balance due payable on the maturity date. The Company had the right, but not the obligation, to convert the entire unpaid principal into Series B preferred stock, but not the accrued interest (i) in the event of a type 1 funding event and/or a type 2 funding event, as defined or (ii) if this note has not been previously converted into Series B preferred stock or paid in full on February 27, 2018. On November 19, 2015, the Company was notified by 4Front Ventures, Inc. that a "type 1 funding event" was entered into. On December 22, 2015, the Company exercised its conversion option to convert the principal balance of the note into units of the Company's Series B Preferred stock. The \$100,000 principal was converted to 627 units of Series B Preferred stock for approximately \$159 per unit.

Platform Investments

iAnthus has entered into a management services contract and financing agreement with FWR, Inc., which conducts business under the trade name Grassroots Vermont ("Grassroots"), a not-for-profit company and the holder of one of four medical cannabis licenses in Vermont. Grassroots is a provider of consumable medical cannabis products and currently operates a cultivation and dispensary facility in Brandon, Vermont.

iAnthus and Grassroots signed a management services contract and loan agreement in June 23, 2015. iAnthus issued a secured promissory note for an amount not to exceed \$915,000. The total advanced under the promissory note as of March 31, 2016 amounts to \$360,000. The note bears interest at a rate of 20%, compounded monthly and payable monthly beginning on July 15, 2015. Principal payments for the note begin on July 15, 2016 and end on June 15, 2020. During the period from April 2016 through May 2016, the Company advanced an additional \$60,000 under the promissory note.

The Company loaned Reynold, Greenleaf and Associates LLC a related party through a family relationship with one of the officer's, Hadley Ford, \$50,000 on January 21, 2016 and entered into an allonge for another \$350,000 on March 10, 2016. During the period April 2016 through May 2016, the Company entered into allonges aggregating \$920,000. These loans bear an interest rate of 20% and are payable at the maturity date, which is the earlier of (a) closing of an investment in the Maker by the Note holder or its affiliate in excess of \$1,000,000 or (b) the one year anniversary of the date of the loan (January 21, 2017).

Equity Compensation Plan

In November 2015, the Company established the iAnthus Capital Management, LLC 2015 Equity Compensation Plan (the "Plan"). The Plan authorized the issuance of 2,000,000 Class A units. Options granted generally vest over one and a half to two years, and typically have a life of ten years. The option price under the Plan is determined in the sole discretion of the Committee, but in no case will be less than 100% of the fair market value of a unit on the grant date. The purpose of the Plan is to allow selected employees and officers of and consultants to the Company and certain of its affiliates to acquire or increase equity ownership in the Company, thereby strengthening their commitment to the success of the Company and stimulating their efforts on behalf of the Company, as well as to promote the long-term retention of the Company's key employees and certain other persons who are in a position to make significant contributions to the success of the Company.

The following table shows the options issued through March 31, 2016, the fair value using the Black-Scholes Pricing Model, and the significant assumptions utilized by the Company in the valuation of these options:

	<u>November 2015</u>	<u>March 2016</u>
No. of options issued	387,500 units	165,000 units
Fair value	\$382,107	\$203,385
Market price	\$1.00	\$1.25

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

Exercise price	\$1.00	\$1.25
Volatility	154.54%	154.54%
Expected term	10 years	10 years
Annual rate of quarterly dividends	0.00%	0.00%
Discount rate – bond equivalent rate	0.88%	0.91%

Expected volatility is estimated based upon historical data from comparable companies commensurate with the expected term. No options were forfeited, expired or were exercised during the three months ended March 31, 2016. Options to purchase 235,938 Class A units were exercisable as of March 31, 2016.

The Company obtained a third party valuation which concluded that as new financing was expected to close shortly after the valuation date and involve new investors in the Company, they determined that as that was an arm's-length transaction and as such, that the price derived from that transaction could be relied upon in calculating the fair value of the Company's Class A Units.

The related compensation expense for the three months ended March 31, 2016 was \$90,844. No compensation expense was recorded for the three months ended March 31, 2015.

During April 2016 through May 2016, the Company issued options to purchase 810,000 Class A units at a market price and exercise price of \$1.25 with a fair value of \$998,341 as determined by the Black-Scholes Pricing Model.

Convertible Promissory Notes

In February 2016, iAnthus Investor, LLC (iAnthus Investor), a U.S. investment vehicle for the Company, issued two unsecured convertible promissory notes (the Notes) for a total principal amount of \$1,300,000. \$500,000 of that amount has been loaned to the Company on the same terms as the Notes and \$800,000 is being held in escrow by iAnthus Investor subject to a public filing of the Company and other certain milestones. The Notes are convertible at conversion prices ranging from \$1.00 to \$1.65 per unit contingent on certain Company milestones being met, bear interest at 8.0% per annum and have maturities of one to three years. The Notes do not have redemption, retraction, purchase for cancellation, surrender, or sinking or purchase fund provisions.

For so long as the convertible promissory notes remain outstanding and less than 80% of the original principal amount has been converted, (a) iAnthus Capital (or, following the Closing, the Resulting Issuer) is required to maintain a minimum cash balance of \$500,000, (b) iAnthus Capital is required to use its reasonable best efforts to complete the transactions contemplated by the Agreement on or before the two month anniversary of the date on which such convertible promissory notes were issued, and (c) iAnthus Capital is required to use the proceeds from the loans memorialized by the convertible promissory notes for only the following purposes: (i) to continue the development of the Resulting Issuer's business plan, (ii) to provide investment capital in several investment opportunities of the company including, without limitation, projects in Vermont, New Mexico and Massachusetts, and (iii) for general working capital and general corporate purposes. There is no trustee or indenture associated with the convertible promissory notes. As of 3/31/16, the Company was not in compliance with the \$500,000 minimum cash balance. However, the agreement provides for a 30 day period from the receipt of a written notice to cure the issue. By April 29th, 2016 the Company raised enough funds to maintain a cash balance that is in compliance with this covenant.

In conjunction with issuance of the Notes, iAnthus Investor has issued 275,758 three-year warrants (consisting of 106,061 warrants currently issued and 169,697 warrants held in escrow subject to a public filing of the Company and other certain milestones.) Each warrant gives the holder the right to purchase one Class A unit of the Company for an exercise price of \$1.75. As at March 31, 2016, the 106,061 warrants has a fair value of \$104,640 as determined by the Black-Scholes Pricing Model.

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

At March 31, 2016, the \$500,000 convertible note and 106,061 warrants are carried at \$413,450 and \$86,550, respectively, using the proportionate value allocation method. The convertible note is stated at a discount that will be accreted to interest expense using the effective interest method.

Share Exchange Agreement

The Company, on March 11, 2016, entered into a Share Exchange Agreement with Genarca Holdings Ltd. ("Genarca") and various other parties that will result in the acquisition of all of the membership interests of the Company by Genarca. Genarca then will be renamed iAnthus Capital Holdings Inc. after the close of the transaction which constitutes a reverse asset acquisition. It is contemplated, as part of the transaction, that Genarca and ultimately the Company will be listed on the Canadian Securities Exchange.

Commitments

The Company entered into an agreement with Baron Global Financial Canada Ltd. ("Baron") on February 4, 2016 to provide advisory services. Pursuant to the advisory services agreement, the Company retained Baron on a 12-month term upon listing on CSE to be its exclusive corporate advisor. The Company also agreed to pay Baron a one-time fee of CAD\$50,000 and a monthly cash fee of CAD\$12,000 plus applicable tax upon listing on CSE and the Company is responsible for all reasonable out-of-pocket expenses related to the services. Either party can terminate the agreement without any reason by providing 30 days written notice to the other party of the termination thereof. In addition, the Resulting Issuer will grant 100,000 stock options to Baron.

The Company entered into an agreement with ProActive Capital Resources Group ("PCG") on February 8, 2016 to provide strategic advisory, communications and market access services. Pursuant to the services agreement, the Company retained PCG on a 12-month term and to pay PCG a monthly cash fee of \$5,000 and the Company is responsible for all reasonable out-of-pocket expenses related to the services. Either party can terminate the agreement without any reason by providing 30 days written notice to the other party of the termination thereof. In addition, iAnthus Investor LLC granted 50,000 warrants to PCG at an exercise price of \$1.25.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

The Company is a Delaware limited liability company formed on September 18, 2014. The Company currently has limited operations and intends to pursue opportunities in states throughout the U.S. where medical and/or adult use cannabis is legal. The Company's corporate office and principal place of business is located at 420 Lexington Avenue, Suite 300, New York, NY 10170 in the United States of America and the registered office of iAnthus is located at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808 in the United States of America.

During the quarter ended March 31, 2016, the Company incurred a net loss of \$535,585 from operations. The income and expenses are itemized in the Company's Financial Statements for the quarter ended March 31, 2016. The net loss is attributed to continuing start-up costs, which include legal and professional fees, administrative and management fees and rent.

IANTHUS CAPITAL MANAGEMENT, LLC**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

During the three months ended March 31, 2016, the Company earned management fee income and interest income from its investment in Vermont.

As of March 31, 2016, the Company has issued a total of 12,848,515 Class A membership units.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2016, the Company had working capital of \$732,639 in comparison to a working capital of \$69,906 as of December 31, 2015.

The Company's expected cash resources are sufficient to meet its short-term needs. Management estimates that the current cash position and future cash flows from consulting fees, new equity financings, and/or related party loans may need to be supplemented by external financing for the Company to carry out its anticipated costs of operations through 2016.

The chart below highlights the Company's cash flows during the three months ending March 31, 2016 and March 31, 2015.

Net cash provided by (used in):	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Operating activities	\$(291,307)	\$(224,879)
Investing activities	\$(500,000)	\$(140,000)
Financing activities	\$1,022,467	\$1,685,180

RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

	March 31, 2016 Unaudited	December 31, 2015 Audited
Due from Mayflower Medicinal, a non-profit entity Controlled by Company Management	\$454,214	\$204,637
Due from Griscom Advisors, LLC, owned by Manager, Hadley Ford	\$1,676	\$1,676
Total due from related parties	<u>\$455,890</u>	<u>\$206,313</u>
Due to Last Dance Ventures, LLC, owned by Managers, Hadley Ford and Randy Maslow	\$203,575	\$132,930

At December 31, 2015, the Company advanced \$203,595 and additional \$247,993 for the three months ended March 31, 2016, with an interest rate of 2% to Mayflower Medicinal, a not-for-profit entity controlled by Company management, for payment of Massachusetts license application fees and expenses. Accrued interest was \$2,626 and \$1,043 at March 31, 2016 and December 31, 2015 respectively. This amount is expected to be repaid within twelve months and accordingly has been classified as current.

Subsequent to March 31, 2016, the Company advanced an additional \$541,938 to Mayflower Medicinal for payment of Massachusetts license application fees and expenses.

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

On July 1, 2016, Mayflower Medicinals Inc. issued a secured promissory note for an amount not to exceed \$1,300,000 to the Company. The total amount advanced under the promissory note as of July 1, 2016 amounted to \$993,422. The note bears interest at a rate of 16%, compounded daily and payable on a quarterly basis, starting one year after Mayflower commences sales of licensed products to patients (the "First Payment Date"). The maturity date is seven (7) years after the First Payment Date.

iAnthus utilizes the services and office space of Last Dance Ventures LLC owned by two members. Such services are allocated based upon management's estimate and are as follows:

	Three Months Ended March 31, 2016 Unaudited	Three Months Ended March 31, 2015 Unaudited
Payroll and related fringes	\$-	\$53,655
Rental Costs	\$25,645	\$12,775

On June 23, 2015, the Company entered into an agreement to provide management services to FWR, a related party through a family relationship with one of the officer's, Hadley Ford. The management fees which are based on ten percent (10%) of the fiscal year Gross Revenue of FWR and an additional one percent (1%) of the fiscal year gross revenues for each fifty thousand dollars (\$50,000) by which the aggregate amount drawn by the FWR under the loan exceeds five hundred thousand dollars (\$500,000), commenced on July 1, 2015. Management fee income amounted to \$12,308 for the three months ended March 31, 2016. There was no management fee income for the three months ended March 31, 2015.

The agreement also provides for the reimbursement, by FWR of certain expenses incurred by the Company on behalf of FWR which amounted to \$10,662 for the three months ended March 31, 2016. The Company did not incur any expenses on behalf of FWR that were reimbursable to the Company under the agreement for the three months ended March 31, 2015.

On October 1, 2015, and amended on December 1 2015, the Company entered into an administrative services agreement with Last Dance Ventures, LLC (LDV), a related party owned by managers Hadley Ford and Randy Maslow. LDV will provide full time equivalent staff to perform certain accounting, business development, recordkeeping, tax filing and other operating functions. The agreement provides for a monthly fee. For the three months ended March 31, 2016, the Company incurred administrative management fees of \$210,000. There were no administrative management fees for the three months ended March 31, 2015.

OUTSTANDING SHARE (UNIT) DATA

The following share capital data is current as of the date of this document:

	Balance
Shares (units) issued and outstanding	16,338,065

RESULTS OF OPERATIONS

IANTHUS CAPITAL MANAGEMENT, LLC**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

Operating expenses for the quarter ended March 31, 2016 and March 31, 2015 totaled \$581,131 and \$126,442, respectively. Net loss for the three months ended March 31, 2016 was \$535,585, or \$0.04 per unit on a basic and diluted basis as compared to a net loss of \$126,025, or a net loss of \$0.01 per unit on a basic and diluted basis for the three months ended March 31, 2015.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Revenue	\$45,546	\$417
Operating Expenses	\$581,131	\$126,442
Net (loss) income after taxes	\$(535,585)	\$(126,025)
Net (loss) income per unit – basic and diluted	\$(0.04)	\$(0.01)
Weighted average number of units outstanding – basic and diluted	12,636,119	11,454,178

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

		March 31, 2016 Unaudited	December 31, 2015 Audited
Current financial assets	a	\$1,425,026	\$514,430
Current financial liabilities	b	\$692,387	\$444,524

- a. Comprises cash, prepaid expenses, balances due from related parties, interest receivable, management fee and reimbursements, and convertible promissory note receivable
- b. Comprises accounts payable, interest payable, and balances due to related parties

The fair values of the Company's cash are not materially different from its carrying value.

The Company's financial instruments are exposed to certain financial risks, which include the following:

- Market risk
- Credit risk
- Liquidity risk

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

IANTHUS CAPITAL MANAGEMENT, LLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's borrowings are non-interest bearing. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity Price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

c) Liquidity and Funding risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Liquidity risk has been assessed as being high.

Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

Capital Management

The Company monitors its cash, common units and debt obligations as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

RISK AND UNCERTAINTIES

Through the principal business activity of the Company, it is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the

IANTHUS CAPITAL MANAGEMENT, LLC**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

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

Risks Related as a Going Concern

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

Reliance on Key Personnel and Advisors

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

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “C”

IANTHUS TRANSFER CORP.

AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2015 AND 2014
AND UNAUDITED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016

iAnthus Transfer Corp.

FINANCIAL STATEMENTS

Year Ended December 31, 2015

and

Period from Inception on November 24, 2014 to December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
iAnthus Transfer Corp.

We have audited the accompanying financial statements of iAnthus Transfer Corp., (a Delaware corporation), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2015 and the period from inception on November 24, 2014 to December 31, 2014 and a summary of significant accounting policies and other explanatory notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

To the Shareholders of
iAnthus Transfer Corp.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of iAnthus Transfer Corp. as at December 31, 2015 and 2014 and of its financial performance and its cash flows for the year ended December 31, 2015 and the period from inception on November 24, 2014 to December 31, 2014, in accordance with International Financial Reporting Standards.

Sheehan & Company CPA, P.C.

Brightwaters, New York
August 12, 2016

iAnthus Transfer Corp.
Statements of Financial Position
Expressed in U.S. Dollars

	Notes	December 31, 2015	December 31, 2014
<u>ASSETS</u>			
Non-current			
Investment at fair value	5	\$ 1,574,500	\$ -
Total non-current assets		1,574,500	-
TOTAL ASSETS		\$ 1,574,500	\$ -
<u>LIABILITIES AND EQUITY</u>			
TOTAL LIABILITIES		-	-
<u>EQUITY</u>			
Share capital	7	157	-
Share premium	7	1,574,343	-
Retained earnings		-	-
TOTAL EQUITY		1,574,500	-
TOTAL LIABILITIES AND EQUITY		\$ 1,574,500	\$ -

The accompanying notes are an integral part of these financial statements

iAnthus Transfer Corp.
Statements of Comprehensive Income
Expressed in U.S. Dollars

		Year Ended	For the Period from
	Notes	December 31, 2015	Inception on
			November 24, 2014
			to December 31, 2014
Operations			
Total operating income		\$ -	\$ -
Operating expenses			
Total operating expenses		-	-
Income and comprehensive income for the period		\$ -	\$ -
Income per share - basic and diluted		\$ -	\$ -
Weighted average number of shares outstanding - basic and diluted		1,574,500	-

The accompanying notes are an integral part of these financial statements

iAnthus Transfer Corp.
Statements of Changes in Equity
Expressed in U.S. Dollars

For the year ended December 31, 2015 and period from inception on November 24, 2014 to December 31, 2014

	Notes	Shares Issued	Share Capital	Share Premium	Retained Earnings	Total Equity
Balance, November 24, 2014		-	\$ -	\$ -	\$ -	\$ -
Income for the period		-	-	-	-	-
Balance, December 31, 2014		-	-	-	-	-
Balance, December 31, 2014		-	-	-	-	-
Issuance of common stock	7	1,574,500	157	1,574,343	-	1,574,500
Income for the period					-	-
Balance, December 31, 2015		1,574,500	\$ 157	\$ 1,574,343	\$ -	\$ 1,574,500

The accompanying notes are an integral part of these financial statements

iAnthus Transfer Corp.
Statements of Cash Flows
Expressed in U.S. Dollars

	Year Ended December 31, 2015	For the Period from Inception on November 24, 2014 to December 31, 2014
Investing activities:		
Purchase of investment	\$ (1,574,500)	\$ -
Net cash flows used in investing activities	(1,574,500)	-
Financing activities:		
Issuance of common stock	1,574,500	-
Net cash flows from financing activities	1,574,500	-
Change in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information:

iAnthus Transfer Corp. (the Company), a Delaware corporation, commenced its operations on January 20, 2015 when it purchased shares of iAnthus Capital Management, LLC. The Company was incorporated on November 24, 2014 to invest in companies that deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States.

The Company's continued growth is dependent upon its ability to achieve profitable operations through returns on its investment portfolio, obtaining additional capital and receiving continued support from its shareholders and related parties. Management of the Company will continue to raise capital through private placements or debt financing so it may continue to make future investments.

The address of the Company's corporate office and principal place of business is 420 Lexington Avenue, New York, New York in the United States of America.

2. Basis of presentation:

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board which is a basis of accounting other than United States Generally Accepted Accounting Principles (GAAP).

The December 31, 2015 and period from inception on November 24, 2014 to December 31, 2014 financial statements were authorized for issue on August 12, 2016 by the Board of Directors of the Company.

b) Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in U.S. dollars, which is also the Company's functional currency.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies:

a) Cash and cash equivalents

Cash and cash equivalents consist of actual cash as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase.

b) Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 8.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Company's investment in iAnthus Capital Management, LLC that are not traded in an active market are classified as an AFS financial asset and stated at fair value at the end of each reporting period. Fair value is determined in the manner described in Note 8. Changes in the fair value of AFS financial assets are recognized in other comprehensive income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

c) Income taxes

The Company is taxable as a C Corporation for federal and state income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred tax assets or liabilities related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. Deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The Company files income tax returns in the U.S. federal jurisdiction, in various states and local jurisdictions. The Company is subject to U.S. federal, state and local income tax examinations by taxing authorities. Due to the limited operations of the Company in 2015 and 2014, no provision for income taxes has been provided.

d) Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable in the period earned. Reported revenue is stated net of trade allowances and rebates. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities. There was no revenue for the fiscal year ended December 31, 2015 and the period ended December 31, 2014.

e) Basic and diluted income per unit

The calculation of basic and diluted income per unit for the year ended December 31, 2015 and the period ended December 31, 2014 was based on the income and the weighted average number of common stock outstanding of 1,574,500 and -0-, respectively, as of December 31, 2015 and 2014.

f) Standards, amendments and interpretations not yet effective

The following new standards have been issued by the IASB but are not yet effective:

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

f) Standards, amendments and interpretations not yet effective (continued)

IFRS 7 Financial Statements: Disclosures

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application to this IFRS did not have a material impact on the amounts reported for 2015 and 2014 but may affect the accounting for future transactions or arrangements.

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 10 Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The application of the IFRS did not have a material impact on the amounts reported for 2015 and 2014 but may affect the accounting for future transactions or arrangements.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

f) Standards, amendments and interpretations not yet effective (continued)

IFRS 11 Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will apply to most revenue contracts and how to recognize revenue under these contracts. IFRS 15 changes the criteria for determining whether revenue is recognized at a point in time or over time. The standard provides more guidance in areas where current IFRSs are lacking such as multiple element arrangements, variable pricing, rights of return, warranties and licensing. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not currently have any leases that would be affected by the new standard; however, the Company is in the process of evaluating how the new standard will affect future transactions.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting judgments and estimates:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Given the limited scope of the Company's operations through December 31, 2015, there have been no critical judgments in applying accounting policies that have any significant risk of causing material adjustment to the carrying amounts of the assets and liabilities recognized in the financial statements through that date.

Estimates

The effect of change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Given the limited scope of the Company's operations through December 31, 2015, there have been no estimates or assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities through that date.

5. Investment at fair value:

The Company holds 1,574,500 shares of iAnthus Capital Management, LLC which is classified as a Level 3 investment. The reconciliation of the Level 3 investment is as follows:

	Year Ended December 31, 2015	Period from inception On November 24, 2014 to December 31, 2014
Balance at beginning of period	\$ -	\$ -
Purchases	<u>1,574,500</u>	<u>-</u>
Balance at end of period	<u>\$1,574,500</u>	<u>\$ -</u>

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

6. Related party transactions:

During the year ended December 31, 2015, iAnthus Capital Management LLC paid approximately \$1,400 of miscellaneous expenses on behalf of the Company.

7. Equity:

The Company is authorized to issue 10,000,000 shares of common stock, with a par value of \$0.0001 per share. As of December 31, 2015, there were 1,574,500 shares issued and fully paid. The Company issued 144,000 shares of common stock subsequent to December 31, 2015 for \$167,500.

8. Financial instruments and financial risk management:

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has the overall responsibility for the determination of the Company's risk management objectives and policies. The overall objectives of the Board of Directors are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

General Objectives, Policies and Processes (continued)

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no borrowings as of December 31, 2015 and 2014. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. There were no financial instruments, which are potentially subject to credit risk for the Company as of December 31, 2015.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure will be limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal since there was no cash at December 31, 2015 and 2014.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

General Objectives, Policies and Processes (continued)

c) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company had no cash at December 31, 2015 and 2014. Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 in a hierarchy that is based on the degree to which the fair value is observable. The levels in the hierarchy are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment valuation: The investment in iAnthus Capital Management, LLC is carried at fair value as determined by a third party valuation report issued in 2015 which concluded that the fair value of each unit of iAnthus Capital Management, LLC was \$1.

There were no changes in valuation techniques during the period.

Financial assets

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

General Objectives, Policies and Processes (continued):

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company did not have any loans and receivables as of December 31, 2015 and 2014.

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. No impairment losses have been necessary through December 31, 2015.

9. Capital management:

The Company monitors its common shares as capital. The Company's objective when maintaining capital is to maintain a sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

10. Risk and uncertainties:

The Company operates in the rapidly growing U. S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products do not pass or are reversed in the near term.

iAnthus Transfer Corp.

INTERIM FINANCIAL STATEMENTS

**For the Three Months Ended March 31, 2016 and
March 31, 2015
(Unaudited)**

iAnthus Transfer Corp.
Statements of Financial Position
Expressed in U.S. Dollars

	Notes	March 31, 2016 Unaudited	December 31, 2015 Audited
<u>ASSETS</u>			
Non-current			
Investment at fair value	5	2,048,125	\$ 1,574,500
Total non-current assets		2,048,125	1,574,500
TOTAL ASSETS		\$ 2,048,125	\$ 1,574,500
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,000	-
Total current liabilities		2,000	-
TOTAL LIABILITIES		2,000	-
<u>EQUITY</u>			
Share capital	7	163	157
Share premium	7	1,641,837	1,574,343
Retained earnings (deficit)		(2,000)	-
Accumulated other comprehensive income:			
Unrealized holding gains on available for sale securities	3,5	406,125	-
TOTAL EQUITY		2,046,125	1,574,500
TOTAL LIABILITIES AND EQUITY		\$ 2,048,125	\$ 1,574,500

The accompanying notes are an integral part of these financial statements

iAnthus Transfer Corp.
Statements of Comprehensive Income
Expressed in U.S. Dollars

	Notes	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Operations			
Total operating income			
Operating expenses			
Accounting fees		\$ 2,000	\$ -
Total operating expenses		2,000	-
Loss for the period		(2,000)	-
Other comprehensive income			
Unrealized holding gain on available for sale securities	3,5	406,125	
Other comprehensive income for the period		\$ 406,125	\$ -
Total comprehensive income for the period		\$ 404,125	\$ -
Loss per share - basic and diluted		(0.0012)	-
Weighted average number of shares outstanding - basic and diluted		1,625,643	1,069,444

The accompanying notes are an integral part of these financial statements

iAnthus Transfer Corp.
Statements of Changes in Equity
Expressed in U.S. Dollars

For the three months ended March 31, 2016 and March 31, 2015 (Unaudited)

	Notes	Shares Issued	Share Capital	Share Premium	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, January 1, 2015		-	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common stock	7	1,375,000	138	1,374,862	-	-	1,375,000
Income for the period		-	-	-	-	-	-
Balance, March 31, 2015		1,375,000	\$ 138	\$ 1,374,862	\$ -	\$ -	\$ 1,375,000
Balance, January 1, 2016		1,574,500	\$ 157	\$ 1,574,343	\$ -		\$ 1,574,500
Issuance of common stock	7	64,000	6	67,494	-		67,500
Loss for the period					(2,000)		(2,000)
Unrealized holding gains on available for available for sale securities	3,5					406,125	406,125
Balance, March 31, 2016		1,638,500	\$ 163	\$ 1,641,837	\$ (2,000)	\$ 406,125	\$ 2,046,125

The accompanying notes are an integral part of these financial statements

iAnthus Transfer Corp.
Statements of Cash Flows
Expressed in U.S. Dollars

	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Operating activities		
Income (loss) for the period	\$ (2,000)	\$ -
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	2,000	-
Net cash flows used in operating activities	-	-
Investing activities:		
Purchase of investment	\$ (67,500)	\$ (1,375,000)
Net cash flows used in investing activities	(67,500)	(1,375,000)
Financing activities:		
Issuance of common stock	67,500	1,375,000
Net cash flows from financing activities	67,500	1,375,000
Change in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Organization and nature of business:

iAnthus Transfer Corp. (the Company), a Delaware corporation, commenced its operations on January 20, 2015 when it purchased shares of iAnthus Capital Management, LLC. The Company was incorporated on November 24, 2014 to invest in companies that deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States.

The Company's continued growth is dependent upon its ability to achieve profitable operations through returns on its investment portfolio, obtaining additional capital and receiving continued support from its shareholders and related parties. Management of the Company will continue to raise capital through private placements or debt financing so it may continue to make future investments.

The address of the Company's executive office and principal place of business is 420 Lexington Avenue, New York, New York in the United States of America.

2. Basis of presentation:

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 annual financial statements.

The Company has applied the same accounting policies and methods of computation in its interim financial statements as in its 2015 annual financial statements, except for those that relate to new standards and interpretations effective for the first time of period beginning on or after January 1, 2016 and will be adopted in the 2016 annual financial statements.

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in U.S. dollars, which is also the Company's functional currency.

These interim financial statements were authorized for issue on August 12, 2016 by the Board of Directors of the Company.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies:

a) Cash and cash equivalents

Cash and cash equivalents consist of actual cash as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase.

b) Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 8.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Company's investment in iAnthus Capital Management, LLC that are not traded in an active market are classified as an AFS financial asset and stated at fair value at the end of each reporting period. Fair value

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

b) Financial assets (continued)

is determined in the manner described in Note 8. Changes in the fair value of AFS financial assets are recognized in other comprehensive income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

c) Income taxes

The Company is taxable as a C Corporation for federal and state income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred tax assets or liabilities related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. Deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The Company files income tax returns in the U.S. federal jurisdiction, in various states and local jurisdictions. The Company is subject to U.S. federal, state and local income tax examinations by taxing authorities. Due to the limited operations of the Company, no provision for income taxes has been provided for the three months ended March 31, 2016 and March 31, 2015.

d) Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable in the period earned. Reported revenue is stated net of trade allowances and rebates. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities. There was no revenue for the three months ended March 31, 2016 and March 31, 2015.

e) Basic and diluted loss per unit

The calculation of basic and diluted loss per unit for three months ended March 31, 2016 is calculated by dividing the loss of \$2,000 and the weighted average number of common stock outstanding of 1,625,643 as of March 31, 2016.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

e) Basic and diluted loss per unit (continued)

The calculation of basic and diluted loss per unit for three months ended March 31, 2015 is calculated by dividing the loss of \$0 and the weighted average number of common stock outstanding of 1,069,444 as of March 31, 2015.

f) Standards, amendments and interpretations not yet effective

The following new standards have been issued by the IASB but are not yet effective:

IFRS 7 Financial Statements: Disclosures

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application to this IFRS did not have a material impact on the amounts reported for the 2016 and 2015 periods but may affect the accounting for future transactions or arrangements.

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: Amortized Cost and Fair Value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 10 Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

f) Standards, amendments and interpretations not yet effective (continued)

IFRS 11 Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will apply to most revenue contracts and how to recognize revenue under these contracts. IFRS 15 changes the criteria for determining whether revenue is recognized at a point in time or over time. The standard provides more guidance in areas where current IFRSs are lacking such as multiple element arrangements, variable pricing, rights of return, warranties and licensing. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not currently have any leases that would be affected by the new standard; however, the Company is in the process of evaluating how the new standard will affect future transactions.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting judgments and estimates:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Given the limited scope of the Company's operations through March 31, 2016, there have been no critical judgments in applying accounting policies that have any significant risk of causing material adjustment to the carrying amounts of the assets and liabilities recognized in the financial statements through that date.

Estimates

The effect of change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The most significant estimate relates to the fair value measurement of Level 3 investments. The key assumptions used to determine fair value of the investment are provided in Note 8.

5. Investment at fair value

The Company holds 1,638,500 and 1,574,500 shares of iAnthus Capital Management LLC as of March 31, 2016 and December 31, 2015, respectively. The investment is classified as a Level 3 investment. The reconciliation of the Level 3 investment for the three months ended March 31, 2016 and the year ended December 31, 2015 is as follows:

	As at March 31, 2016 (Unaudited)	As at December 31, 2015 (Audited)
Balance at beginning of period	\$1,574,500	\$ -
Purchases	67,500	1,574,500
Gain included in other comprehensive Income – net change in fair value (unrealized)	406,125	-
Balance at end of period	<u>\$2,048,125</u>	<u>\$1,574,500</u>

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

6. Related party transactions:

For the three months ended March 31, 2016 and March 31, 2015, iAnthus Capital Management LLC paid \$0 and \$716 of miscellaneous expenses on behalf of the Company, respectively.

7. Equity:

The Company is authorized to issue 10,000,000 shares of common stock, with a par value of \$0.0001 per share. There were 1,638,500 shares as of March 31, 2016 and 1,375,000 shares as of March 31, 2015 issued and fully paid. The Company issued 80,000 shares of common stock subsequent to March 31, 2016 for \$100,000.

8. Financial instruments and financial risk management:

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has the overall responsibility for the determination of the Company's risk management objectives and policies. The overall objectives of the Board of Directors are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no borrowings as of March 31, 2016 and December 31, 2015. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. There were no financial instruments, which are potentially subject to credit risk for the Company as of March 31, 2016 and December 31, 2015.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

b) Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure will be limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal since there was no cash at March 31, 2016 and December 31, 2015.

c) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company had no cash at March 31, 2016 and December 31, 2015. Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 in a hierarchy that is based on the degree to which the fair value is observable. The levels in the hierarchy are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Investment valuation: The investment in iAnthus Capital Management, LLC is carried at fair value. At December 31, 2015, the fair value of each unit was \$1 as determined by a third party valuation report issued in 2015. At March 31, 2016, the fair value of each unit was \$1.25 based on a new financing that closed after the valuation date. As this was an arms-length transaction, the price derived from that transaction could be relied upon in calculating the fair value at March 31, 2016.

There were no changes in valuation techniques during the period.

Financial assets

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company did not have any loans and receivables as of March 31, 2016 and December 31, 2015.

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. No impairment losses have been necessary for the three months ended March 31, 2016 and March 31, 2015.

iAnthus Transfer Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

9. Capital management:

The Company monitors its common shares as capital. The Company's objective when maintaining capital is to maintain a sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

10. Risk and uncertainties:

The Company operates in the rapidly growing U. S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products do not pass or are reversed in the near term.

APPENDIX “C1”

IANTHUS TRANSFER CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

IANTHUS TRANSFER CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 12, 2016, should be read in conjunction with the audited financial statements of iAnthus Transfer Corp. (the "Company" or "iAnthus") for the year ended December 31, 2015, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the year ended December 31, 2015, the financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in United States dollars unless noted otherwise.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "postulate" and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

COMPANY OVERVIEW

The Company is a Delaware corporation incorporated on November 24, 2014 to invest in companies that deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. On January 20, 2015, the Company commenced operations when it purchased shares of iAnthus Capital Management, LLC. The Company's corporate office and principal place of business is located at 420 Lexington Avenue, Suite 300, New York, NY 10170 in the United States of America.

RECENT DEVELOPMENTS & SUBSEQUENT EVENTS*Related Party Transactions*

During the year ended December 31, 2015 and for the period from inception on November 24, 2014 to December 31, 2014, iAnthus Capital Management, LLC paid approximately \$1,400 and \$0, respectively, of miscellaneous expenses on behalf of the Company.

Equity

The Company is authorized to issue 10,000,000 shares of common stock, with a par value of \$0.0001 per share. As of December 31, 2015, there were 1,574,500 shares issued and fully paid. The Company issued 144,000 shares of common stock subsequent to December 31, 2015 for \$167,500.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

During the year ended December 31, 2015, the Company did not generate income from operations. The expenses are itemized in the Company's Financial Statements for the year ended December 31, 2015.

As of December 31, 2015, the Company has issued a total of 1,574,500 common stock shares.

IANTHUS TRANSFER CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

LIQUIDITY AND CAPITAL RESOURCES

As of the year ended December 31, 2015, the Company had \$0 of working capital. It also had \$0 of working capital as of December 31, 2014.

The Company's expected cash resources are sufficient to meet its short-term need.

The chart below highlights the Company's cash flows during the year ended December 31, 2015 and for the period from Inception on November 24, 2014 to December 31, 2014.

Net cash provided by (used in):	Year ended December 31, 2015 Audited	For the Period from Inception on November 24, 2014 to December 31, 2014 Audited
Operating activities	\$-	\$-
Investing activities	\$(1,574,500)	\$-
Financing activities	\$1,574,500	\$-

INVESTMENT AT FAIR VALUE

The Company holds 1,574,500 and 0 shares of iAnthus Capital Management, LLC as of December 31, 2015 and December 31, 2014, respectively. The investment is classified as a Level 3 investment. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The reconciliation of the Level 3 investment for the year ended December 31, 2015 and for the period from Inception on November 24, 2014 to December 31, 2014 is as follows:

	Year Ended December 31, 2015 Audited	Period from Inception on November 24, 2014 December 31, 2014 Audited
Balance at beginning of period	\$-	\$-
Purchases	\$1,574,500	\$-
Gain included in other comprehensive income – net change in fair value (unrealized)	\$-	\$-
Balance at end of period	\$1,574,500	\$-

Investment Valuation

The investment in iAnthus Capital Management, LLC is carried at fair value. At December 31, 2015, the fair value of each unit was \$1 as determined by a third party valuation report issued in 2015.

There were no changes in valuation techniques during the period.

IANTHUS TRANSFER CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

OUTSTANDING SHARE (UNIT) DATA

The following share capital data is current as of the date of this document:

	Balance
Shares (units) issued and outstanding	1,718,500

RESULTS OF OPERATIONS

Operating expenses for the year ended December 31, 2015 and for the period from Inception on November 24, 2014 to December 31, 2014 totaled \$0. There was neither net loss nor gain for the year ended December 31, 2015 and for the period from Inception on November 24, 2014 to December 31, 2014.

SELECTED YEARLY INFORMATION FOR MOST RECENT COMPLETED YEARS

	Year ended December 31, 2015 Audited	For the Period from Inception on November 24, 2014 to December 31, 2014 Audited
Revenue	\$-	\$-
Operating Expenses	\$-	\$-
Net (loss) income after taxes	\$-	\$-
Net (loss) income per unit – basic and diluted	\$-	\$-
Weighted average number of units outstanding – basic and diluted	1,574,500	-

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

		December 31, 2015 Audited	December 31, 2014 Audited
Current financial assets	a	\$-	\$-
Current financial liabilities	b	\$-	\$-

- a. No current financial assets as of December 31, 2015 and December 31, 2014
- b. No accounts payable and accrued liabilities as of December 31, 2015 and December 31, 2014

The Company's financial instruments are exposed to certain financial risks, which include the following:

- Market risk
- Credit risk
- Liquidity risk

IANTHUS TRANSFER CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no borrowings as of December 31, 2015 and December 31, 2014. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity Price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. There were no financial instruments, which are potentially subject to credit risk for the Company as of December 31, 2015. The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure will be limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal since there were no cash assets at December 31, 2015 and December 31, 2014.

c) Liquidity and Funding risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company had no cash at December 31, 2015 and December 31, 2014.

Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Loans and Receivables

The Company did not have any loans and receivables as of December 31, 2015 and December 31, 2014.

Impairment of Financial Assets

No impairment losses have been necessary for the year ended December 31, 2015 and the period of inception on November 24, 2014 to December 31, 2014.

Capital Management

The Company monitors its common shares as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investor's confidence required to sustain future development and production of the business.

IANTHUS TRANSFER CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

The Company is not exposed to any externally imposed capital requirements.

RISK AND UNCERTAINTIES

Through the principal business activity of the Company, it is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Conflicts of Interest

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

Negative Operating Cash Flows

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

Risks Related as a Going Concern

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

Reliance on Key Personnel and Advisors

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

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “C2”

IANTHUS TRANSFER CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2016

IANTHUS TRANSFER CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 12, 2016, should be read in conjunction with the unaudited financial statements of iAnthus Transfer Corp. (the "Company" or "iAnthus") for the quarter ended March 31, 2016, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the quarter ended March 31, 2016, the financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in United States dollars unless noted otherwise.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "postulate" and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

COMPANY OVERVIEW

The Company is a Delaware corporation incorporated on November 24, 2014 to invest in companies that deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. On January 20, 2015, the Company commenced operations when it purchased shares of iAnthus Capital Management, LLC. The Company's corporate office and principal place of business is located at 420 Lexington Avenue, Suite 300, New York, NY 10170 in the United States of America.

RECENT DEVELOPMENTS & SUBSEQUENT EVENTS*Related Party Transactions*

For the three months ended March 31, 2016 and March 31, 2015, iAnthus Capital Management, LLC paid \$0 and \$716 of miscellaneous expenses on behalf of the Company, respectively.

Equity

The Company is authorized to issue 10,000,000 shares of common stock, with a par value of \$0.0001 per share. There were 1,638,500 shares as of March 31, 2016 and 1,375,000 shares as of March 31, 2015 issued and fully paid. The Company issued 80,000 shares of common stock subsequent to March 31, 2016 for \$100,000.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

During the quarter ended March 31, 2016, the Company incurred a net loss of \$2,000 from operations. The expenses are itemized in the Company's Financial Statements for the quarter ended March 31, 2016. The net loss is attributed to accounting fees.

The Company did not generate income from operations for the quarter ended March 31, 2016.

IANTHUS TRANSFER CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

As of March 31, 2016, the Company has issued a total of 1,638,500 membership units.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2016, the Company had negative working capital of \$2,000 in comparison to \$0 of working capital as of December 31, 2015.

The Company's expected cash resources are sufficient to meet its short-term need.

The chart below highlights the Company's cash flows during the three months ending March 31, 2016 and March 31, 2015.

Net cash provided by (used in):	Three months ended	Three months ended
	March 31, 2016	March 31, 2015
	Unaudited	Unaudited
Operating activities	\$-	\$-
Investing activities	\$(67,500)	\$(1,375,000)
Financing activities	\$67,500	\$1,375,000

INVESTMENT AT FAIR VALUE

The Company holds 1,638,500 and 1,574,500 shares of iAnthus Capital Management, LLC as of March 31, 2016 and December 31, 2015, respectively. The investment is classified as a Level 3 investment. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The reconciliation of the Level 3 investment for the three months ended March 31, 2016 and the year ended December 31, 2015 is as follows:

	March 31, 2016	December 31, 2015
	Unaudited	Audited
Balance at beginning of period	\$1,574,500	\$-
Purchases	\$67,500	\$1,574,500
Gain included in other comprehensive income – net change in fair value (unrealized)	\$406,125	\$-
Balance at end of period	\$2,048,125	\$1,574,500

Investment Valuation

The investment in iAnthus Capital Management, LLC is carried at fair value. At December 31, 2015, the fair value of each unit was \$1 as determined by a third party valuation report issued in 2015. At March 31, 2016, the fair value of each unit was \$1.25 based on a new financing that closed after the valuation date. As this was an arms-length transaction, the price derived from that transaction could be relied upon in calculating the fair value at March 31, 2016.

There were no changes in valuation techniques during the period.

OUTSTANDING SHARE (UNIT) DATA

The following share capital data is current as of the date of this document:

IANTHUS TRANSFER CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

	Balance
Shares (units) issued and outstanding	1,718,500

RESULTS OF OPERATIONS

Operating expenses for the quarter ended March 31, 2016 and March 31, 2015 totaled \$2,000 and \$0, respectively. Net loss for the three months ended March 31, 2016 was \$2,000, or \$0.0012 per unit on a basic and diluted basis as compared to neither net loss nor gain for the three months ended March 31, 2015.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Revenue	\$-	\$-
Operating Expenses	\$2,000	\$-
Net (loss) income after taxes	\$(2,000)	\$-
Net (loss) income per unit – basic and diluted	\$(0.0012)	\$-
Weighted average number of units outstanding – basic and diluted	1,625,643	1,069,444

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

		March 31, 2016 Unaudited	December 31, 2015 Audited
Current financial assets	a	\$-	\$-
Current financial liabilities	b	\$2,000	\$-

- a. No current financial assets as of March 31, 2016 and December 31, 2015
- b. Comprises accounts payable and accrued liabilities

The Company's financial instruments are exposed to certain financial risks, which include the following:

- Market risk
- Credit risk
- Liquidity risk

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency risk

IANTHUS TRANSFER CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no borrowings as of March 31, 2016 and December 31, 2015. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity Price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. There were no financial instruments, which are potentially subject to credit risk for the Company. The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure will be limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal since there were no cash assets at March 31, 2016 and December 31, 2015.

c) Liquidity and Funding risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company had no cash at March 31, 2016 and December 31, 2015.

Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Loans and Receivables

The Company did not have any loans and receivables as of March 31, 2016 and December 31, 2015.

Impairment of Financial Assets

No impairment losses have been necessary for the three months ended March 31, 2016 and March 31, 2015.

Capital Management

The Company monitors its common shares as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

RISK AND UNCERTAINTIES

IANTHUS TRANSFER CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

Through the principal business activity of the Company, it is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Conflicts of Interest

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

Negative Operating Cash Flows

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

Risks Related as a Going Concern

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

Reliance on Key Personnel and Advisors

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

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “D”

IANTHUS FORMATION CORP.

AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2015 AND 2014
AND UNAUDITED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2016

iAnthus Formation Corp.

FINANCIAL STATEMENTS

Year Ended December 31, 2015

and

Period from Inception on December 23, 2014 to December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
iAnthus Formation Corp.

We have audited the accompanying financial statements of iAnthus Formation Corp., (a Delaware corporation), which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2015 and the period from inception on December 23, 2014 to December 31, 2014 and a summary of significant accounting policies and other explanatory notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

To the Shareholders of
iAnthus Formation Corp.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of iAnthus Formation Corp. as at December 31, 2015 and 2014 and of its financial performance and its cash flows for the year ended December 31, 2015 and the period from inception on December 23, 2014 to December 31, 2014, in accordance with International Financial Reporting Standards.

Sheehan & Company CPA, P.C.

Brightwaters, New York
August 12, 2016

iAnthus Formation Corp.
Statements of Financial Position
Expressed in U.S. Dollars

	Notes	December 31, 2015	December 31, 2014
<u>ASSETS</u>			
Non-current			
Investment at fair value	5	\$ 1,800,000	\$ 1,800,000
Subscription receivable		180	180
Total non-current assets		1,800,180	1,800,180
TOTAL ASSETS		\$ 1,800,180	\$ 1,800,180
<u>LIABILITIES AND EQUITY</u>			
TOTAL LIABILITIES		\$ -	\$ -
<u>EQUITY</u>			
Share capital	7	180	180
Retained earnings		-	-
Accumulated other comprehensive income:			
Unrealized holding gains on available for sale securities	3,5	1,800,000	1,800,000
TOTAL EQUITY		1,800,180	1,800,180
TOTAL LIABILITIES AND EQUITY		\$ 1,800,180	\$ 1,800,180

The accompanying notes are an integral part of these financial statements

iAnthus Formation Corp.
Statements of Comprehensive Income
Expressed in U.S. Dollars

		Year Ended	For the Period from
	Notes	December 31, 2015	Inception on
			December 23, 2014
			to December 31, 2014
Operations			
Total operating income		\$ -	\$ -
Total operating expenses		-	-
Income for the period		-	-
Other comprehensive income			
Unrealized holding gain on available sale securities	3,5	-	1,800,000
Other comprehensive income for the period		-	1,800,000
Total comprehensive income for the period		\$ -	\$ 1,800,000
Income per share - basic and diluted			
		\$ -	\$ -
Weighted average number of shares outstanding - basic and diluted		1,800,000	1,800,000

The accompanying notes are an integral part of these financial statements

iAnthus Formation Corp.
Statements of Changes in Equity
Expressed in U.S. Dollars

**For the period from inception on December 23, 2014 to December 31, 2014
and the year ended December 31, 2015**

	Notes	Shares Issued	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Balance, December 23, 2014		-	\$ -	\$ -	\$ -	\$ -
Issuance of common stock	7	1,800,000	180	-	-	180
Income for the period		-	-	-	-	-
Unrealized holding gains on available for available for sale securities	3,5	-	-	-	1,800,000	1,800,000
Balance, December 31, 2014		1,800,000	180	-	1,800,000	1,800,180
Issuance of common stock		-	-	-	-	-
Income for the period		-	-	-	-	-
Unrealized holding gains on available for available for sale securities		-	-	-	-	-
Balance, December 31, 2015		1,800,000	\$ 180	\$ -	\$ 1,800,000	\$ 1,800,180

The accompanying notes are an integral part of these financial statements

iAnthus Formation Corp.
Statements of Cash Flows
Expressed in U.S. Dollars

	Year Ended to December 31, 2015	For the Period from Inception on December 23, 2014 to December 31, 2015
Operating activities		
Net cash flows used in operating activities	\$ -	\$ -
Investing activities:		
Purchase of investment	-	-
Net cash flows used in investing activities	-	-
Financing activities:		
Issuance of common stock	-	-
Net cash flows from financing activities	-	-
Change in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -
Supplemental disclosure with respect to cash flows		
Noncash financing activities:		
Common shares subscribed and issued	-	180
Shares granted to Founders	-	1,800,000

The accompanying notes are an integral part of these financial statements

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information:

iAnthus Formation Corp. (the Company), a Delaware corporation, commenced operations in December 2014 when it received 1,800,000 founder shares of iAnthus Capital Management, LLC. The Company was incorporated on December 23, 2014 to invest in companies that deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States.

The Company's continued growth is dependent upon its ability to achieve profitable operations through returns on its investment portfolio, obtaining additional capital and receiving continued support from its shareholders and related parties. Management of the Company will continue to raise capital through private placements or debt financing so it may continue to make future investments.

The address of the Company's corporate office and principal place of business is 420 Lexington Avenue, New York, New York in the United States of America.

2. Basis of presentation:

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board which is a basis of accounting other than United States Generally Accepted Accounting Principles (GAAP).

These December 31, 2015 and period from inception December 23, 2014 to December 31, 2014 financial statements were authorized for issue on August 12, 2016 by the Board of Directors of the Company.

b) Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in U.S. dollars, which is also the Company's functional currency.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies:

a) Cash and cash equivalents

Cash and cash equivalents consist of actual cash as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase.

b) Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 8.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Company's investment in iAnthus Capital Management, LLC that are not traded in an active market are classified as an AFS financial asset and stated at fair value at the end of each reporting period. Fair value is determined in the manner described in Note 8. Changes in the fair value of AFS financial assets are recognized in other comprehensive income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

c) Income taxes

The Company is taxable as a C Corporation for federal and state income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred tax assets or liabilities related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. Deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The Company files income tax returns in the U.S. federal jurisdiction and in various states and local jurisdictions. The Company is subject to U.S. federal, state and local income tax examinations by taxing authorities. Due to the limited operations of the Company in 2015 and 2014, no provision for income taxes has been provided.

d) Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable in the period earned. Reported revenue is stated net of trade allowances and rebates. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities. There was no revenue for the year ended December 31, 2015 and the period ended December 31, 2014.

e) Basic and diluted income per unit

The calculation of basic and diluted income per unit for the year ended December 31, 2015 and the period ended December 31, 2014 was based on the income and the weighted average number of common stock outstanding of 1,800,000 for each period.

f) Standards, amendments and interpretations not yet effective

The following new standards have been issued by the IASB but are not yet effective:

IFRS 7 Financial Statements: Disclosures

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application to this IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

f) Standards, amendments and interpretations not yet effective (continued)

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 10 Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

IFRS 11 Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The application of the IFRS did not have a material impact on the amounts reported for 2015 and 2014 but may affect the accounting for future transactions or arrangements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will apply to most revenue contracts and how to recognize revenue under these contracts. IFRS 15 changes the criteria for determining whether revenue is recognized at a point in time or over time. The standard provides more guidance in areas where current IFRSs are lacking such as multiple element arrangements,

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

f) Standards, amendments and interpretations not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

variable pricing, rights of return, warranties and licensing. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not currently have any leases that would be affected by the new standard; however, the Company is in the process of evaluating how the new standard will affect future transactions.

4. Critical accounting judgments and estimates:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Given the limited scope of the Company's operations through December 31, 2015, there have been no critical judgments in applying accounting policies that have any significant risk of causing material adjustment to the carrying amounts of the assets and liabilities recognized in the financial statements through that date.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting judgments and estimates (continued):

Estimates

The effect of change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Given the limited scope of the Company's operations through December 31, 2015, there have been no estimates or assumptions that have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities through that date.

5. Investment at fair value:

The Company holds 1,800,000 founder shares of iAnthus Capital Management, LLC which is classified as a Level 3 investment. The reconciliation of the Level 3 investment is as follows:

	<u>Year Ended December 31, 2015</u>	<u>Period from inception on December 23, 2014 to December 31, 2014</u>
Balance at beginning of period	\$1,800,000	\$ -
Gain included in other comprehensive income - net change in fair value (unrealized)	-	1,800,000
Balance at end of period	<u>\$1,800,000</u>	<u>\$1,800,000</u>

6. Related party transactions:

During the year ended December 31, 2015, iAnthus Capital Management, LLC paid approximately \$1,100 of miscellaneous expenses on behalf of the Company.

7. Equity:

The Company is authorized to issue 2,000,000 shares of common stock, with a par value of \$0.0001 per share. As of December 31, 2015, there were 1,800,000 shares issued and subscribed.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management:

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has the overall responsibility for the determination of the Company's risk management objectives and policies. The overall objectives of the Board of Directors are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no borrowings as of December 31, 2015 and 2014. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. There were no financial instruments, which are potentially subject to credit risk for the Company as of December 31, 2015.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure will be limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal since there were no cash assets at December 31, 2015 and 2014.

c) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company had no cash at December 31, 2015 and 2014. Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 in a hierarchy that is based on the degree to which the fair value is observable. The levels in the hierarchy are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment valuation: The investment in iAnthus Capital Management, LLC is carried at fair value as determined by a third party valuation report issued in 2015 which concluded that the fair value of each unit of iAnthus Capital Management, LLC was \$1. There were no changes in valuation techniques during the period.

Financial assets

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company did not have any loans and receivables as of December 31, 2015 and 2014.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. No impairment losses have been necessary through December 31, 2015.

9. Capital management:

The Company monitors its common shares capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

10. Risk and uncertainties:

The Company operates in the rapidly growing U. S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products do not pass or are reversed in the near term.

iAnthus Formation Corp.

INTERIM FINANCIAL STATEMENTS

**For the Three Months Ended March 31, 2016
And March 31, 2015
(Unaudited)**

iAnthus Formation Corp.
Statements of Financial Position
Expressed in U.S. Dollars

	Notes	March 31, 2016 Unaudited	December 31, 2015 Audited
<u>ASSETS</u>			
Non-current			
Investment at fair value	5	\$ 2,250,000	\$ 1,800,000
Subscription receivable		180	\$ 180
Total non-current assets		2,250,180	1,800,180
TOTAL ASSETS		\$ 2,250,180	\$ 1,800,180
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,000	\$ -
Total current liabilities		2,000	-
TOTAL LIABILITIES		\$ 2,000	\$ -
<u>EQUITY</u>			
Share capital	7	180	180
Retained earnings (deficit)		(2,000)	-
Accumulated other comprehensive income:			
Unrealized holding gains on available for sale securities	3,5	2,250,000	1,800,000
TOTAL EQUITY		2,248,180	1,800,180
TOTAL LIABILITIES AND EQUITY		\$ 2,250,180	\$ 1,800,180

The accompanying notes are an integral part of these financial statements

iAnthus Formation Corp.
Statements of Comprehensive Income
Expressed in U.S. Dollars

	Notes	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Operations			
Total operating income		-	\$ -
Operating expenses			
Accounting fees		2,000	
Total operating expenses		2,000	-
Loss for the period		(2,000)	-
Other comprehensive income			
Unrealized holding gain on available for sale securities	3,5	450,000	
Other comprehensive income for the period		450,000	-
Total comprehensive income for the period		\$ 448,000	\$ -
Loss per share - basic and diluted			
		\$ (0.001)	\$ -
Weighted average number of shares outstanding - basic and diluted		1,800,000	1,800,000

The accompanying notes are an integral part of these financial statements

iAnthus Formation Corp.
Statements of Changes in Equity
Expressed in U.S. Dollars

For the three months ended March 31, 2016 and March 31, 2015 (Unaudited)

	Notes	Shares Issued	Share Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Equity
Balance, January 1, 2015		1,800,000	\$ 180	\$ -	1,800,000	\$ 1,800,180
Issuance of common stock	7	-	-	-	-	-
Income for the period		-	-	-	-	-
Unrealized holding gains on available for available for sale securities	3,5	-	-	-	-	-
Balance, March 31, 2015		1,800,000	\$ 180	\$ -	\$ 1,800,000	\$ 1,800,180
Balance, January 1, 2016		1,800,000	\$ 180	\$ -	\$ 1,800,000	\$ 1,800,180
Issuance of common stock	7	-	-	-	-	-
Loss for the period		-	-	(2,000)	-	(2,000)
Unrealized holding gains on available for available for sale securities	3,5	-	-	-	450,000	450,000
Balance, March 31, 2016		1,800,000	\$ 180	\$ (2,000)	\$ 2,250,000	\$ 2,248,180

The accompanying notes are an integral part of these financial statements

iAnthus Formation Corp.
Statements of Cash Flows
Expressed in U.S. Dollars

	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Operating activities		
Income (loss) for the period	\$ (2,000)	\$ -
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	2,000	
Net cash flows used in operating activities	\$ -	\$ -
Investing activities:		
Net cash flows used in investing activities	-	-
Financing activities:		
Net cash flows from financing activities	-	-
Change in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information:

iAnthus Formation Corp. (the Company), a Delaware corporation, commenced operations in December 2014 when it received 1,800,000 founder shares of iAnthus Capital Management, LLC. The Company was incorporated on December 23, 2014 to invest in companies that deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States.

The Company's continued growth is dependent upon its ability to achieve profitable operations through returns on its investment portfolio, obtaining additional capital and receiving continued support from its shareholders and related parties. Management of the Company will continue to raise capital through private placements or debt financing so it may continue to make future investments.

The address of the Company's corporate office and principal place of business is 420 Lexington Avenue, New York, New York in the United States of America.

2. Basis of presentation:

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 annual financial statements.

The Company has applied the same accounting policies and methods of computation in its interim financial statements as in its 2015 annual financial statements, except for those that relate to new standards and interpretations effective for the first time of period beginning on or after January 1, 2016 and will be adopted in the 2016 annual financial statements.

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in U.S. dollars, which is also the Company's functional currency.

These interim financial statements were authorized for issue on August 12, 2016 by the Board of Directors of the Company.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies:

a) Cash and cash equivalents

Cash and cash equivalents consist of actual cash as well as cash equivalents, defined as short-term, highly liquid financial instruments with insignificant interest rate risk that are readily convertible to cash and have maturities of three months or less from the date of purchase.

b) Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 8.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS and are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL. The Company's investment in iAnthus Capital Management, LLC that are not traded in an active market are classified as an AFS financial asset and stated at fair value at the end of each reporting period. Fair value

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

b) Financial assets (continued)

is determined in the manner described in Note 8. Changes in the fair value of AFS financial assets are recognized in other comprehensive income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss.

c) Income taxes

The Company is taxable as a C Corporation for federal and state income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred tax assets or liabilities related primarily to differences between the bases of certain assets and liabilities for financial and tax reporting. Deferred taxes represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The Company files income tax returns in the U.S. federal jurisdiction and in various states and local jurisdictions. The Company is subject to U.S. federal, state and local income tax examinations by taxing authorities. Due to the limited operations of the Company, no provision for income taxes has been provided for the three months ended March 31, 2016 and March 31, 2015.

d) Revenue recognition

Revenue is recognized at the fair value of the consideration received or receivable in the period earned. Reported revenue is stated net of trade allowances and rebates. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities. There was no revenue for the three months ended March 31, 2016 and March 31, 2015.

e) Basic and diluted loss per unit

The calculation of basic and diluted loss per unit for the three months ended March 31, 2016 and March 31, 2015 was based on the loss and the weighted average number of common stock outstanding of 1,800,000 for each period.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

f) Standards, amendments and interpretations not yet effective

The following new standards have been issued by the IASB but are not yet effective:

IFRS 7 Financial Statements: Disclosures

The amendment to IFRS 7 enhances the disclosure required when offsetting financial assets and liabilities. The application to this IFRS did not have a material impact on the amounts reported for the 2016 and 2015 periods but may affect the accounting for future transactions or arrangements.

IFRS 9 Financial Instruments

IFRS 9 is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: Amortized Cost and Fair Value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 10 Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies (continued):

f) Standards, amendments and interpretations not yet effective (continued)

IFRS 11 Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. The application of the IFRS did not have a material impact on the amounts reported for the current period but may affect the accounting for future transactions or arrangements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will apply to most revenue contracts and how to recognize revenue under these contracts. IFRS 15 changes the criteria for determining whether revenue is recognized at a point in time or over time. The standard provides more guidance in areas where current IFRSs are lacking such as multiple element arrangements, variable pricing, rights of return, warranties and licensing. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not currently have any leases that would be affected by the new standard; however, the Company is in the process of evaluating how the new standard will affect future transactions.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

4. Critical accounting judgments and estimates:

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgments

Given the limited scope of the Company's operations through March 31, 2016, there have been no critical judgments in applying accounting policies that have any significant risk of causing material adjustment to the carrying amounts of the assets and liabilities recognized in the financial statements through that date.

Estimates

The effect of change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The most significant estimate relates to the fair value measurement of Level 3 investments. The key assumptions used to determine fair value of the investment are provided in Note 8.

5. Investment at fair value:

The Company holds 1,800,000 founder shares of iAnthus Capital Management, LLC as of March 31, 2016 and December 31, 2015, which is classified as a Level 3 investment. The reconciliation of the Level 3 investment for the three months ended March 31, 2016 and for the year ended December 31, 2015 is as follows:

	<u>As at March 31, 2016 (Unaudited)</u>	<u>As at December 31, 2015 (Audited)</u>
Balance at beginning of period	\$1,800,000	\$1,800,000
Gain included in other comprehensive income - net change in fair value (unrealized)	<u>450,000</u>	<u>-</u>
Balance at end of period	<u>\$ 2,250,000</u>	<u>\$ 1,800,000</u>

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

6. Related party transactions:

For the three months ended March 31, 2016 and March 31, 2015, iAnthus Capital Management, LLC paid \$750 and \$461, respectively of miscellaneous expenses on behalf of the Company.

7. Equity:

The Company is authorized to issue 2,000,000 shares of common stock, with a par value of \$0.0001 per share. As of March 31, 2016 and December 31, 2015, there were 1,800,000 shares issued and subscribed.

8. Financial instruments and financial risk management:

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments.

This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has the overall responsibility for the determination of the Company's risk management objectives and policies. The overall objectives of the Board of Directors are to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no borrowings as of March 31, 2016 and December 31, 2015. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity price risk

Equity price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. There were no financial instruments, which are potentially subject to credit risk for the Company.

The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure will be limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal since there were no cash assets at March 31, 2016 and December 31, 2015.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

c) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company had no cash at March 31, 2016 and December 31, 2015. Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Fair value

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 in a hierarchy that is based on the degree to which the fair value is observable. The levels in the hierarchy are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment valuation: The investment in iAnthus Capital Management, LLC is carried at fair value. At December 31, 2015, the fair value of each unit was \$1 as determined by a third party valuation report issued in 2015. At March 31, 2016, the fair value of each unit was \$1.25 based on a new financing that closed after the valuation date. As this was an arms-length transaction, the price derived from that transaction could be relied upon in calculating the fair value at March 31, 2016.

There were no changes in valuation techniques during the period.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

8. Financial instruments and financial risk management (continued):

Financial assets

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. The Company did not have any loans and receivables as of March 31, 2016 and December 31, 2015.

Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets. No impairment losses have been necessary for the three months ended March 31, 2016 and March 31, 2015.

9. Capital management:

The Company monitors its common shares capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

iAnthus Formation Corp.

ACCOUNTING POLICIES AND OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

10. Risk and uncertainties:

The Company operates in the rapidly growing U. S. regulated cannabis market. There is a high level of risk and uncertainty associated with regulatory conditions within this market. Such uncertainty is mitigated by the gradual path the United States is taking to legalize cannabis through state-by-state reform initiatives. Due to the high level of risk and uncertainty associated with the regulatory conditions within the industry, it is at least reasonably possible that the Company can face material adverse effects if regulations are established to prohibit the cultivation and sale of cannabis products nationally or if the state-by-state reform initiatives allowing for the sale and cultivation of cannabis products do not pass or are reversed in the near term.

11. Subsequent events:

Pursuant to an agreement with the Company and iAnthus Capital Management, LLC, during May 2016, the Company sold back 201,250 founder units of iAnthus Capital Management, LLC originally granted at no cost for an agreed upon price of \$15.

APPENDIX “D1”

IANTHUS FORMATION CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

IANTHUS FORMATION CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 12, 2016, should be read in conjunction with the audited financial statements of iAnthus Formation Corp. (the "Company" or "iAnthus") for the year ended December 31, 2015, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the year ended December 31, 2015, the financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in United States dollars unless noted otherwise.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "postulate" and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

COMPANY OVERVIEW

The Company is a Delaware corporation incorporated on December 23, 2014 to invest in companies that deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. In December 2014, the Company commenced operations when it received 1,800,000 founder shares of iAnthus Capital Management, LLC. The Company's corporate office and principal place of business is located at 420 Lexington Avenue, Suite 300, New York, NY 10170 in the United States of America.

RECENT DEVELOPMENTS & SUBSEQUENT EVENTS*Related Party Transactions*

During the year ended December 31, 2015 and for the period from inception on December 23, 2014 to December 31, 2014, iAnthus Capital Management, LLC paid approximately \$1,100 and \$0, respectively, of miscellaneous expenses on behalf of the Company.

Equity

The Company is authorized to issue 2,000,000 shares of common stock, with a par value of \$0.0001 per share. As of December 31, 2015, there were 1,800,000 shares issued and subscribed.

Subsequent Events

Pursuant to an agreement with the Company and iAnthus Capital Management, LLC, during May 2016, the Company sold back 201,250 founder units of iAnthus Capital Management, LLC originally granted at no cost for an agreed upon price of \$15.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

IANTHUS FORMATION CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

During the year ended December 31, 2015, the Company did not generate income from operations. The expenses are itemized in the Company's Financial Statements for the year ended December 31, 2015.

As of December 31, 2015, the Company has issued a total of 1,800,000 common stock shares.

LIQUIDITY AND CAPITAL RESOURCES

As of the year ended December 31, 2015, the Company had \$0 of working capital. It also had \$0 of working capital as of December 31, 2014.

The Company's expected cash resources are sufficient to meet its short-term need.

The chart below highlights the Company's cash flows during the year ended December 31, 2015 and for the period from Inception on December 23, 2014 to December 31, 2014.

Net cash provided by (used in):	Year ended December 31, 2015 Audited	For the Period from Inception on December 23, 2014 to December 31, 2014 Audited
Operating activities	\$-	\$-
Investing activities	\$-	\$-
Financing activities	\$-	\$-

INVESTMENT AT FAIR VALUE

The Company holds 1,800,000 and 0 founder shares of iAnthus Capital Management, LLC as of December 31, 2015 and 2014, respectively, which is classified as a Level 3 investment. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The reconciliation of the Level 3 investment for the year ended December 31, 2015 and for the period from Inception on December 23, 2014 to December 31, 2014 is as follows:

	Year Ended December 31, 2015 Audited	Period from Inception in December 23, 2014 to December 31, 2014 Audited
Balance at beginning of period	\$1,800,000	\$-
Gain included in other comprehensive income – net change in fair value (unrealized)	\$-	\$1,800,000
Balance at end of period	\$1,800,000	\$1,800,000

IANTHUS FORMATION CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015**

(All amounts expressed in U.S. dollars, unless otherwise stated)

Investment Valuation

The investment in iAnthus Capital Management, LLC is carried at fair value. At December 31, 2015, the fair value of each unit was \$1.00 as determined by a third party valuation report issued in 2015.

There were no changes in valuation techniques during the period.

OUTSTANDING SHARE (UNIT) DATA

The following share capital data is current as of the date of this document:

	Balance
Shares (units) issued and outstanding	1,598,750

RESULTS OF OPERATIONS

Operating expenses for the year ended December 31, 2015 and for the period from Inception on December 23, 2014 to December 31, 2014 totaled \$0. There was neither net loss nor gain for the year ended December 31, 2015 and for the period from Inception on December 23, 2014 to December 31, 2014.

SELECTED YEARLY INFORMATION FOR MOST RECENT COMPLETED YEARS

	Year ended December 31, 2015 Audited	For the Period from Inception on December 23, 2014 to December 31, 2014 Audited
Revenue	\$-	\$-
Operating Expenses	\$-	\$-
Net (loss) income after taxes	\$-	\$-
Net (loss) income per unit – basic and diluted	\$-	\$-
Weighted average number of units outstanding – basic and diluted	1,800,000	1,800,000

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

		December 31, 2015 Audited	December 31, 2014 Audited
Current financial assets	a	\$-	\$-
Current financial liabilities	b	\$-	\$-

a. No current financial assets as of December 31, 2015 and December 31, 2014

IANTHUS FORMATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

- b. No accounts payable and accrued liabilities as of December 31, 2015 and December 31, 2014

The Company's financial instruments are exposed to certain financial risks, which include the following:

- Market risk
- Credit risk
- Liquidity risk

a) *Market risk*

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no borrowings as of December 31, 2015 and December 31, 2014. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity Price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. There were no financial instruments, which are potentially subject to credit risk for the Company as of December 31, 2015. The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure will be limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal since there were no cash assets at December 31, 2015 and December 31, 2014.

c) *Liquidity and Funding risk*

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company had no cash at December 31, 2015 and December 31, 2014.

Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Loans and Receivables

The Company did not have any loans and receivables as of December 31, 2015 and December 31, 2014.

Impairment of Financial Assets

No impairment losses have been necessary for the year ended December 31, 2015 and the period from inception on December 23, 2014 to December 31, 2014.

IANTHUS FORMATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR YEAR ENDED DECEMBER 31, 2015

(All amounts expressed in U.S. dollars, unless otherwise stated)

Capital Management

The Company monitors its common shares as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

RISK AND UNCERTAINTIES

Through the principal business activity of the Company, it is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Conflicts of Interest

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

Negative Operating Cash Flows

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

Risks Related as a Going Concern

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

Reliance on Key Personnel and Advisors

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

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “D2”

IANTHUS FORMATION CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2016

IANTHUS FORMATION CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 12, 2016, should be read in conjunction with the unaudited financial statements of iAnthus Formation Corp. (the "Company" or "iAnthus") for the quarter ended March 31, 2016, and accompanying notes thereto. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the quarter ended March 31, 2016, the financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The Company's critical accounting estimates, significant accounting policies and risk factors have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in United States dollars unless noted otherwise.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "postulate" and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

COMPANY OVERVIEW

The Company is a Delaware corporation incorporated on December 23, 2014 to invest in companies that deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. In December 2014, the Company commenced operations when it received 1,800,000 founder shares of iAnthus Capital Management, LLC. The Company's corporate office and principal place of business is located at 420 Lexington Avenue, Suite 300, New York, NY 10170 in the United States of America.

RECENT DEVELOPMENTS & SUBSEQUENT EVENTS*Related Party Transactions*

For the three months ended March 31, 2016 and March 31, 2015, iAnthus Capital Management, LLC paid \$750 and \$461 of miscellaneous expenses on behalf of the Company, respectively.

Equity

The Company is authorized to issue 2,000,000 shares of common stock, with a par value of \$0.0001 per share. As of March 31, 2016 and December 31, 2015, there were 1,800,000 shares issued and subscribed.

Subsequent Events

Pursuant to an agreement with the Company and iAnthus Capital Management, LLC, during May 2016, the Company sold back 201,250 founder units of iAnthus Capital Management, LLC originally granted at no cost for an agreed upon price of \$15.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

IANTHUS FORMATION CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

During the quarter ended March 31, 2016, the Company incurred a net loss of \$2,000 from operations. The expenses are itemized in the Company's Financial Statements for the quarter ended March 31, 2016. The net loss is attributed to accounting fees.

The Company did not generate income from operations for the quarter ended March 31, 2016.

As of March 31, 2016, the Company has issued a total of 1,800,000 common stock shares.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2016, the Company had negative working capital of \$2,000 in comparison to \$0 of working capital as of December 31, 2015.

The Company's expected cash resources are sufficient to meet its short-term need.

The chart below highlights the Company's cash flows during the three months ending March 31, 2016 and March 31, 2015.

Net cash provided by (used in):	Three months ended	Three months ended
	March 31, 2016	March 31, 2015
	Unaudited	Unaudited
Operating activities	\$-	\$-
Investing activities	\$-	\$-
Financing activities	\$-	\$-

INVESTMENT AT FAIR VALUE

The Company holds 1,800,000 founder shares of iAnthus Capital Management, LLC as of March 31, 2016 and December 31, 2015, which is classified as a Level 3 investment. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The reconciliation of the Level 3 investment for the three months ended March 31, 2016 and for the year ended December 31, 2015 is as follows:

	March 31, 2016	December 31, 2015
	Unaudited	Audited
Balance at beginning of period	\$1,800,000	\$1,800,000
Gain included in other comprehensive income – net change in fair value (unrealized)	\$450,000	\$-
Balance at end of period	\$2,250,000	\$1,800,000

Investment Valuation

The investment in iAnthus Capital Management, LLC is carried at fair value. At December 31, 2015, the fair value of each unit was \$1.00 as determined by a third party valuation report issued in 2015. At March 31, 2016, the fair value of each unit

IANTHUS FORMATION CORP.**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016**

(All amounts expressed in U.S. dollars, unless otherwise stated)

was \$1.25 based on a new financing that closed after the valuation date. As this was an arms-length transaction, the price derived from that transaction could be relied upon in calculating the fair value at March 31, 2016.

There were no changes in valuation techniques during the period.

OUTSTANDING SHARE (UNIT) DATA

The following share capital data is current as of the date of this document:

	Balance
Shares (units) issued and outstanding	1,598,750

RESULTS OF OPERATIONS

Operating expenses for the quarter ended March 31, 2016 and March 31, 2015 totaled \$2,000 and \$0, respectively. Net loss for the three months ended March 31, 2016 was \$2,000, or \$0.001 per unit on a basic and diluted basis as compared to neither net loss nor gain for the three months ended March 31, 2015.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	Three months ended March 31, 2016 Unaudited	Three months ended March 31, 2015 Unaudited
Revenue	\$-	\$-
Operating Expenses	\$2,000	\$-
Net (loss) income after taxes	\$(2,000)	\$-
Net (loss) income per unit – basic and diluted	\$(0.001)	\$-
Weighted average number of units outstanding – basic and diluted	1,800,000	1,800,000

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

		March 31, 2016 Unaudited	December 31, 2015 Audited
Current financial assets	a	\$-	\$-
Current financial liabilities	b	\$2,000	\$-

- a. No current financial assets as of March 31, 2016 and December 31, 2015
- b. Comprises accounts payable and accrued liabilities

The Company's financial instruments are exposed to certain financial risks, which include the following:

IANTHUS FORMATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

- Market risk
- Credit risk
- Liquidity risk

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and equity price risk.

Foreign Currency risk

Foreign currency risk is the risk that a variation in exchange rates between the U.S. dollar and other foreign currencies will affect the Company's future operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company had no borrowings as of March 31, 2016 and December 31, 2015. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with financial institutions in the United States of America. The Company considers this risk to be immaterial.

Equity Price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company holds no such assets and is thus not exposed to equity price risk.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. There were no financial instruments, which are potentially subject to credit risk for the Company. The carrying amount of financial assets represents the maximum credit exposure. Credit risk exposure will be limited through maintaining cash with high-credit quality financial institutions and management considers this risk to be minimal since there were no cash assets at March 31, 2016 and December 31, 2015.

c) Liquidity and Funding risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company had no cash at March 31, 2016 and December 31, 2015.

Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Loans and Receivables

The Company did not have any loans and receivables as of March 31, 2016 and December 31, 2015.

Impairment of Financial Assets

No impairment losses have been necessary for the three months ended March 31, 2016 and March 31, 2015.

Capital Management

IANTHUS FORMATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR QUARTER ENDED MARCH 31, 2016

(All amounts expressed in U.S. dollars, unless otherwise stated)

The Company monitors its common shares as capital. The Company's objectives when maintaining capital are to maintain sufficient capital base in order to meet its short-term obligations and, at the same time, preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements.

RISK AND UNCERTAINTIES

Through the principal business activity of the Company, it is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Conflicts of Interest

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

Negative Operating Cash Flows

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

Risks Related as a Going Concern

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

Reliance on Key Personnel and Advisors

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

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

APPENDIX “E”
RESULTING ISSUER PRO FORMA FINANCIAL STATEMENTS
AS AT MARCH 31, 2016

iAnthus Capital Holdings, Inc.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED MARCH 31, 2016

EXPRESSED IN U.S. DOLLARS

iAnthus Capital Holdings, Inc.
Pro Forma Consolidated Statement of Financial Position
March 31, 2016
 (Expressed in US Dollars)
 (Unaudited)

	iAnthus Capital Management, LLC	iAnthus Formation Corp.	iAnthus Transfer Corp.	iAnthus Capital Holdings (formerly Genarca Holdings Ltd)	Notes	Pro Forma Adjustments	Pro Forma Consolidated
ASSETS							
Current assets							
Cash and cash equivalents	\$ 442,877	\$ -	\$ -	\$ 111,430	3a	\$ 4,033,485	\$ 4,587,792
Promissory note receivable	457,889	-	-	-	3b	520,000	977,889
Receivables	6,147	-	-	1,543		-	7,690
Due from related parties	455,890	-	-	-		-	455,890
Reimbursement receivable from related party	23,576	-	-	-		-	23,576
Prepays	38,647	-	-	-		-	38,647
Total current assets	1,425,026	-	-	112,973		4,553,485	6,091,484
Non-current assets							
Management fee receivable	36,652	-	-	-		-	36,652
Promissory note receivable	302,111	-	-	-	3b	60,000	362,111
Subscription receivable	-	180	-	-		(180)	-
Investment at fair value	99,969	2,250,000	2,048,125	-	3e, 3f	(4,298,125)	99,969
Total non-current assets	438,732	2,250,180	2,048,125	-		(4,238,305)	498,732
Total assets	1,863,758	2,250,180	2,048,125	112,973		315,180	6,590,216
LIABILITIES							
Current liabilities							
Accounts payable and accrued liabilities	483,333	2,000	2,000	48,808	3d	450,000	986,141
Accrued interest payable	5,479	-	-	-		-	5,479
Due to related parties	203,575	-	-	-		-	203,575
Total current liabilities	692,387	2,000	2,000	48,808		450,000	1,195,195
Non-current liabilities							
Convertible promissory note	413,450	-	-	-		-	413,450
Total non-current liabilities	413,450	-	-	-		-	413,450
Total liabilities	1,105,837	2,000	2,000	48,808		450,000	1,608,645
EQUITY							
Share capital	2,658,792	180	163	130,469	3a	4,613,500	7,503,277
Share Repurchase					3a	(15)	
					3e	(180)	
					3f	(163)	
					3d	(130,469)	
					3d	231,000	
Share Premium	-	-	1,641,837	-	3f	(1,641,837)	-
Reserves	341,700	-	-	-	3c	201,824	543,524
Accumulated other comprehensive income (loss)	-	2,250,000	406,125	(7,955)	3d	7,955	-
					3e	(2,250,000)	
					3f	(406,125)	
Accumulated deficit	(2,242,571)	(2,000)	(2,000)	(58,349)	3d	(818,659)	(3,065,230)
						58,349	
Total equity	757,921	2,248,180	2,046,125	64,165		(134,820)	4,981,571
Total equity and liabilities	\$ 1,863,758	\$ 2,250,180	\$ 2,048,125	\$ 112,973		\$ 315,180	\$ 6,590,216

See accompanying notes to the unaudited pro forma consolidated financial statements

iAnthus Capital Holdings, Inc.
Pro Forma Consolidated Statements of Operations and Comprehensive Loss
Year ended December 31, 2015
(Expressed in US Dollars)
(Unaudited)

	iAnthus Capital Management, LLC	iAnthus Formation Corp.	iAnthus Transfer Corp.	iAnthus Capital Holdings (formerly Genarca Holdings Ltd.)	Notes	Pro Forma Adjustments	Pro Forma Consolidated
Management fee income	\$ 24,345	\$ -	\$ -	\$ -		\$ -	\$ 24,345
Reimbursed expenses	23,615	-	-	-		-	23,615
Interest income	21,221	-	-	-		-	21,221
Total operating income	69,181	-	-	-		-	69,181
General and administrative expenses							
Accounting fee	76,340	-	-	16,241		-	92,581
Administrative management fee	190,000	-	-	-		-	190,000
Bank charges	4,874	-	-	-		-	4,874
Charitable Contributions	7,500	-	-	-		-	7,500
Commissions and fees	360	-	-	-		-	360
Computer and internet expenses	1,303	-	-	-		-	1,303
Conferences	7,513	-	-	-		-	7,513
Consulting fees	84,703	-	-	-		-	84,703
Dues and subscriptions	1,758	-	-	-		-	1,758
Equity based compensation expense	164,306	-	-	-		-	164,306
Fees	4,891	-	-	-		-	4,891
Insurance	1,452	-	-	-		-	1,452
Legal and professional fees	422,872	-	-	-		-	422,872
Listing Expense	-	-	-	-	3d	616,835	616,835
Office expense	5,534	-	-	727		-	6,261
Payroll and related fringes	245,563	-	-	-		-	245,563
Promotional	22,500	-	-	-		-	22,500
Rent	67,152	-	-	-		-	67,152
Shipping and delivery expense	1,125	-	-	-		-	1,125
Taxes and licenses	25	-	-	-		-	25
Travel, meals and entertainment	75,158	-	-	-		-	75,158
	(1,384,929)	-	-	(16,968)		(616,835)	(2,018,732)
Net loss for the period	(1,315,748)	-	-	(16,968)		(616,835)	(1,949,551)
Other Comprehensive income for the period							
Unrealized holding gain on available for sale investmen	-	-	-	-		-	-
Currency translation adjustments	-	-	-	(12,688)		-	(12,688)
Other Comprehensive income for the period	-	-	-	(12,688)		-	(12,688)
Comprehensive income (loss) for the period	\$ (1,315,748)	\$ -	\$ -	\$ (29,656)		\$ (616,835)	\$ (1,962,239)

See accompanying notes to the unaudited pro forma consolidated financial statements

iAnthus Capital Holdings, Inc.
Pro Forma Consolidated Statements of Operations and Comprehensive Loss
Three Month Period Ended March 31, 2016
(Expressed in US Dollars)
(Unaudited)

	iAnthus Capital Management, LLC	iAnthus Formation Corp.	iAnthus Transfer Corp.	iAnthus Capital Holdings (formerly Genarca Holdings Ltd.)	Notes	Pro Forma Adjustments	Pro Forma Consolidated
Management fee income	\$ 12,308	\$ -	\$ -	\$ -		\$ -	\$ 12,308
Reimbursed expenses	10,662	-	-	-		-	10,662
Interest income	22,576	-	-	-		-	22,576
Total operating income	45,546	-	-	-		-	45,546
General and administrative expenses							
Accounting fee	27,640	2,000	2,000	28,683		-	60,323
Administrative management fee	210,000	-	-	-		-	210,000
Bank charges	1,386	-	-	-		-	1,386
Computer and internet expenses	312	-	-	-		-	312
Conferences	3,937	-	-	-		-	3,937
Consulting fees	33,367	-	-	-		-	33,367
Dues and subscriptions	529	-	-	-		-	529
Equity based compensation expense	90,844	-	-	-	3c	201,824	292,668
Fees	750	-	-	-		-	750
Insurance	22,559	-	-	-		-	22,559
Interest	5,479	-	-	-		-	5,479
Legal and professional fees	112,575	-	-	-		-	112,575
Office expense	3,471	-	-	2,404		-	5,875
Promotional	17,500	-	-	-		-	17,500
Rent	25,645	-	-	-		-	25,645
Shipping and delivery expense	1,997	-	-	-		-	1,997
Taxes and licenses	25	-	-	-		-	25
Travel, meals and entertainment	23,115	-	-	-		-	23,115
	(581,131)	(2,000)	(2,000)	(31,087)		(201,824)	(818,042)
Net loss for the period	(535,585)	(2,000)	(2,000)	(31,087)		(201,824)	(772,496)
Other Comprehensive income for the period							
Unrealized holding gain on available for sale investmen	-	450,000	406,125	-		-	856,125
Currency translation adjustments	-	-	-	4,236		-	4,236
Other Comprehensive income for the period	-	450,000	406,125	4,236		-	860,361
Comprehensive income (loss) for the period	\$ (535,585)	\$ 448,000	\$ 404,125	\$ (26,851)		\$ (201,824)	\$ 87,865

See accompanying notes to the unaudited pro forma consolidated financial statements

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated statements of financial position and statements of operations and comprehensive loss of iAnthus Capital Holdings, Inc. (“iAnthus” or the “Resulting Issuer”), has been prepared by management for illustration purposes only to give effect to the transactions contemplated by the Amended and Restated Share Exchange Agreement (“SEA”) between iAnthus Capital Holdings, Inc. (formerly Genarca Holdings Ltd.) (“ICH”), iAnthus Capital Management, LLC (“ICM”), The Members of iAnthus Capital Management, LLC (“MICM”), iAnthus Transfer Corp. (“ITC”), The Shareholders of iAnthus Transfer Corp. (“SITC”), iAnthus Formation Corp. (“IFC”), and The Shareholders of iAnthus Formation Corp. (“SIFC”) dated June 30, 2016 (the “Effective Date”), that will result in the acquisition of all of membership interests of ICM, MICM, ITC, SITC, IFC, SIFC by ICH (collectively, the “Transaction”). Genarca was renamed iAnthus Capital Holdings Inc. on August 4th, 2016. The pro forma consolidated statement of financial position and statement of operations and comprehensive loss have been compiled from and include:

- a. The unaudited condensed statements of financial position and comprehensive loss of:
 - a. the unaudited interim financial statements of iAnthus Capital Management LLC as at and for the three months ended March 31, 2016
 - b. the unaudited interim financial statements of iAnthus Formation Corp. as at and for the three months ended March 31, 2016
 - c. the unaudited interim financial statements of iAnthus Transfer Corp. as at and for the three months ended March 31, 2016
 - d. the unaudited interim financial statements of iAnthus Capital Holdings Inc. (formerly Genarca Holdings Ltd.) as at and for the three months ended March 31, 2016
- and the audited statements of financial position and comprehensive loss of:
 - e. the annual financial statements of iAnthus Capital Management LLC as at and for the year ended December 31, 2015
 - f. the annual financial statements of iAnthus Formation Corp. as at and for the year ended December 31, 2015
 - g. the annual financial statements of iAnthus Transfer Corp. as at and for the year ended December 31, 2015
 - h. the annual financial statements of iAnthus Capital Holdings Inc. (formerly Genarca Holdings Ltd.) as at and for the year ended December 31, 2015
- b. The additional information set out in Notes 2 and 3.

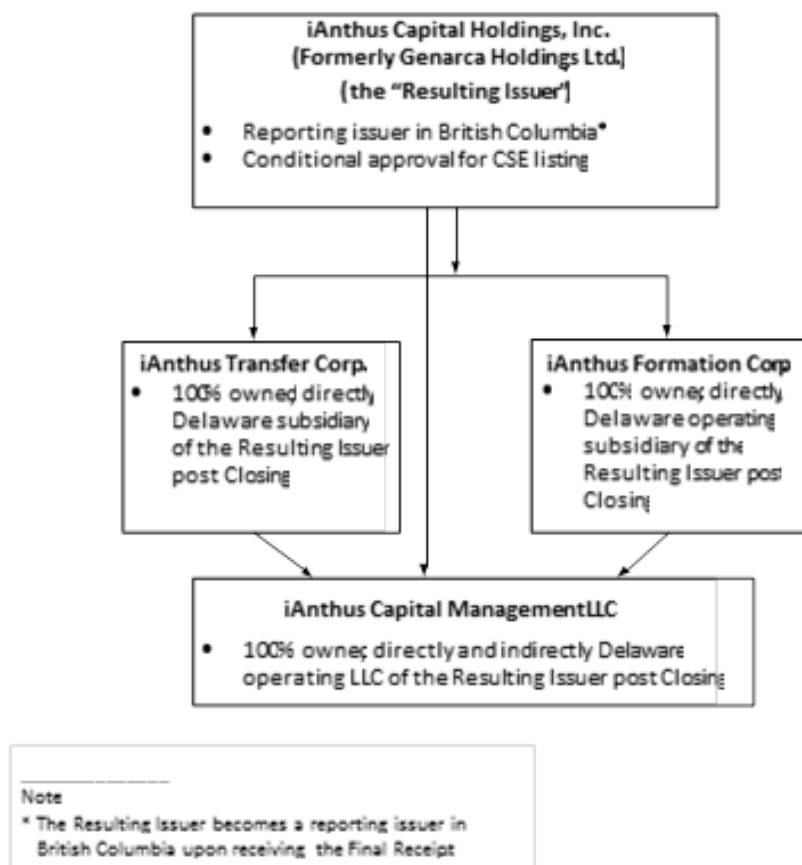
The unaudited pro forma consolidated statements of operations and comprehensive loss for the period ended March 31, 2016 and the year ended December 31, 2015 have been prepared as if the Transaction had occurred on January 1, 2015. The unaudited pro forma statement of financial position has been prepared as if the transaction had occurred on March 31, 2016. It is management’s opinion that the unaudited pro forma consolidated statement of financial position and statements of operations and comprehensive loss present, in all material respects, the transactions as described in Notes 2 and 3 in accordance with International Financial Reporting Standards (“IFRS”) and interpretations issued by the International Accounting Standards Board. The accounting policies used in the preparation of the unaudited pro forma consolidated statement of financial position and statements of operations and comprehensive loss are consistent with the accounting policies of ICM, ITC, IFC and ICH as disclosed in

the audited financial statements of ICM, ITC, IFC and ICH as at December 31, 2015 and should be read in conjunction with those audited financial statements. The unaudited pro forma consolidated statement of financial position and statements of operations and comprehensive loss are not intended to reflect the financial position of iAnthus and may not be indicative of the results, which would have resulted had the transactions been effected on the dates indicated. The unaudited pro forma adjustments are based on the currently available information and Management's best estimates and assumptions. Actual adjustments may differ from the pro forma adjustments. The completion of the SEA is subject to a number of conditions and approvals and there can be no assurance the acquisition of ICM will be completed as proposed or at all.

2. THE PROPOSED TRANSACTIONS

ICH entered into the SEA on March 11, 2016 to effect the Transaction which was subsequently amended and restated on June 30, 2016.

The diagram below describes the inter-corporate relationship between the Resulting Issuer and ICM post-Transaction:



The Share Exchange Agreement

The following parties currently own all of the outstanding membership interests of ICM:

1. iAnthus Capital Founding Sellers, as defined in the preliminary prospectus;
2. iAnthus Transfer Corp. (“iAnthus Transfer”) which is currently owned by the iAnthus Transfer Shareholders, as defined in the preliminary prospectus; and
3. iAnthus Formation Corp. (“iAnthus Formation”) which is currently owned by the iAnthus Formation Shareholders, as defined in the preliminary prospectus.

iAnthus Capital Management, LLC, iAnthus Transfer, and iAnthus Formation are collectively referred to as the “**Investment Vehicles**”.

The iAnthus Capital Founding Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders, are collectively referred to as “**Sellers**” and “**Seller**” means any one of the iAnthus Capital Founding Sellers, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders.

Subject to the terms and conditions of the SEA:

1. ICH has agreed to purchase all of the iAnthus Capital Management Purchased Membership Interests of iAnthus Capital Management currently held by the iAnthus Capital Founding Sellers and the iAnthus Capital Founding Sellers have agreed to sell the iAnthus Purchased Membership Interests to ICH;
2. ICH has agreed to purchase all of the iAnthus Transfer Purchased Shares of iAnthus Transfer from the iAnthus Transfer Shareholders and the iAnthus Transfer Shareholders have agreed to sell the iAnthus Transfer Purchased Shares to ICH; and
3. ICH has agreed to purchase all of the iAnthus Formation Purchased Shares of iAnthus Formation from the iAnthus Formation Shareholders and the iAnthus Formation Shareholders have agreed to sell the iAnthus Formation Purchased Shares to ICH.

The iAnthus Transfer Purchased Shares and the iAnthus Formation Purchased Shares are collectively referred to as the “**Purchased Shares**”.

In consideration for the purchase of 100% of the iAnthus Purchased Membership Interests and 100% of the Purchased Shares, ICH shall issue from treasury at the time of closing, an aggregate of (i) 11,255,000 ICH Class A Common Shares to the Sellers that are Applicable U.S. Stockholders as such Sellers are more particularly described in Schedule “E” of the SEA, and (ii) 5,083,065 ICH Common Shares to the Sellers not listed in Schedule “E” of the SEA, (collectively, the “**Payment Shares**”) as follows:

- (a) 1,700,815 ICH Common Shares to iAnthus Investor Corp. (“iAnthus Investor”), which is currently owned by iAnthus Investor Shareholders, as defined in the preliminary prospectus, (or as it may otherwise direct);
- (b) 1,718,500 ICH Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 ICH Common Shares pro rata to the iAnthus Formation Shareholders; and

- (d) 65,000 ICH Common Shares to Michael Cochrane, an iAnthus Capital Seller as listed on Schedule "A" of the SEA

Upon Closing the iAnthus Capital Sellers, iAnthus Investor, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders will collectively hold approximately 96.5% of the Resulting Issuer Shares calculated on a non-diluted basis and prior to completion of the Private Placement Financing. 7,500,282 Resulting Issuer Common Shares will be subject to escrow.

At the Time of Closing, each holder of Investment Vehicles' Dilutive Securities shall surrender such Investment Vehicles' Dilutive Securities to ICH for cancellation in exchange for comparable securities of ICH having substantially the same terms and conditions (each a "**Replacement Dilutive Security**" and collectively, the "**Replacement Dilutive Securities**").

The 106,061 warrants issued in conjunction with iAnthus Investor which gives the holder the right to purchase one Class A unit of the Company for an exercise price of \$1.75 will carry the same terms and be converted into warrants in ICH upon closing of the transaction.

The Transaction is subject to the conditions precedent as set out in the SEA including but not limited to, obtaining conditional acceptance of the Canadian Securities Exchange (the "CSE") to the listing of the Resulting Issuer Shares on the CSE.

The acquisition of ICM, ITC, IFC by ICH constitutes a reverse asset acquisition as ICH does not meet the definition of a business, as defined by IFRS 3, Business Combinations. Accordingly, the acquisition of the net assets and listing status of ICH is accounted for as a share-based payment as follows:

Cost of acquisition:

Fair value of shares of ICH	\$ 231,000
Total	<u>231,000</u>

Allocated as follows:

Identifiable assets ICH	64,165
Reverse takeover transaction costs	<u>166,835</u>
	<u>231,000</u>

Total listing costs of \$616,835 are expected to be incurred in completing the Transaction, which include \$450,000 of transaction costs.

The fair value was determined based on the expected number of shares outstanding of ICH immediately prior to completing the transaction measured at CAD \$0.50 per share (USD \$0.385 using a foreign exchange rate of 0.77 CAD/USD) which was the share price derived from the latest private placement.

Under reverse take-over accounting, the existing share capital and deficit balances of ICH are eliminated.

The following are the significant aspects of the proposed transactions pursuant to the SEA and subject to the conditions set forth in the SEA at the Effective Date:

	Number of Securities Issued or Reserved as of the closing of the Transaction and Financing	% of total issued and outstanding as of the closing of the Transaction and Financing (fully diluted)
<i>Shares to be Issued</i>		
ICH's Shares issued at the date of Prospectus	600,001	3.1%
The Resulting Issuer Shares to be issued on closing of the Transaction to the iAnthus	16,338,065	84.2%
<i>Total Resulting Issuer Shares to be issued</i>	16,938,066	87.3%
Shares to be issued on exercise of options	1,362,500	7.0%
Shares to be issued for convertible notes	787,878	4.1%
Shares to be issued on exercise of warrants related to advisory services	50,000	0.2%
Shares to be issued on exercise of warrants related to convertible notes	275,758	1.4%
Fully diluted issued and outstanding	19,414,202	100%

The result of the Merger is that of a Reverse Asset Acquisition, whereby the shareholders of iAnthus will hold 16,338,065 common shares of the Resulting Issuer and the shareholders of ICH will hold 600,001 common shares of the Resulting Issuer.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated statements of financial position and statements of operations and comprehensive loss include the following assumptions and adjustments to reflect the pro forma effect of the Transaction as if the Transaction had occurred on March 31, 2016 for the statement of financial position and January 1, 2016 for the statements of operations and comprehensive loss:

- (a) Subsequent to March 31, 2016, ICM closed a private placement for \$4,613,500 through the issuance of 3,690,800 Class A units at \$1.25 per share. The \$4,033,485 in cash is the sum of the private placement \$4,613,500 net of:
 - \$15 re-purchase of 201,250 founders units granted to iAnthus Formation Corp.
 - \$60,000 loan to FWR Inc. disclosed in note 3(b)
 - \$520,000 loan to Reynold, Greenleaf and Associates, LLC as disclosed in note 3(b)

iAnthus Capital Holdings, Inc.
Notes to the Pro Forma Consolidated Financial Statements
Expressed in U.S. Dollars
(Unaudited)

- (b) Subsequent to March 31, 2016, ICM loaned \$60,000 to FWR Inc. under a secured promissory note signed on June 23, 2015 which allowed the total draw down to amount to \$915,000. The note bears a 20% interest rate compounded monthly and payable monthly beginning on July 15, 2015. Principal payments for the note begin on July 15, 2016 and end on June 15, 2020.

Additionally, ICM loaned \$520,000 to Reynold, Greenleaf and Associates, LLC. The loan bears an interest rate of 20% and is payable at the maturity date, which is the earlier of (a) closing of an investment in the Maker by the Note Holder or its affiliate in excess of \$1,000,000 or (b) the one year anniversary of the date of the loan.

- (c) Subsequent to March 31, 2016, ICM issued options to purchase 810,000 Class A units at a market price and exercise price of \$1.25 with a fair value of \$998,341 as determined by the Black-Scholes Pricing Model. As at the date of this pro-forma, \$201,824 was recognized which represents the vested portion of the options.
- (d) The historical equity accounts of ICH are eliminated as iAnthus Capital Management, LLC is the acquirer for accounting purposes. The adjustment is comprised of the following:

ICH accumulated deficit	(\$58,349)
ICH accumulated other comprehensive loss	(\$7,955)
ICH share capital	\$130,469
Adjustments:	
Pro forma adjustment for ICH historical deficit	\$58,349
Pro forma adjustment for ICH historical accumulated other comprehensive loss	\$7,955
Pro forma adjustment for ICH historical share capital	(\$130,469)
Pro forma adjustment for ICH historical value of shares issued to ICH shareholders	\$231,000
TOTAL	\$231,000

- (e) To eliminate the intercompany investment of iAnthus Formation Corp. into iAnthus Capital Management, LLC.
- (f) To eliminate the intercompany investment of iAnthus Transfer Corp. into iAnthus Capital Management, LLC.

APPENDIX “F”
SHARE EXCHANGE AGREEMENT

AMENDED AND RESTATED SHARE EXCHANGE AGREEMENT

AMONG:

GENARCA HOLDINGS LTD.

AND

IANTHUS CAPITAL MANAGEMENT, LLC

AND

THE MEMBERS OF IANTHUS CAPITAL MANAGEMENT, LLC

AND

IANTHUS TRANSFER CORP.

AND

THE SHAREHOLDERS OF IANTHUS TRANSFER CORP.

AND

IANTHUS FORMATION CORP.

AND

THE SHAREHOLDERS OF IANTHUS FORMATION CORP.

June 30, 2016

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THIS AMENDED AND RESTATED SHARE EXCHANGE AGREEMENT is made effective as of the 30th day of June, 2016 (the “**Effective Date**”).

AMONG:

GENARCA HOLDINGS LTD., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7

(“**Genarca**”)

OF THE FIRST PART

AND:

IANTHUS CAPITAL MANAGEMENT, LLC, a limited liability company existing under the laws of State of Delaware, USA, and having its registered office at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, USA, 19808

(“**iAnthus Capital**”)

OF THE SECOND PART

AND:

The members of iAnthus Capital listed in the attached Schedule “A” (hereinafter collectively referred to as, the “**iAnthus Capital Sellers**”)

OF THE THIRD PART

AND:

IANTHUS TRANSFER CORP., a corporation existing under the laws of State of Delaware, USA, and having its registered office at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, USA, 19808

(“**iAnthus Transfer**”)

OF THE FOURTH PART

AND:

The shareholders of iAnthus Transfer listed in the attached Schedule “B” (hereinafter collectively referred to as, the “**iAnthus Transfer Shareholders**”)

OF THE FIFTH PART

AND:

IANTHUS FORMATION CORP., a corporation existing under the laws of State of Delaware, USA, and having its registered office at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, USA, 19808

(“**iAnthus Formation**”)

OF THE SIXTH PART

AND:

The shareholders of iAnthus Formation listed in the attached Schedule “C” (hereinafter collectively referred to as, the “**iAnthus Formation Shareholders**”)

OF THE SEVENTH PART

WHEREAS:

- (A) The iAnthus Capital Sellers, iAnthus Transfer, and iAnthus Formation hold all of the outstanding membership interests of iAnthus Capital;
- (B) Subject to the terms and conditions of this Agreement:
- (i) Genarca has agreed to purchase all of the membership interests of iAnthus Capital held by the iAnthus Capital Sellers (the “**Purchased Membership Interests**”) and the iAnthus Capital Sellers have agreed to sell the Purchased Membership Interests to Genarca,
 - (ii) Genarca has agreed to purchase all of the issued and outstanding common shares of iAnthus Transfer from the iAnthus Transfer Shareholders (the “**iAnthus Transfer Purchased Shares**”) and the iAnthus Transfer Shareholders have agreed to sell the iAnthus Transfer Purchased Shares to Genarca, and
 - (iii) Genarca has agreed to purchase all of the issued and outstanding common shares of iAnthus Formation from the iAnthus Formation Shareholders (the “**iAnthus Formation Purchased Shares**”) and the iAnthus Formation Shareholders have agreed to sell the iAnthus Formation Purchased Shares to Genarca;

(C) Promptly after Closing, the Resulting Issuer seeks to list on the CSE by filing the Final Prospectus and becoming a reporting issuer in the Province of British Columbia (capitalized terms used in this Recital (C) have the meanings given to such terms in this Agreement);

(D) Genarca, iAnthus Capital, iAnthus Capital Sellers, iAnthus Transfer, iAnthus Transfer Shareholders, iAnthus Formation and iAnthus Formation Shareholders are parties to a share exchange agreement dated March 11, 2016 (the “Share Exchange Agreement”) relating to the subject matter of this Agreement; and

(E) The parties to the Share Exchange Agreement wish to amend and restate the Share Exchange Agreement on the terms and conditions set forth in this Agreement, which shall supersede and replace the Share Exchange Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions.

For the purposes of this Agreement, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

- (a) **“Agreement”** means this amended and restated share exchange agreement and the Schedules attached hereto;
- (b) **“Applicable Securities Law”** means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;
- (c) **“Applicable U.S. Stockholders”** means certain U.S. resident holders of membership interests or common shares, as the case may be, of the Investment Vehicles, as such holders are more particularly described in Schedule “E” hereto;
- (d) **“BCBCA”** means the *Business Corporations Act* (British Columbia);
- (e) **“Board Lot”** has the meaning given to the term in CSE Policy 1 – *Interpretation and General Provisions*;
- (f) **“Business Day”** means any day, other than a Saturday, Sunday or statutory holiday in the Province of British Columbia, Canada or the State of Delaware, USA;
- (g) **“Canadian Income Tax Legislation”** has the meaning given to the term in §2.4;
- (h) **“Closing”** means the completion of the Transaction;

- (i) **“Closing Date”** means the date of Closing, which shall be the fifth Business Day following the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the Transaction (other than conditions that are satisfied with respect to action the respective Parties will take at the Closing itself), or such other date the Parties may mutually determine;
- (j) **“Confidential Information”** has the meaning set forth in §10.1;
- (k) **“Contracts”** (individually, a **“Contract”**) means all written or oral outstanding contracts and agreements, leases (including real property leases), third-party licenses, insurance policies, deeds, indentures, instruments, entitlements, commitments, undertakings and orders made by or to which a Party is bound or under which a Party has, or will have, any rights or obligations and includes rights to use, license and sub-license agreements, and agreements for the purchase and sale of assets or shares;
- (l) **“Corporate Records”** means the corporate records of a corporation, including (i) its articles, by-laws or other constating documents, (ii) any unanimous members agreement and any amendments thereto for a liability company; (iii) all minutes of meetings and resolutions of members, directors and any committee thereof; (iv) the share certificate books, register of members, register of transfers and registers of directors and officers; (v) all accounting records (vi) with respect to corporations, the corporation’s shareholders’ agreement, if any and (vii) with respect to limited liability companies, the operating agreement, certificate of formation and any other material document relating to the formation of the limited liability company;
- (m) **“CSE”** means the Canadian Securities Exchange, operated by the CNSX Markets Inc.;
- (n) **“Director Nominees”** has the meaning set forth in §3.2(o);
- (o) **“Discloser”** has the meaning set forth in §10.1;
- (p) **“Disclosure Documents”** means (i) the Listing Statement and (ii) the Prospectus;
- (q) **“Effective Date”** has the meaning given on page one hereof;
- (r) **“Entity”** means a person, other than an individual;
- (s) **“Environmental Liability”** means any and all actions, causes of action, claims, debts, obligations, liabilities, decisions or directives instituted, made, imposed, issued or arising under or pursuant to any law or any lease, permit, license, guarantee, agreement or authorization pertaining to the protection or conservation of the natural environment and the use, handling, discharge, clean-up and disposal of toxic or Hazardous Substances, the protection or preservation of vegetation, wildlife or fishery resources, the undertaking of mineral resource exploration operations and the decommissioning, abandonment or closure of such operations, including without limitation, the reclamation, remediation and restoration of land, vegetation, water and air;

- (t) **“Escrow Agent”** means Computershare Investor Services Inc., or such other escrow agent as may be agreed between Genarca and iAnthus Capital, each acting reasonably;
- (u) **“Escrowed Shareholders”** has the meaning given to the term in §2.9;
- (v) **“Exemptions”** has the meaning given to the term in §2.5(a);
- (w) **“Final Prospectus”** means the (final) non-offering prospectus of Genarca, prepared in accordance with NI 41-101, relating to the Transaction and filed with the Principal Regulator solely for the purpose of complying with CSE listing requirements;
- (x) **“Final Receipt”** means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in British Columbia;
- (y) **“Genarca”** has the meaning given to the term on page one hereof;
- (z) **“Genarca Class A Shares”** means the Class A restricted voting convertible shares in the capital of Genarca upon completion of the Genarca Share Amendment;
- (aa) **“Genarca Common Shares”** means the common shares in the capital of Genarca;
- (bb) **“Genarca Financial Statements”** has the meaning given to the term in §5.1(l);
- (cc) **“Genarca Material Contracts”** has the meaning given to the term in §5.1(q);
- (dd) **“Genarca Share Amendment”** means the amendment to the Notice of Articles and Articles of Genarca providing for the creation of an additional class of shares of Genarca, being Genarca Class A Shares, on the terms substantively set forth in Schedule “F” hereto;
- (ee) **“Genarca Shareholder Consent Materials”** means the resolutions circulated to the holders of Genarca Common Shares for unanimous approval, or alternatively such materials approved at a meeting of Genarca Shareholders held in accordance the requirements of the BCBCA should unanimous approval not be obtained, with respect to:
 - (i) the Genarca Share Amendment;
 - (ii) the appointment of auditors for the Resulting Issuer to be effective upon Closing;
 - (iii) the election of directors for the Resulting Issuer to be effective upon Closing;
 - (iv) the adoption of the Stock Option Plan for the Resulting Issuer to be effective upon Closing; and

- (v) if a meeting of Genarca Shareholders is required, such further or other matters as shall properly come before such Genarca Shareholder meeting;
- (ff) “**Genarca Shares**” means collectively the Genarca Common Shares and the Genarca Class A Shares issued to the Sellers;
- (gg) “**Genarca Shareholders**” means the holders of Genarca Shares and Genarca Common Shares;
- (hh) “**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign, or (b) regulatory authority, including any securities commission or stock exchange, including the CSE;
- (ii) “**Hazardous Substance**” includes any contaminant, pollutant, dangerous substance, liquid or solid waste, industrial waste, hauled liquid or solid waste, toxic substance, hazardous waste, hazardous material, or hazardous substance (including anything with any of the foregoing as a component thereof), whether or not such substance is “hazardous” as defined under any laws;
- (jj) “**iAnthus Capital**” has the meaning set forth on page 1 hereof;
- (kk) “**iAnthus Capital Financial Statements**” has the meaning set forth in §5.3(h);
- (ll) “**iAnthus Capital Sellers**” has the meaning set forth on page 1 hereof;
- (mm) “**iAnthus Formation**” has the meaning set forth on page 2 hereof;
- (nn) “**iAnthus Formation Purchased Shares**” has the meaning set forth in the Recitals along with any additional common shares in iAnthus Formation purchased in the Private Placement;
- (oo) “**iAnthus Formation Shareholders**” has the meaning set forth on page 2 hereof;
- (pp) “**iAnthus Investor**” means iAnthus Investor LLC, a limited liability company existing under the laws of State of Delaware, USA, and having its registered office at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, USA, 19808;
- (qq) “**iAnthus Transfer**” has the meaning set forth on page 2 hereof;
- (rr) “**iAnthus Transfer Purchased Shares**” has the meaning set forth in the Recitals along with any additional common shares in iAnthus Transfer purchased in the Private Placement;
- (ss) “**iAnthus Transfer Shareholders**” has the meaning set forth on page 1 hereof;

- (tt) “**IFRS**” means International Financial Reporting Standards;
- (uu) “**Investment Vehicles**” means collectively: iAnthus Capital, iAnthus Transfer, and iAnthus Formation;
- (vv) “**Investment Vehicles’ Material Contracts**” has the meaning set forth in §5.3(l);
- (ww) “**Investment Vehicles’ Dilutive Securities**” means the Investment Vehicles’ and iAnthus Investor’s warrants, options, and other dilutive securities as more particularly described in Schedule “G” hereto and “**Investment Vehicles’ Dilutive Security**” means any one of such warrants, options or other dilutive securities;
- (xx) “**laws**” means all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or any provisions of the foregoing, including general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which such word is used and for the avoidance of doubt includes Applicable Securities Law; and “**law**” means any one of them;
- (yy) “**Listing Statement**” means part 14 (Capitalization) of the CSE listing statement Form 2A, such disclosure supplements the Final Prospectus and is deemed by the CSE to satisfy the CSE’s long form listing statement requirement;
- (zz) “**Material Adverse Effect**” means (i) any change, effect, fact, circumstance or event which, individually or when taken together with any other changes, effects, facts, circumstances or events, could reasonably be expected to be materially adverse to the assets, liabilities, condition (financial or otherwise), business, properties or results of operation of Genarca or any of the Investment Vehicles, as applicable, or (ii) a material impairment of or delay in the ability of the Parties (or any one of them) to perform their obligations hereunder or consummate the Transaction;
- (aaa) “**Material Contract**” means any Contract to which a person is a party and which is material to such person, including any Contract: (i) the termination of which would have a Material Adverse Effect on such person; (ii) any contract which would result in payments to or from such person or its subsidiaries (if any) in excess of \$25,000 in respect of Genarca and \$250,000 in respect of the Investment Vehicles, whether payable in one payment or in successive payments; (iii) any agreement or commitment relating to the borrowing of money or to capital expenditures; and (iv) any agreement or commitment not entered into in the ordinary course of business;
- (bbb) “**Name Change**” means a change of the name of Genarca from “Genarca Holdings Ltd.” to “iAnthus Capital Holdings, Inc.” or such other name acceptable in writing to iAnthus Capital;
- (ccc) “**New Security Holder**” has the meaning given to the term in §2.1(d);
- (ddd) “**New Security Holder Consent Agreement**” has the meaning given to the term in §2.1(d);

- (eee) “**Non-Offending Persons**” has the meaning given to the term in §6.1(g);
- (fff) “**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators;
- (ggg) “**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators;
- (hhh) “**Party**” means each of (i) Genarca, (ii) the Investment Vehicles; (iii) the Sellers as the context dictates and “**Parties**” means collectively Genarca, the Investment Vehicles and the Sellers;
- (iii) “**Payment Shares**” has the meaning set forth in §2.2;
- (jjj) “**person**” includes an individual, sole proprietorship, partnership, limited partnership, unincorporated association or organization, unincorporated syndicate, body corporate, trust, trustee, executor, administrator, legal representative of the Crown or any agency or instrumentality thereof;
- (kkk) “**Preliminary Prospectus**” means the (preliminary) non-offering prospectus of Genarca, prepared in accordance with NI 41-101, relating to the Transaction and filed with the Principal Regulator solely for the purpose of complying with CSE listing requirements;
- (lll) “**Preliminary Receipt**” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Preliminary Prospectus in British Columbia;
- (mmm) “**Principal Regulator**” means the British Columbia Securities Commission;
- (nnn) “**Private Placement**” means the non-brokered private placement of securities (pursuant to prospectus and registration exemptions in Canada, the United States, and in other jurisdictions acceptable to the parties to the Agreement, acting reasonably) of the Investment Vehicles and iAnthus Investor to raise aggregate gross proceeds of up to US\$8 million through the issuance of (a) equity securities at a minimum offering price of US\$1.25 or (b) the combination of (i) convertible security notes with one to three year terms and with a conversion price ranging from US\$1.65 to US\$1.00 per security and (ii) 35% warrant coverage with three year warrants with an exercise price of US\$1.75 per warrant. iAnthus Capital, through the Investment Vehicles and iAnthus Investor, has, as at the date hereof, closed US\$6,706,500 of the Private Placement and is not required to raise any further funds in the Private Placement in order to satisfy a Closing condition;
- (ooo) “**Prospectus**” means, collectively, the Preliminary Prospectus and the Final Prospectus (including any Supplementary Material thereto);
- (ppp) “**Purchased Membership Interests**” has the meaning set forth in the Recitals along with any additional membership interests in iAnthus Capital purchased in the Private Placement;

(qqq) “**Purchased Shares**” means together, the iAnthus Transfer Purchased Shares and the iAnthus Formation Purchased Shares;

(rrr) “**Recipient**” has the meaning set forth in §10.1;

(sss) “**Regulation S**” means Regulation S promulgated under the U.S. Securities Act;

(ttt) “**Reporting Issuer**” has the meaning ascribed to that term in Applicable Securities Law of Canada;

(uuu) “**Resulting Issuer**” means Genarca immediately following Closing;

(vvv) “**Resulting Issuer Dilutive Securities**” means the Replacement Dilutive Securities along with the finder’s warrants issued in connection with the Private Placement and the common share purchase options of the Resulting Issuer to be issued by the Resulting Issuer concurrent with Closing, as such finder’s warrants and common share purchase options are more particularly described in Schedule “I” hereto;

(www) “**Replacement Dilutive Securities**” means common warrants or options, as the case may be, of the Resulting Issuer for which Investment Vehicles’ Dilutive Securities shall be exchanged as provided in §2.3 hereof;

(xxx) “**Sellers**” means collectively the iAnthus Capital Sellers, the iAnthus Transfer Shareholders, the iAnthus Formation Shareholders and any additional person who becomes a New Security Holder, and “**Seller**” means any one of the iAnthus Capital Sellers, the iAnthus Transfer Shareholders, the iAnthus Formation Shareholders and any additional person who becomes a New Security Holder;

(yyy) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

(zzz) “**Share Exchange Agreement**” has the meaning given on page three hereof;

(aaaa) “**Subsidiary**” means an Entity that is controlled by another Entity;

(bbbb) “**Supplementary Material**” means, collectively, any amendment to the Preliminary Prospectus or the Final Prospectus, and any amendment or supplemental prospectus or ancillary materials that may be filed by or on behalf of Genarca under Applicable Securities Law relating to the Transaction;

(cccc) “**Stock Option Plan**” means the stock option incentive plan to be adopted by Genarca, pursuant to Genarca Shareholder Consent Materials;

(dddd) “**Tax Act**” means the *Income Tax Act* (Canada);

(eeee) “**Termination Date**” means August 31, 2016, or such later date as may be agreed in writing between Genarca and iAnthus Capital, on behalf of the Sellers and the Investment Vehicles;

(ffff) “**Time of Closing**” means 10:00 a.m. (Vancouver time) on the Closing Date, or such other time as the Parties may mutually determine;

(gggg) “**Transaction**” means the (i) purchase and sale of the Purchased Membership Interests and the Purchased Shares, and (ii) filing of the Preliminary Prospectus on SEDAR;

(hhhh) “**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended; and

(iiii) “**USA**”, “**United States**”, or “**U.S.**” means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia.

1.2 Interpretation.

For the purposes of this Agreement, except as otherwise expressly provided herein:

(a) the words “**herein**”, “**hereof**”, and “**hereunder**” and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or Schedule;

(b) a reference to a Part means a Part of this Agreement and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;

(c) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;

(d) the word “**including**”, when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as “without limitation” or “but not limited to” or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;

(e) where the phrase “**to the knowledge of**” or phrases of similar import are used in respect of the Parties, it will be a requirement that the Party in respect of who the phrase is used will have made such due inquiries as is reasonably necessary to enable such Party to make the statement or disclosure; and

(f) unless there is something in the subject matter or context inconsistent therewith:

(i) words in the singular number include the plural and such words shall be construed as if the plural had been used;

(ii) words in the plural include the singular and such words shall be construed as if the singular had been used; and

(iii) words importing the use of any gender shall include all genders where the context or the Party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

PART 2

PURCHASE AND SALE OF PURCHASED MEMBERSHIP INTERESTS AND PURCHASED SHARES

2.1 Purchase and Sale.

Subject to the terms and conditions hereof, each of the:

(a) iAnthus Capital Sellers covenants and agrees to sell, assign and transfer to Genarca and Genarca covenants and agrees to purchase from the iAnthus Capital Sellers, the number of Purchased Membership Interests set forth opposite the name of each of the respective iAnthus Capital Sellers as set out in Schedule “A” attached hereto;

(b) iAnthus Transfer Shareholders covenants and agrees to sell, assign and transfer to Genarca and Genarca covenants and agrees to purchase from the iAnthus Transfer Shareholders, the number of iAnthus Transfer Purchased Shares set forth opposite the name of each of the respective iAnthus Transfer Shareholder as set out in Schedule “B” attached hereto;

(c) iAnthus Formation Shareholders covenants and agrees to sell, assign and transfer to Genarca and Genarca covenants and agrees to purchase from the iAnthus Formation Shareholders, the number of iAnthus Formation Purchased Shares set forth opposite the name of each of the respective iAnthus Formation Shareholder as set out in Schedule “C” attached hereto; and

(d) persons who purchase securities in the Private Placement (each a “**New Security Holder**”) shall become a Party to, and be bound by, this Agreement by executing the consent agreement in the form attached hereto as Schedule “D” (the “**New Security Holder Consent Agreement**”). By executing the New Security Holder Consent Agreement, each New Security Holder shall for all purposes be a Seller and such Sellers will agree to sell, assign and transfer to Genarca the securities purchased in the Private Placement and Genarca will covenant and agree to purchase such securities from the New Security Holders, all on terms set forth in the New Security Holder Consent Agreement.

2.2 Purchase Price.

In consideration for the purchase of 100% of the Purchased Membership Interests and 100% of the Purchased Shares, Genarca shall issue from treasury at the Time of Closing, an aggregate of (i) 11,255,000 Genarca Class A Shares to the Sellers that are Applicable U.S.

Stockholders as such Sellers are more particularly described in Schedule “E” hereto, and (ii) 5,083,065 Genarca Common Shares to (a) the Sellers not listed in Schedule “E” hereto and (b) iAnthus Investor, (collectively, the “**Payment Shares**”) as follows:

- (a) 1,700,815 Genarca Common Shares to iAnthus Investor (or as it may otherwise direct);
- (b) 1,718,500 Genarca Common Shares pro rata to the iAnthus Transfer Shareholders;
- (c) 1,598,750 Genarca Common Shares pro rata to the iAnthus Formation Shareholders;
- (d) 65,000 Genarca Common Shares to **[REDACTED]**, an iAnthus Capital Seller as listed on Schedule “A” hereto,

such that, upon Closing the iAnthus Capital Sellers, iAnthus Investor,, the iAnthus Transfer Shareholders, and the iAnthus Formation Shareholders will collectively hold approximately 96.5% of the then outstanding Genarca Shares, calculated on a non-diluted basis and prior to completion of the Private Placement.

2.3 Replacement Dilutive Securities.

At the Time of Closing, each holder of Investment Vehicles’ Dilutive Securities shall surrender such Investment Vehicles’ Dilutive Securities to Genarca for cancellation in exchange for comparable securities of Genarca having substantially the same terms and conditions (each a “**Replacement Dilutive Security**” and collectively, the “**Replacement Dilutive Securities**”); provided, however, that (a) the forgoing shall not apply to any Investment Vehicles’ Dilutive Securities that, by their terms, expressly contemplate the delivery of equity in the Resulting Issuer (rather than equity in an Investment Vehicle or iAnthus Investor), if such Investment Vehicles’ Dilutive Securities are exercised or converted, as applicable, subsequent to the Time of Closing; (b) at the Time of Closing, the Resulting Issuer shall be deemed to have automatically adopted and assumed all obligations of the Investment Vehicles and iAnthus Investor under the Investment Vehicles’ Dilutive Securities referenced in clause “(a)” of this proviso; and (c) from and after the Time of Closing, the Investment Vehicles’ Dilutive Securities referenced in clause “(a)” of this proviso shall be deemed “Replacement Dilutive Securities” for all purposes of this Agreement.

2.4 Tax Election and Further Requirements.

Genarca agrees to execute and jointly file with each Seller who so requests an election pursuant to Section 85 of the Tax Act (and the corresponding provisions of applicable provincial income tax legislation) (“**Canadian Income Tax Legislation**”) in which election such Seller shall be entitled to elect the amount which shall be such Seller’s proceeds of disposition and Genarca’s cost of the respective Purchased Membership Interests and respective Purchased Shares, as the case may be, sold to Genarca for purposes of the Canadian Income Tax Legislation, provided such amount is within the limits prescribed by the Canadian Income Tax Legislation and provided that such Seller shall be responsible for preparing the appropriate tax election form and providing Genarca with a letter representing to Genarca that such Seller either is (i) a resident of Canada for

purposes of the Canadian Income Tax Legislation and is not exempt from tax under section 149 of the Tax Act, or (ii) a partnership if one or more of the members of such partnership satisfy the criteria specified in clause (i) above. Genarca shall execute any completed election form received and mail such form to the Seller at the Seller's address as noted on the form within 45 days of receipt thereof; provided that Genarca shall not be obligated to execute any election form received after 45 days from the Effective Date. The Seller shall be solely responsible for preparing and filing the form with the appropriate tax authorities and shall contemporaneously provide a copy of such form to Genarca, and the Seller shall be solely responsible for any interest or penalties arising in respect of any late filed election made pursuant to this §2.4. Genarca shall not be liable for any damages arising to a Seller for late filing, any errors or omissions, or otherwise in respect of any Canadian Income Tax Election form contemplated in this §2.4, and Genarca's obligations shall be limited to executing and making the election forms as contemplated in this §2.4.

2.5 Restriction on Resale.

Each of the Sellers acknowledges and agrees as follows:

- (a) the transfer of the Purchased Membership Interest and the Purchased Shares, as the case may be, and the issuance of the Payment Shares in exchange therefor, and the issuance of the Replacement Dilutive Securities, will be made pursuant to appropriate exemptions (the "**Exemptions**") from the formal takeover bid and registration and prospectus (or equivalent) requirements of Applicable Securities Law;
- (b) the CSE, in addition to any restrictions on transfer imposed by Applicable Securities Law, may require certain of the Payment Shares and Replacement Dilutive Securities to be held in escrow in accordance with the policies of CSE and Applicable Securities Law. Genarca agrees to use commercially reasonable efforts to ensure that the minimum restrictions on transfer permitted by the CSE and Applicable Securities Law are imposed on the Payment Shares and Replacement Dilutive Securities and to provide iAnthus Capital, on behalf of the Sellers, with the opportunity to make submissions to the CSE in respect of same;
- (c) as a consequence of acquiring the Payment Shares or Replacement Dilutive Securities pursuant to the Exemptions:
 - (i) the Sellers will be restricted from using certain of the civil remedies available under Applicable Securities Law;
 - (ii) the Sellers may not receive information that might otherwise be required to be provided to the Sellers, and Genarca is relieved from certain obligations that would otherwise apply under Applicable Securities Law if the Exemptions were not being relied upon by Genarca;
 - (iii) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Payment Shares or Replacement Dilutive Securities;

- (iv) there is no government or other insurance covering the Payment Shares or Replacement Dilutive Securities; and
- (v) an investment in the Payment Shares or Replacement Dilutive Securities is speculative and of high risk;
- (d) the certificates representing the Payment Shares and Replacement Dilutive Securities will bear such legends as required by Applicable Securities Law and the policies of the CSE and it is the responsibility of the Sellers to find out what those restrictions are and to comply with them before selling the Payment Shares or Genarca Common Shares issuable on exercise of a Replacement Warrant; and
- (e) the Seller is knowledgeable of, or has been independently advised as to, the Applicable Securities Law of that jurisdiction which apply to the sale of the Purchased Shares and Genarca Common Shares issuable on exercise of a Replacement Warrant and which may impose restrictions on the resale of such Payment Shares, Genarca Common Shares issuable on exercise of a Replacement Warrant in that jurisdiction and it is the responsibility of the Seller to find out what those resale restrictions are, and to comply with them before selling the Payment Shares and/or the Genarca Common Shares issuable on exercise of a Replacement Warrant.

2.6 Legend.

For purposes of further clarity,

- (a) For Sellers resident in the United States, or otherwise subject to U.S. law, the share certificates representing the Payment Shares will include the following legend:

“NONE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES (AS DEFINED HEREIN) OR TO U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE 1933 ACT, PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 1933 ACT. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE 1933 ACT.”

- (b) In addition to the legend included in §2.6(a), each Genarca share certificate originally issued to each Seller representing the Payment Shares, as well as all certificates issued in exchange for or in substitution of such Genarca share certificates, shall also bear a legend substantially in the following form, together with any additional legends as may be required by any stock exchange upon which the Genarca Shares are listed from time to time:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS A DAY AFTER THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.”

Provided that, if Genarca becomes a Reporting Issuer by filing the Prospectus with the Principal Regulator after the Purchased Shares are distributed pursuant to Section 2.16 (Take-over bid and issuer bid) of NI 45-106 then the legend in §2.6(b) may be removed thereafter by surrendering such share certificate to the Resulting Issuer in exchange for a share certificate which does not bear the legend in §2.6(b).

2.7 U.S. Securities Act Matters.

Each Seller further understands and acknowledges that if the Purchased Shares are sold in compliance with the requirements of Rule 904 of Regulation S (and in compliance with Applicable Securities Law), the Purchased Shares will continue to be “restricted securities” (as defined in Rule 144(a)(3) under the U.S. Securities Act) by operation of Rule 905 of Regulation S, and that each Genarca share certificate evidencing any Purchased Shares that are sold in compliance with the requirements of Rule 904 of Regulation S, as well as all certificates issued in exchange for and in substitution of such Genarca share certificate(s), until such time as it is no longer required under applicable United States federal or state securities laws, must continue to bear the legend set forth in §2.6(a) hereof.

2.8 Disclosure Documents.

(a) Promptly after the execution of this Agreement, iAnthus Capital, on behalf of the Investment Vehicles and the Sellers, and Genarca jointly shall prepare and complete the Listing Statement together with any other documents required by the BCBCA, Applicable Securities Law and other applicable laws and the rules and policies of the CSE in connection with the Transaction, and Genarca shall, as promptly as reasonably practicable, cause the Listing Statement to be filed with the CSE.

(b) Promptly after the execution of this Agreement, Genarca and iAnthus Capital, on behalf of the Investment Vehicles and the Sellers, shall jointly prepare and complete the Preliminary Prospectus together with any other documents required by the BCBCA, Applicable Securities Law and other applicable laws and the rules and policies of the CSE in connection with the Transaction, and Genarca shall, as promptly as reasonably practicable after obtaining the Preliminary Receipt from the Principal Regulator file the Preliminary Prospectus on SEDAR.

(c) Promptly after Closing, the Resulting Issuer shall complete the Final Prospectus together with any other documents required by the BCBCA, Applicable Securities Law and other applicable Laws and the rules and policies of the CSE in connection with the Transaction, and Genarca shall, as promptly as reasonably practicable after obtaining the Final Receipt from the Principal Regulator file the Final Prospectus on SEDAR.

(d) Genarca represents and warrants to the Investment Vehicles and the Sellers that the Disclosure Documents will comply in all material respects with all applicable laws

(including Applicable Securities Law), and, without limiting the generality of the foregoing, that the Disclosure Documents shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that Genarca shall not be responsible for the accuracy of any information relating to the Investment Vehicles or the Sellers that is furnished in writing by iAnthus Capital, on behalf of the Investment Vehicles and the Sellers, for inclusion in the Disclosure Documents).

(e) The Investment Vehicles and the Sellers represent and warrant to Genarca that any information or disclosure relating to the Investment Vehicles or the Sellers that is furnished in writing by iAnthus Capital, on behalf of the Investment Vehicles or the Sellers, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that the Investment Vehicles and the Sellers shall not be responsible for the accuracy of any information relating to Genarca that is furnished in writing by Genarca for inclusion in the Disclosure Documents).

(f) Genarca and iAnthus Capital, on behalf of the Investment Vehicles and the Sellers, and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Disclosure Documents and other documents related thereto, and reasonable consideration shall be given to any comments made by Genarca, iAnthus Capital and their respective counsel, provided that all information relating solely to Genarca included in the Disclosure Documents shall be in form and content satisfactory to Genarca, acting reasonably, and all information relating solely to the Investment Vehicles or the Sellers included in the Disclosure Documents shall be in form and content satisfactory to iAnthus Capital, acting reasonably.

(g) Genarca and iAnthus Capital shall promptly notify each other if at any time before the date of filing in respect of the Disclosure Documents, either party becomes aware that the Disclosure Documents contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Disclosure Documents and the Parties shall cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.

(h) Genarca further represents, warrants, covenants and agrees with the Investment Vehicles and the Sellers that:

- (i) the Genarca Shareholder Consent Materials will comply with Genarca's Notice of Articles, Articles, and applicable laws; and
- (ii) prior to the Closing, Genarca will effect the Name Change and the Genarca Share Amendment, subject to obtaining the requisite approval from the holders of Genarca Common Shares for the Genarca Shareholder Consent Materials.

2.9 Escrowed Shares.

The iAnthus Formation Shareholders set forth in Schedule “L” (the “**Escrowed Shareholders**”) specifically acknowledge and agree to deposit a certain number of their Genarca Common Shares, with the exact number of shares for each Escrowed Shareholder listed in Schedule “L”, in a voluntary pooling arrangement to be held and released on terms and conditions comparable to the terms and conditions of any escrow arrangement required by the CSE or under applicable securities law with respect to Genarca Shares to be held by directors, senior officers and other principals of the Resulting Issuer. The Escrowed Shareholders shall enter into the voluntary pooling arrangement prior to the listing of the Genarca Common Shares on the CSE.

PART 3 CONDITIONS OF CLOSING

3.1 Conditions of Closing in Favour of Genarca.

The obligations of Genarca to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) the Sellers and the Investment Vehicles shall have tendered all closing deliveries set forth in §4.3 and §4.4, respectively, including delivery of the Purchased Membership Interests and Purchased Shares, duly endorsed in blank for transfer or accompanied by duly executed transfer powers;
- (b) the Genarca Shareholders shall have approved the Genarca Shareholder Consent Materials;
- (c) conditional approval of the CSE for the listing of the Resulting Issuer on the facilities of the CSE;
- (d) none of the Investment Vehicles’ Dilutive Securities shall have been exercised prior to Closing;
- (e) each New Security Holder shall have executed and delivered to Genarca and iAnthus Capital the New Security Holder Consent Agreement;
- (f) neither the Investment Vehicles nor any of the Sellers shall have violated the exclusivity granted to Genarca under §8.1;
- (g) the representations and warranties of the Sellers set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement;

- (h) the representations and warranties of the Investment Vehicles set forth in this Agreement shall have been true and correct in all material respects as of the date hereof and shall be true and correct in all material respects as of the Time of Closing and delivery of the documents described in §4.3 shall constitute a reaffirmation and confirmation of such representations and warranties;
- (i) all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Sellers at or before the Time of Closing will have been complied with or performed and delivery of the documents described in §4.4 shall constitute reaffirmation and confirmation of such representations and warranties;
- (j) there shall not have been after the date of this Agreement and Material Adverse Effect with respect to the Investment Vehicles;
- (k) there shall be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to Genarca or the Investment Vehicles or that could reasonably be expected to impose any condition or restriction upon Genarca or the Investment Vehicles which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (l) there shall be no law enacted, introduced or tabled which, in the opinion of Genarca, acting reasonably, adversely affects or may adversely affect the Transaction; and
- (m) completion of the Transaction shall have occurred on or before the Termination Date.

The foregoing conditions precedent are for the benefit of Genarca and may be waived by Genarca, in whole or in part, without prejudice to Genarca's right to rely on any other condition in favour of Genarca.

3.2 Conditions of Closing in Favour of the Investment Vehicles and the Sellers.

The obligations of the Investment Vehicles and the Sellers to complete the Transaction are subject to the fulfillment of the following conditions on or before the Time of Closing:

- (a) Genarca shall have tendered all closing deliveries set forth in §4.2 including delivery of the Payment Shares and evidence of the approval of the holders of Genarca Common Shares for Genarca Shareholder Consent Materials;
- (b) conditional approval of the CSE for the listing of Genarca on the facilities of the CSE;
- (c) the Sellers shall have executed this Agreement;

- (d) each New Security Holder shall have executed and delivered to Genarca and iAnthus Capital the New Security Holder Consent Agreement;
- (e) all consents, waivers, permits, orders and approvals of all Governmental Authorities or other persons necessary to permit the completion of the Transaction shall have been obtained;
- (f) Genarca shall not have violated the exclusivity granted to the Sellers and the Investment Vehicles under §8.2;
- (g) the representations and warranties of Genarca set forth in this Agreement shall have been true and correct as of the date hereof and shall be true and correct at the Time of Closing in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier) or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier), except as affected by the transactions contemplated by this Agreement, and a certificate of a senior officer of Genarca to this effect shall have been delivered to iAnthus Capital, on behalf of the Sellers and the Investment Vehicles;
- (h) all of the terms, covenants and conditions of this Agreement to be complied with or performed by Genarca at or before the Time of Closing will have been complied with or performed and a certificate of a senior officer of Genarca to this effect shall have been delivered to iAnthus Capital, on behalf of the Sellers and the Investment Vehicles;
- (i) the iAnthus Capital, on behalf of the Sellers and the Investments Vehicles, shall be satisfied with the results of its due diligence investigations relating to Genarca and the Transaction, acting reasonably;
- (j) there shall not have been after the date of this Agreement any Material Adverse Effect with respect to Genarca;
- (k) there shall be no action taken under any applicable law by any court or Governmental Authority that makes it illegal or restrains, enjoins or prohibits the Transaction, results in a judgment or assessment of damages relating to the Transaction that is materially adverse to Genarca or the Investment Vehicles or that could reasonably be expected to impose any condition or restriction upon Genarca or the Investment Vehicles which, after giving effect to the Transaction, would so materially and adversely impact the economic or business benefits of the Transaction as to render inadvisable the consummation of the Transaction;
- (l) there shall be no law enacted, introduced or tabled which, in the opinion of iAnthus Capital, acting reasonably, adversely affects or may adversely affect the Transaction;
- (m) receipt of executed resignations and releases (in form satisfactory to iAnthus Capital, acting reasonably) from the current directors of Genarca;

- (n) receipt of executed resignations and releases (in form satisfactory to iAnthus Capital, acting reasonably) of all of the officers of Genarca, with the exception of Savio Chiu;
- (o) the board of directors of the Resulting Issuer immediately after Closing shall consist of up to 5 directors, being Hadley C. Ford, Randy Maslow, Richard Boxer, Julius Kalcevich and Paul Rosen (collectively, the “**Director Nominees**”);
- (p) completion of the Transaction shall have occurred on or before the Termination Date; and
- (q) Genarca shall have satisfactorily resolved any comments received from the Principal Regulator on the Preliminary Prospectus and any amendment thereto and shall have received clearance from the Principal Regulator to file the Final Prospectus.

The foregoing conditions precedent are for the benefit of Sellers and the Investment Vehicles and may be waived by iAnthus Capital on behalf of the Sellers and the Investment Vehicles, in whole or in part, without prejudice to the Investment Vehicles’ and the Sellers’ right to rely on any other condition in favour of the Investment Vehicles and the Sellers.

3.3 Notice and Cure Provisions.

Each Party will give prompt notice to the other Parties hereto of the occurrence, or failure to occur, at any time from the date hereof until the Closing Date, of any event or state of facts which occurrence or failure would or would be likely to:

- (a) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate on the date hereof or at the Closing Date; or
- (b) result in the failure by any Party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Closing Date.

Subject to Part 8, no Party may elect not to complete the Transaction as contemplated herein as a result of the non-fulfillment of the conditions precedent contained in §3.1 or §3.2, as applicable, unless the Party intending to rely thereon has delivered a written notice to the other Parties prior to the Time of Closing specifying, in reasonable detail, all breaches of representations and warranties or covenants or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent.

PART 4

CLOSING ARRANGEMENTS

4.1 Time and Place of Closing.

Closing of the Transaction shall take place at the Time of Closing at the offices of McMillan LLP, Suite 1500, Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

4.2 Closing Deliveries of Genarca.

At the Time of Closing, Genarca will deliver or cause to be delivered:

- (a) share certificates evidencing the Payment Shares registered as directed by iAnthus Capital, on behalf of the Sellers, provided, however, that certificates evidencing any Payment Shares required to be held in escrow in accordance with the requirements of the CSE or Applicable Securities Law shall be delivered directly to the Escrow Agent;
- (b) certificates representing the Replacement Dilutive Securities registered as directed by iAnthus Capital, on behalf of the Sellers;
- (c) if required, an escrow agreement in a form satisfactory to the CSE, among Genarca, the Escrow Agent and such Sellers as may be required by the CSE, and under Applicable Securities Law, to be parties thereto, duly executed by Genarca;
- (d) executed resignations (in form satisfactory to the iAnthus Capital, acting reasonably) from the current directors of Genarca;
- (e) executed resignations (in form satisfactory to the iAnthus Capital, acting reasonably) of all of the officers of Genarca, with the exception of Savio Chiu;
- (f) evidence of the approval of Genarca Shareholder Consent Materials;
- (g) evidence of the name change;
- (h) a certificate of one of Genarca's senior officers, dated as of the Closing Date, certifying: (i) that attached thereto are true and complete copies of the notice of articles and articles of Genarca (and all amendments thereto as in effect as on such date); (ii) all resolutions of the board of directors of Genarca approving the entering into of this Agreement and all ancillary agreements contemplated herein and the completion of the Transaction, including the issuance of the Payment Shares, and (iii) as to the incumbency and genuineness of the signature of each officer of Genarca executing this Agreement or any of the other agreements or documents contemplated hereby;
- (i) evidence of the conditional approval of the CSE for the listing of the Resulting Issuer;
- (j) a certificate of good standing for Genarca; and

(k) favourable legal opinions regarding customary corporate and securities law matters from counsel to Genarca, in form and substance satisfactory to iAnthus Capital and its counsel, each acting reasonably.

4.3 Closing Deliveries of the Sellers.

At the Time of Closing, each of the Sellers will cause to be delivered:

- (a) in the case of iAnthus Capital Sellers, certificates evidencing the Purchased Membership Interests owned by the iAnthus Capital Sellers, duly endorsed in blank for transfer or accompanied by duly executed transfer powers, or such other evidence of ownership acceptable to Genarca acting reasonably;
- (b) if the Seller is resident in the United States then an executed Certificate of U.S. Shareholder in the form attached as Schedule "H" hereto;
- (c) in the case of iAnthus Transfer Shareholders and iAnthus Formation Shareholders, certificates evidencing the Purchased Shares owned by the iAnthus Transfer Shareholders and the iAnthus Formation Shareholders, duly endorsed in blank for transfer or accompanied by duly executed transfer powers;
- (d) such documents as are required by Applicable Securities Law or the CSE necessary to appoint the Director Nominees to the board of directors of the Resulting Issuer; and
- (e) if required, an escrow agreement in a form satisfactory to the CSE, among Genarca, the Escrow Agent and such Sellers as may be required by the CSE, and under Applicable Securities Law to be parties thereto, duly executed by such Sellers.

4.4 Closing Deliveries of the Investment Vehicles.

At the Time of Closing, the Investment Vehicles will deliver or cause to be delivered:

- (a) a certificate of the sole manager of iAnthus Capital, dated as of the Closing Date, certifying that attached thereto are true and complete copies of the constating documents of the Investment Vehicles (and all amendments thereto as in effect as on such date);
- (b) all resolutions of the Sellers approving the entering into of this Agreement and the completion of the Transaction;
- (c) a certificate of status for each of the Investment Vehicles; and
- (d) favourable legal opinions regarding customary corporate and securities law matters from counsel to iAnthus Capital, in form and substance satisfactory to Genarca and its counsel, each acting reasonably.

PART 5

REPRESENTATIONS AND WARRANTIES OF GENARCA

5.1 Representations and Warranties of Genarca.

Genarca represents and warrants to and in favour of each of the Sellers and the Investment Vehicles as follows and acknowledges that such parties are relying upon such representations and warranties in connection with the transactions contemplated herein:

- (a) Genarca is a corporation validly existing and in good standing under the laws of Canada and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;
- (b) Genarca does not have any Subsidiaries;
- (c) Genarca has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property, and to carry on its businesses as now being conducted;
- (d) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by Genarca and each is, or will be at the Time of Closing, a legal, valid and binding obligation of Genarca, enforceable against Genarca in accordance with its terms;
- (e) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of the articles or by-laws of Genarca or of any resolutions of the directors or shareholders of Genarca, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement (including any Purchaser Material Contract), licence or permit to which Genarca is a party or by which Genarca is bound or to which any material assets or property of Genarca is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to Genarca;
- (f) other than as contemplated in Schedule "I" hereto, no person has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement including convertible securities, options, warrants, or convertible obligations of any nature, for the purchase subscription, allotment, or issuance of any securities of Genarca;
- (g) the authorized capital of Genarca consists of an unlimited number of common shares, of which, as of the date hereof 600,001 Genarca Common Shares are issued and outstanding as fully paid and non-assessable;

- (h) Genarca has 86 registered shareholders and at least 150 beneficial shareholders holding a Board Lot of Genarca Common Shares;
- (i) Genarca has reserved for issuance the Payment Shares and when issued in accordance with the terms hereof, the Payment Shares will be validly issued as fully paid and non-assessable Genarca Shares;
- (j) Genarca has approved the creation and issuance of the Replacement Dilutive Securities and reservation for issuance of the underlying Genarca Common Shares;
- (k) Genarca does not own and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and Genarca does not have any agreements to acquire or lease any material assets or properties or any other business operations;
- (l) the audited consolidated financial statements of Genarca as at and for the fiscal year ended December 31, 2015 and unaudited condensed financial statements of Genarca as at and for the three-month period ended March 31, 2016 (the “**Genarca Financial Statements**”) have been prepared in accordance with IFRS applied on a basis consistent with prior periods, except as disclosed. Genarca Financial Statements are true, correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of Genarca as at the respective dates thereof and results of operations of Genarca for the respective periods then ended. Since March 31, 2016, there has been no material alteration in the manner of keeping the books, accounts or records of Genarca or in its accounting policies or practices;
- (m) except as disclosed in Genarca Financial Statements, there are no related-party transactions or off-balance sheet structures or transactions with respect to Genarca;
- (n) except as disclosed in Genarca Financial Statements, Genarca is not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;
- (o) since September 30, 2015, there has been no Material Adverse Effect in the condition (financial or otherwise), assets, liabilities, operations, earnings or business of Genarca;
- (p) Genarca has conducted and is conducting its business in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on;
- (q) the Contracts listed in Schedule “J” constitute all the Material Contracts of Genarca (the “**Genarca Material Contracts**”). Each of Genarca Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act (including the purchase and sale of the Purchased Membership Interests hereunder) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise

to a warranty claim or other obligation or liability thereunder. Genarca has not violated or breached, in any material respect, any of the terms or conditions of any Genarca Material Contract and all the covenants to be performed by any other party thereto have been fully and properly performed;

(r) there are no waivers, consents, notices or approvals required to be given or obtained by Genarca in connection with Transaction contemplated by this Agreement under any Contract to which Genarca is a party;

(s) no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over Genarca is required to be obtained by Genarca in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent Genarca from performing its obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on Genarca;

(t) there is no suit, action or proceeding or, to the knowledge of Genarca, pending or threatened against Genarca that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Genarca, and there is no judgment, decree, injunction, rule or order of any Governmental Authority with jurisdiction over Genarca outstanding against Genarca causing, or which could reasonably be expected to cause, a Material Adverse Effect on Genarca;

(u) to the knowledge of Genarca, there is no Environmental Liability, or factors likely to give rise to any Environmental Liability, affecting any of the assets of Genarca that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Genarca. Genarca has not violated, breached or infringed any Environmental Law now in effect, or any Environmental Law previously in effect during the currency thereof, other than such violations, breaches or infringements that, individually or in the aggregate, have not had, or could not reasonably be expected to have, a Material Adverse Effect;

(v) Genarca has good and marketable title to its properties and assets (other than property or an asset as to which Genarca is a lessee, in which case it has a valid leasehold interest), except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Genarca;

(w) Genarca has all permits, licences, certificates of authority, orders and approvals of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit it to carry on its business as presently conducted, except for such permits, licences, certificates, orders, filings, applications and registrations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on Genarca, and all such all

permits, licences, certificates of authority, orders and approvals are in good standing in all material respects;

(x) Genarca has duly filed on a timely basis all tax returns required to be filed by it and has paid all taxes which are due and payable and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable on or before the date hereof, and adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no actions, suits or claims asserted or assessed against Genarca in respect of taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by such Governmental Authority. Genarca has withheld from each payment made by it to any person and remitted to the proper tax and other receiving offices within the time required all income tax and other deductions required to be withheld from such payments;

(y) Genarca has not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified Genarca of such Governmental Authority's intention to commence or to conduct any investigation, that could be reasonably likely to have a Material Adverse Effect on Genarca;

(z) the Corporate Records of Genarca are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of Genarca, and without limiting the generality of the foregoing: (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders of Genarca; (ii) the minute books contain all written resolutions passed by the directors and shareholders of Genarca; (iii) the share certificate books, register of shareholders and register of transfers of Genarca are complete and accurate, and all such transfers have been duly completed and approved; and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers of Genarca were duly elected or appointed as the case may be;

(aa) Genarca has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement that in any manner may or will impose liability on the Investment Vehicles or the Sellers; and

(bb) to the knowledge of Genarca, no representation or warranty of Genarca contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.2 Representations and Warranties of the Sellers.

Each of the Sellers, on its own behalf and not on behalf of any other Seller, hereby represents and warrants to Genarca as follows and acknowledges that Genarca is relying on such representations and warranties in connection with the transactions contemplated herein:

- (a) this Agreement has been, and each additional agreement or instrument required to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Seller and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms;
- (b) if the Seller is not an individual, the Seller is validly existing under the laws of its jurisdiction of organization and has the corporate or other power to enter into this Agreement and any other agreement to which it is, or is to become, a party to pursuant to the terms hereof and to perform its obligations hereunder and thereunder;
- (c) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) if the Seller is not an individual, result in a breach or violation of any limited liability agreement, or shareholders agreement, or the ceremony or of any resolutions of the Sellers, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement, licence or permit to which the Seller is a party or by which the Seller is bound or to which any material assets or property of the Seller is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to the Seller;
- (d) the Seller is the registered and beneficial owner of that number of membership unit of Shares of the respective Investment Vehicle set forth opposite the Seller's name in in Schedules "A" through "C", as the case may be, and as supplemented by Schedule "D" for New Security Holders, free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances of any nature whatsoever;
- (e) except for Genarca's rights hereunder and as set forth in the Corporate Records, no person has any agreement or option or any right or privilege capable of becoming an agreement for the purchase of the Seller's ownership in the respective Investment Vehicle and none of such interests are subject to any voting trust, voting agreement or other agreement with respect to the disposition or enjoyment of any rights of such membership units;
- (f) to the knowledge of the Seller, no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Seller is required to be obtained by the Seller in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations,

registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent the Seller from performing its obligations under this Agreement;

(g) other than in connection with the Private Placement, the Seller has not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on Genarca;

(h) the Seller is a resident of Canada for purposes of the Tax Act or, if not, is not holding, and will not hold at the Time of Closing, any security, including Purchased Membership Interests or Purchased Shares, to be sold or exchanged as “taxable Canadian property” as defined in the Tax Act; and

(i) to the knowledge of the Seller, no representation or warranty of the Seller or of Investment Vehicles contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.3 Representations and Warranties of the Investment Vehicles.

Each of the Investment Vehicles represents and warrants to and in favour of Genarca as follows and acknowledges that Genarca is relying on such representations and warranties in connection with the transactions contemplated herein:

(a) the Investment Vehicle is a limited liability company, or corporation, as the case may be, validly existing and in good standing under the laws of the State of formation, or incorporation, as the case may be, and is duly registered, licensed or qualified to carry on business under the laws of the jurisdictions in which the nature of its business makes such registration, licensing or qualification necessary;

(b) the Investment Vehicle has the corporate power and capacity to enter into this Agreement and each additional agreement or instrument to be delivered pursuant to this Agreement, to perform its obligations hereunder and thereunder, to own and lease its property and assets, and to carry on its businesses as now being conducted;

(c) this Agreement has been, and each additional agreement or instrument to be delivered pursuant to this Agreement will be prior to the Time of Closing, duly authorized, executed and delivered by the Investment Vehicle and each is, or will be at the Time of Closing, a legal, valid and binding obligation of the Investment Vehicle, enforceable against the Investment Vehicle in accordance with its terms;

(d) the execution and delivery of this Agreement does not, and the consummation of the Transaction will not, (i) result in a breach or violation of any limited liability company agreement or shareholder’s agreement or of any resolutions of the Sellers, (ii) conflict with, result in a breach of, constitute a default under or accelerate the performance required by or result in the suspension, cancellation, material alteration or creation of an encumbrance upon any material agreement, licence or permit to which the respective Investment Vehicle

is a party or by which the respective Investment Vehicle is bound or to which any material assets or property of the respective Investment Vehicle is subject, or (iii) violate any provision of any applicable law or regulation or any judicial or administrative order, award, judgment or decree applicable to the respective Investment Vehicle;

(e) other than the Investment Vehicles' Dilutive Securities, no person has any agreement, option, right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, options, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any membership interest or other securities of the Investment Vehicle;

(f) the capitalization set forth in Schedule "A" through "C" inclusive, as supplemented by Schedule "D" for New Security Holders, is correct and by purchasing the Purchased Membership Interests and the Purchased Shares Genarca will be, directly or indirectly, the legal and beneficial owner of 100% of the membership interests of iAnthus Capital, free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrance of any nature whatsoever;

(g) the Investment Vehicle does not own and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, and the respective Investment Vehicle does not have any agreements to acquire or lease any material assets or properties or any other business operations;

(h) the audited financial statements of iAnthus Capital as at and for the fiscal years ended December 31, 2015 and the unaudited financial statements of iAnthus Capital for the three-month period ended March 31, 2016 (the "**iAnthus Capital Financial Statements**"), have been prepared in accordance with IFRS. The iAnthus Capital Financial Statements are true, correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of iAnthus Capital as at the respective dates thereof and results of operations of iAnthus Capital for the respective periods then ended. Since March 31, 2016, there has been no material alteration in the manner of keeping the books, accounts or records of iAnthus Capital or in its accounting policies or practices;

(i) except as disclosed in the iAnthus Capital Financial Statements or otherwise disclosed to Genarca, there are no related-party transactions or off-balance sheet structures or transactions with respect to the Investment Vehicles that could reasonably be expected to have a Material Adverse Effect on the Investment Vehicles;

(j) except as disclosed in the iAnthus Capital Financial Statements, the Investment Vehicles are not a party to, or bound by, any agreement of guarantee, indemnification, assumption or endorsement or any like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;

(k) with the exception of the US Federal Controlled Substances Act (21 U.S.C. 801 et seq.) the Investment Vehicles have conducted and are conducting their respective business

in compliance in all material respects with all applicable laws, regulations, by-laws, ordinances, regulations, rules, judgments, decrees and orders of each jurisdiction in which its business is carried on which could reasonably be expected to have a Material Adverse Effect on iAnthus Capital;

(l) the Contracts listed in Schedule “K” constitute all the Material Contracts of the Investment Vehicles (the “**Investment Vehicles’ Material Contracts**”). Each of the Investment Vehicle Material Contracts is in full force and effect, unamended, and there exists no default, warranty claim or other obligation or liability or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default, or give rise to a warranty claim or other obligation or liability thereunder. The Investment Vehicles have not violated or breached, in any material respect, any of the terms or conditions of any Investment Vehicle Material Contract and all the covenants to be performed by any other party thereto have been fully and properly performed;

(m) except as set forth in the Corporate Records, to the knowledge of the Investment Vehicles, there are no waivers, consents, notices or approvals required to be given or obtained by any of the Investment Vehicles in connection with the Transaction contemplated by this Agreement under any Contract to which an Investment Vehicle is a party;

(n) to the knowledge of the Investment Vehicles, no consent, approval, order or authorization of, or registration or declaration with, any applicable Governmental Authority with jurisdiction over the Investment Vehicles is required to be obtained by the Investment Vehicles in connection with the execution and delivery of this Agreement or the consummation of the Transaction, except for those consents, orders, authorizations, declarations, registrations or approvals which are contemplated by this Agreement or those consents, orders, authorizations, declarations, registrations or approvals that, if not obtained, would not prevent or materially delay the consummation of the Transaction or otherwise prevent the Investment Vehicles from performing its respective obligations under this Agreement and could not reasonably be expected to have a Material Adverse Effect on the Investment Vehicles;

(o) there is no suit, action or proceeding or, to the knowledge of the Investment Vehicles, pending or threatened against the Investment Vehicles that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on the Investment Vehicles, and there is no judgment, decree, injunction, rule or order of any Governmental Authority with jurisdiction over the Investment Vehicles outstanding against the Investment Vehicles causing, or which could reasonably be expected to cause, a Material Adverse Effect on the Investment Vehicles;

(p) to the knowledge of the Investment Vehicles, it has good and marketable title to assets, except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Investment Vehicles;

(q) no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming an agreement, option, understanding or commitment for the purchase from any one of the Investment Vehicles of any of its assets or property;

(r) the Investment Vehicles have all permits, licences, certificates of authority, orders and approvals of, and has made all filings, applications and registrations with, applicable Governmental Authorities that are required in order to permit the respective Investment Vehicle to carry on its business as presently conducted, except for conduct that is not in compliance with the US Federal Controlled Substances Act (21 U.S.C. 801 et seq.) for which no permit is available, and except for such permits, licences, certificates, orders, filings, applications and registrations, the failure to have or make, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect on the Investment Vehicles, and all such permits, licences, certificates of authority, orders and approvals are in good standing in all material respects;

(s) the Investment Vehicles have filed any required tax returns as of the date hereof and adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no actions, suits, or claims asserted or assessed against any Investment Vehicle in respect of taxes, governmental charges or assessments, nor are any matters under discussion with any Governmental Authority relating to taxes, governmental charges or assessments asserted by such Governmental Authority. The Investment Vehicles have withheld from each payment made by it to any person and remitted to the proper tax and other receiving offices within the time required all income tax and other deductions required to be withheld from such payments;

(t) the Investment Vehicles have not been notified by any Governmental Authority of any investigation with respect to it that is pending or threatened, nor has any Governmental Authority notified the Investment Vehicles of such Governmental Authority's intention to commence or to conduct any investigation that could be reasonably likely to have a Material Adverse Effect on the Investment Vehicles;

(u) the Corporate Records of the Investment Vehicles are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in compliance with all applicable laws and with the constating documents of the Investment Vehicles;

(v) other than in connection with the Private Placement, the Investment Vehicles have not authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement, that in any manner may or will impose liability on Genarca;

(w) to the knowledge of the Investment Vehicles, each Seller is a resident of Canada for the purposes of the Tax Act or, if not, or not holding any security, including Purchased Membership Interests or Purchased Shares, to be sold or exchanged as "taxable Canadian property" as defined by the Tax Act; and

(x) to the knowledge of the Investment Vehicles, no representation or warranty of the Investment Vehicles contained in this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

5.4 Survival of Representations and Warranties.

The representations and warranties of the Sellers contained in this Agreement or any document or certificate given pursuant hereto shall survive the Closing of the Transaction until the date that is 24 months from the date of Closing. No claim for breach of any representation, warranty or covenant shall be valid unless that party against whom such claim is made has been given notice thereof before the expiry of such 24-month period.

PART 6 COVENANTS

6.1 Mutual Covenants.

Each of the Parties hereby covenants and agrees as follows:

- (a) to use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder which are reasonably under its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations to complete the Transaction in accordance with the terms of this Agreement. Without limiting the generality of the foregoing, in the event that any person, including without limitation, any securities regulatory authority, seeks to prevent, delay or hinder implementation of all or any portion of the Transaction or seeks to invalidate all or any portion of this Agreement, each of the Parties shall use commercially reasonable efforts to resist such proceedings and to lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affecting the ability of the Parties to complete the Transaction;
- (b) to use commercially reasonable efforts to obtain, before the Time of Closing, all authorizations, waivers, exemptions, consents, orders and other approvals from domestic or foreign courts, Governmental Authorities, and third parties as are necessary for the consummation of the transactions contemplated herein;
- (c) to use commercially reasonable efforts to defend or cause to be defended any lawsuits or other legal proceedings brought against it challenging this Agreement or the completion of the Transaction. No party will settle or compromise any claim brought against them in connection with the transactions contemplated by this Agreement prior to the Closing Date without the prior written consent of each of the others, such consent not to be unreasonably withheld or delayed;
- (d) to promptly notify each of the other parties if any representation or warranty made by it in this Agreement ceases to be true and correct in all respects (in the case of any representation or warranty containing any materiality or Material Adverse Effect qualifier)

or in all material respects (in the case of any representation or warranty without any materiality or Material Adverse Effect qualifier) and of any failure to comply in any material respect with any of its obligations under this Agreement;

(e) to co-operate with each of the other Parties hereto in good faith in order to ensure the timely completion of the Transaction;

(f) to use commercially reasonable efforts to co-operate with each of the other Parties hereto in connection with the performance by the other of its obligations under this Agreement; and

(g) to indemnify and hold harmless each of the other Parties (and, if applicable, such other parties' respective directors, officers, representatives and advisers) (collectively, the "**Non-Offending Persons**") from and against all claims, damages, liabilities, actions or demands to which the Non-Offending Persons may be subject insofar as such claims, damages, liabilities, actions or demands arise out of, or are based upon, the information supplied by a party (other than the Non-Offending Persons) for inclusion in the Disclosure Documents having contained a misrepresentation. Each Party shall obtain and hold the rights and benefits of this subsection in trust for and on behalf of such other party (and, if applicable, such other parties' respective directors, officers, representatives and advisers).

6.2 Covenants of Genarca.

Genarca covenants and agrees with each of the Sellers and the Investment Vehicles that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Part 8, it will:

(a) in a timely and expeditious manner:

(i) prepare, in consultation with iAnthus Capital, the Disclosure Documents in prescribed form and in form and content acceptable to iAnthus Capital, acting reasonably, and file the Disclosure Documents with the applicable securities commission and the CSE in accordance with all applicable laws and the policies of the CSE;

(ii) obtain approval for the Genarca Shareholder Consent Materials;

(iii) file and/or deliver any document or documents as may be required in order for the Transaction as contemplated herein to be effective; and

(iv) file and/or deliver any document or documents required pursuant to applicable laws and/or the rules and policies of the CSE in connection with the Transaction as contemplated herein after the Closing;

(b) ensure that the Disclosure Documents does not contain a misrepresentation as it relates to Genarca, including in respect of its assets, liabilities, operations, business and properties;

- (c) to make available and afford iAnthus Capital and its authorized representative and, if requested by iAnthus Capital, provide a copy of all Contracts, financial statements, minute books, share certificate books, share registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to Genarca;
- (d) make application to the CSE and diligently pursue the approval of the Transaction;
- (e) except for non-substantive communications, furnish promptly to iAnthus Capital (on behalf of the Sellers and the Investment Vehicles) a copy of each notice, report, schedule or other document or communication delivered, filed or received by Genarca in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;
- (f) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction as contemplated herein, including using commercially reasonable efforts to fulfil all conditions and satisfy all provisions of this Agreement and the Transaction;
- (g) subject to applicable laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction;
- (h) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice, including increasing the compensation paid, whether by way of management fees or otherwise, to any directors, officers or employees of or consultants to Genarca, without the prior consent of iAnthus Capital;
- (i) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend its articles as the same exist at the date of this Agreement; and
- (j) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:

- (i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise to or for the benefit of its shareholders;
- (ii) increase or decrease its paid-up capital or purchase or redeem any shares except: (A) pursuant to the Private Placement; or (B) upon the exercise or conversion of convertible securities, options or warrants of Genarca outstanding as of the date hereof; or
- (iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire, any such shares, except: (A) pursuant to the Private Placement; or (B) upon the exercise or conversion of convertible securities, options or warrants of Genarca outstanding as of the date hereof;
- (k) take all necessary corporate action and proceedings to approve and authorize the issuance of the Payment Shares and Replacement Dilutive Securities to the Sellers;
- (l) prepare and file with all applicable securities commissions such notifications and fees necessary to permit, or that are required in connection with, the issuance of the Payment Shares to the Sellers on a basis exempt from the prospectus and registration requirements of the applicable securities laws of provinces of Canada in which the Sellers are resident;
- (m) not to authorize, sell or issue, or negotiate or enter into an agreement to sell or issue, any securities of Genarca (including those that are convertible or exchangeable into securities of Genarca), other than pursuant to the exercise of convertible securities, options or warrants of Genarca outstanding as of the date hereof.

6.3 Covenants of the Investment Vehicles.

Each Investment Vehicle jointly and severally covenants and agrees with Genarca that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Part 8, it will:

- (a) in a timely and expeditious manner, assist Genarca in the preparation of the Disclosure Documents with respect to the Transaction, including providing such information in relation to the business, affairs, assets of the Investment Vehicles as may be necessary to comply with applicable laws and the policies of the CSE;
- (b) ensure that the Disclosure Documents do not contain a misrepresentation as it relates to any of the Investment Vehicles, including in respect of its respective assets, liabilities, operations and business;
- (c) to make available and afford Genarca and its authorized representatives and, if requested by Genarca, provide a copy of all Contracts, financial statements, minute books, membership unit registers, plans, reports, licences, orders, permits, books of account, accounting records, constating documents and all other documents, information and data relating to the Investment Vehicles.

(d) except for non-substantive communications, furnish promptly to Genarca a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Investment Vehicles in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting the Transaction as contemplated herein;

(e) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction, including using commercially reasonable efforts to fulfil all conditions and satisfy all provisions of this Agreement and the Transaction;

(f) conduct and operate its respective business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of Genarca, and the Investment Vehicles will keep Genarca fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained;

(g) except as may be necessary or desirable in order to effect the Transaction as contemplated hereunder, not alter or amend any limited liability company agreement or shareholders' agreement as the same exists at the date of this Agreement;

(h) not merge into or with, or amalgamate or consolidate with, or enter into any other corporate reorganization or arrangement with, or transfer its undertaking or assets as an entirety or substantially as an entirety to, any other person or perform any act which would render inaccurate in any material way any of its representations and warranties set forth herein as if such representations and warranties were made at a date subsequent to such act and all references to the date of this Agreement were deemed to be such later date, except as contemplated in this Agreement, and without limiting the generality of the foregoing, it will not:

(i) make any distribution by way of dividend, distribution of property or assets, return of capital or otherwise;

(ii) increase or decrease its paid-up capital or purchase or redeem any membership interests; or

(iii) issue or enter into any commitment to issue any of its shares or securities convertible into, or rights, warrants or options to acquire any such membership interests; and

(i) take all necessary corporate action and proceedings to approve and authorize the valid and effective transfer of the Purchased Membership Interests to the Seller.

6.4 Covenants of the Sellers.

Each of the Sellers covenants and agrees with the other parties hereto that, until the earlier of the Closing Date and the date upon which this Agreement is terminated in accordance with Part 7, it will:

- (a) in a timely and expeditious manner, provide such information with respect to the Seller as Genarca may reasonably require in connection with the preparation of the Disclosure Documents with respect to the Transaction and as may be necessary to comply with applicable laws and the policies of the CSE;
- (b) ensure that the Disclosure Documents does not contain a misrepresentation as it relates to the Seller;
- (c) enter into such escrow, pooling or similar arrangements in respect of the Payment Shares as may be required in accordance with the policies of the CSE and Applicable Securities Law;
- (d) except for non-substantive communications, furnish promptly to Genarca a copy of each notice, report, schedule or other document or communication delivered, filed or received by the Seller in connection with or related to the Transaction, any filings under applicable laws and any dealings with any Governmental Authority in connection with or in any way affecting, the Transaction as contemplated herein;
- (e) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in this Agreement to the extent the same are within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Transaction, including using commercially reasonable efforts to fulfil all conditions and satisfy all provisions of this Agreement and the Transaction;
- (f) subject to applicable laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the Transaction; and
- (g) not encumber in any manner the Purchased Membership Interests and Purchased Shares and ensure that at the Time of Closing that the Purchased Membership Interests and Purchased Shares are free and clear of all liens, charges, mortgages, security interests, pledges, demands, claims and other encumbrances whatsoever.

6.5 Further Covenants of Genarca and iAnthus Capital.

Genarca and iAnthus Capital further covenant and agree to work together in a timely and expeditious manner post Closing to jointly prepare and complete the Final Prospectus in accordance with §2.8(c).

PART 7 TERMINATION

7.1 Termination.

This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of Genarca and iAnthus Capital, on behalf of the Sellers and the Investment Vehicles hereto;
- (b) automatically and without any other act by any Party if the Closing shall not have been consummated on or prior to the Termination Date;
- (c) by Genarca, if there has been a material breach by any of the Investment Vehicles or the Sellers of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in §3.1 which the Investment Vehicle(s) or the Seller(s), as applicable, fails to cure within ten (10) Business Days after written notice thereof is given by Genarca;
- (d) by the Sellers or iAnthus Capital on behalf of the Sellers, if there has been a material breach by Genarca of any representation, warranty, covenant or agreement set forth in this Agreement or any of the documents contemplated hereby which breach would result in the failure to satisfy one or more of the conditions set forth in §3.2 which Genarca fails to cure within ten (10) Business Days after written notice thereof is given by iAnthus Capital; and
- (e) any Party, if any permanent injunction or other order of a court or other competent authority preventing the Closing shall have become final and non-appealable; provided, however, that no party shall be entitled to terminate this Agreement if such party's material breach of this Agreement or any of the documents contemplated hereby has resulted in such permanent injunction or order.

7.2 Effect of Termination.

Upon termination of this Agreement in accordance with the terms hereof, the Parties shall have no further obligations under this Agreement, other than the obligations contained in §2.4, §10.1, and §10.8.

PART 8 EXCLUSIVITY AND ACCESS

8.1 Obligations of the Investment Vehicles and the Sellers.

Prior to the Termination Date, neither Investment Vehicles nor the Sellers shall, directly or indirectly, negotiate or deal with any party other than with Genarca relating to the sale or disposition of any part of the assets or outstanding membership interests or securities, as the

case may be, of the Investment Vehicles, or solicit enquiries or provide information with respect to same.

8.2 Obligations of Genarca.

Prior to the Termination Date, Genarca shall not, directly or indirectly, negotiate or deal with any party other than the Investment Vehicles and iAnthus Investor relating to the acquisition of all or any part of the outstanding shares or assets of a company or property in connection with a transaction which is the same as or with effect to Genarca substantially similar to the Transaction, or solicit enquiries or provide information with respect to same.

PART 9 LIMITED POWER OF ATTORNEY

9.1 Limited Power of Attorney

Each of the Sellers hereby severally and irrevocably appoints iAnthus Capital as its agent and attorney to take any action that is required under the Agreement or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters (including without limitation, the receipt of certificates representing the Payment Shares) and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with the Transaction. Without limiting the generality of the foregoing, iAnthus Capital may, on its own behalf and on behalf of the Sellers, extend the Time of Closing, modify or waive any conditions as are contemplated herein, to negotiate, settle and deliver the final forms of any documents that are necessary or desirable to give effect to the Transaction (other than any escrow agreements a Seller may be required to enter into) to extend such time periods as may be contemplated herein or terminate this Agreement, in its absolute discretion, as it deems appropriate. Each of the Sellers hereby acknowledges and agrees that any decision or exercise of discretion made by iAnthus Capital under this Agreement, shall be final and binding upon the Sellers so long as such decision or exercise was made in good faith. The Sellers shall have no duty to enquire into the validity of any document executed or other action taken by iAnthus Capital on behalf of the Sellers pursuant to this §9.1.

PART 10 GENERAL

10.1 Confidential Information.

Each Party (the “**Recipient**”) receiving confidential information, trade secrets or confidential financial or business documents (collectively, “**Confidential Information**”) from any other Party (the “**Discloser**”) will keep confidential any Confidential Information received by it concerning the Discloser or its business and will not disclose such Confidential Information to any third party; provided that any of such Confidential Information may be disclosed to the Recipient’s directors, officers, employees, representatives and professional advisors who need to know such Confidential Information in connection with the transactions contemplated hereby (provided the Recipient will use all reasonable efforts to ensure that such directors, officers,

employees, representatives and professional advisors keep confidential such Confidential Information) and provided further that the Recipient will not be liable for disclosure of Confidential Information upon occurrence of one or more of the following events:

- (a) Confidential Information becoming generally known to the public other than through a breach of this Agreement;
- (b) Confidential Information being lawfully obtained by the Recipient from a third party or parties without breach of this Agreement by the Recipient, as shown by documentation sufficient to establish the third party as a source of Confidential Information;
- (c) Confidential Information being known to the Recipient prior to disclosure by the Discloser, as shown by documentation sufficient to establish such knowledge; or
- (d) the Discloser having provided their prior written approval for such disclosure by the Recipient.

In the event this Agreement is terminated in accordance with the provisions hereof, the Recipient will:

- (a) use all reasonable efforts to ensure that all documents prepared or obtained in the course of its investigations of the Discloser or its business and all copies thereof (except for copies that are maintained for archival purposes) are either destroyed or returned to the Discloser so as to insure that, so far as possible, any Confidential Information obtained during and as a result of such investigations by the directors, officers, employees, representatives and professional advisors of the Discloser is not disseminated beyond those individuals concerned with such investigations; and
- (b) not directly or indirectly, use for its own purposes, any Confidential Information, discovered or acquired by the directors, officers, employees representatives and professional advisors of the Recipient as a result of the Discloser making available to them those documents and assets relating to the business of the Discloser.

10.2 Counterparts.

This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and each of such counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

10.3 Statutory References.

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute in force from time to time and any statute, regulation or rule that supplements or supersedes such statute, regulation or rule.

10.4 Date for Action.

In the event that any date on which any action is required or permitted to be taken hereunder by any person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

10.5 Severability.

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

10.6 Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the conflict of law principles therein.

10.7 Successors and Assigns.

This Agreement shall accrue to the benefit of and be binding upon each of the Parties hereto and their respective, administrators and assigns, provided that this Agreement shall not be assigned by any one of the Parties without the prior written consent of the other Parties.

10.8 Expenses.

Each of the Parties hereto shall be responsible for its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date hereof and all legal and accounting fees and disbursements relating to preparing this Agreement or otherwise relating to the transactions contemplated herein; provided, however (and for greater certainty), Genarca shall be responsible for paying all costs and fees payable to the CSE in connection with their review of the proposed Transaction (including the review of the Personal Information Forms to be submitted by the proposed executive officers and directors of the Resulting Issuer following completion of the Transaction) and the CSE listing fees in connection with any securities issued pursuant to the Transaction.

10.9 Further Assurances.

Each of the Parties hereto will, without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such other documents, instruments of transfer, conveyance, assignment and assurances and secure all necessary consents and authorizations as may be reasonably requested by another party and take such further action as the other may reasonably require to give effect to any matter provided for herein.

10.10 Entire Agreement.

This Agreement and the schedules referred to herein constitute the entire agreement among the Parties hereto and supersede all prior communications, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, including the letter of intent of the Parties dated April 2015 and the Share Exchange Agreement. None of the Parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered by and/or on the Closing Date pursuant to this Agreement. The Parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered by and/or on the Closing Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement or in such schedules, documents or instruments attached hereto or referenced therein (including the schedules, documents or instruments to be delivered by and/or on the Closing Date).

10.11 Notices.

Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to Genarca:

Genarca Holdings Ltd.
Suite 1980, 1075 West Georgia Street
Vancouver, BC V6E 3C9
Canada

Attention: Herrick Lau

Fax: (778) 329-0361

E-mail: herrick.lau@barongroupintl.com

in the case of notice to iAnthus Capital, on behalf of the Sellers and the Investment Vehicles:

iAnthus Capital Management, LLC
Suite 300, 420 Lexington Avenue
New York, NY 10170
USA

Attention: Hadley C. Ford

Fax: N/A
E-mail: hadley.ford@lastdanceventures.com

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

- (i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
- (ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service; and
- (iii) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours on a Business Day (otherwise on the following Business Day).

10.12 Waiver.

Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Date, provided however that such waiver shall be evidenced by written instrument duly executed on behalf of such Party; however, any e-mail containing such waiver sent from the respective e-mail address of Genarca or iAnthus Capital (as applicable and as noted under §10.11) is deemed to be a written instrument duly executed on behalf of such Party for the purposes of this §10.12.

10.13 Amendments.

No modification or amendment to this Agreement may be made unless agreed to by the Parties hereto in writing.

10.14 Remedies Cumulative.

The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

10.15 Currency.

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in the lawful money of Canada.

10.16 Time of Essence.

Time shall be of the essence hereof.

10.17 Independent Legal Advice.

EACH SELLER ACKNOWLEDGES, CONFIRMS AND AGREES THAT HE, SHE OR IT HAS HAD THE OPPORTUNITY TO SEEK AND WAS NOT PREVENTED OR DISCOURAGED BY ANY PARTY HERETO FROM SEEKING INDEPENDENT LEGAL ADVICE PRIOR TO THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND THAT, IN THE EVENT THAT ANY SELLER DID NOT AVAIL HIMSELF/HERSELF/ITSELF WITH THAT OPPORTUNITY PRIOR TO SIGNING THIS AGREEMENT, SUCH SELLER DID SO VOLUNTARILY WITHOUT ANY UNDUE PRESSURE AND AGREES THAT SUCH SELLER'S FAILURE TO OBTAIN INDEPENDENT LEGAL ADVICE SHALL NOT BE USED BY HIM/HER/IT AS A DEFENCE TO THE ENFORCEMENT OF HIS/HER/ITS OBLIGATIONS UNDER THIS AGREEMENT.

[Signature pages follow.]

IN WITNESS WHEREOF this Agreement has been executed by the Parties hereto as of the date first above written.

GENARCA HOLDINGS LTD.

Per: *(signed)*

Authorized Signatory
Name: Ronan Sabo-Walsh
Title: Director

IANTHUS CAPITAL MANAGEMENT, LLC

By iAnthus Manager, LLC
Its Sole Manager

Per: *(signed)*

Authorized Signatory
Name: Hadley Ford
Title: Managing Director

IANTHUS TRANSFER CORP.

Per: *(signed)*

Authorized Signatory
Name: Julius Kalceovich
Title: President

IANTHUS FORMATION CORP.

Per: *(signed)*

Authorized Signatory
Name: Julius Kalceovich
Title: President

[Signature pages of the Sellers follows.]

iAnthus Capital Sellers Signature Page

Signed, Sealed and Delivered by **Hadley C. Ford** in the presence of:

Witness (Signature)

Name (please print)

Address

City, Province

Occupation

Signed, Sealed and Delivered by **Randy Maslow** in the presence of:

Witness (Signature)

Name (please print)

Address

City, Province

Occupation

HADLEY C. FORD

RANDY MASLOW

Signed, Sealed and Delivered by **John Henderson** in the presence of:

Witness (Signature)

Name (please print)

Address

City, Province

Occupation

Signed, Sealed and Delivered by
[REDACTED] in the presence of:

Witness (Signature)

Name (please print)

Address

City, Province

Occupation

JOHN HENDERSON

[REDACTED]

Signed, Sealed and Delivered by
[REDACTED] in the presence of:

Witness (Signature)

Name (please print)

Address

City, Province

Occupation

Signed, Sealed and Delivered by
[REDACTED] in the presence of:

Witness (Signature)

Name (please print)

Address

City, Province

Occupation

[REDACTED]

[REDACTED]

Signed, Sealed and Delivered by)
[REDACTED] in the presence of:)

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Occupation)

[REDACTED]

[REDACTED]

[REDACTED]

By: **[REDACTED]**
Its Sole Manager

By: _____
Authorized Signatory
Name:
Title:

iAnthus Transfer Shareholders Signature Page

[REDACTED]

By: _____
Authorized Signatory
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Title:

[REDACTED]

By: _____
Authorized Signatory
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City, Province

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City, Province

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Occupation

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City, Province

Occupation

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Witness (Signature)

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Address

City, Province

Occupation

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Occupation)

[REDACTED]

[REDACTED]

iAnthus Formation Shareholders Signature Page

[REDACTED]

By: _____
Authorized Signatory
Name:
Title:

[REDACTED]

By: _____
Authorized Signatory
Name:
Title:

[REDACTED]

By: _____
Authorized Signatory
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[REDACTED]

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Authorized Signatory
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[REDACTED]

SCHEDULE “A”

IANTHUS CAPITAL SELLERS

This is Schedule “A” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “A” have the meanings ascribed thereto in the Agreement.

	Name of iAnthus Capital Seller	Address of iAnthus Capital Seller	Number of Purchased Membership Interests	Number of Investment Vehicles’ Dilutive Securities eligible to be exercised for additional securities in iAnthus Capital
1.	Hadley C. Ford	420 Lexington Avenue Suite 300 New York, NY 10170 USA	[REDACTED]	[REDACTED]
2.	Randy Maslow	420 Lexington Avenue Suite 300 New York, NY 10170 USA	[REDACTED]	[REDACTED]
3.	John Henderson	420 Lexington Avenue Suite 300 New York, NY 10170 USA	[REDACTED]	[REDACTED]
4.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

9.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10.	And those persons, if any, who are New Security Holders of iAnthus Capital and have signed the New Security Holder Consent Agreement, the form of which is attached to the Agreement as Schedule “D”	-	-	
		TOTAL PERCENT OF CLASS	100% ⁽¹⁾	100% ⁽²⁾

Note:

(1) iAnthus Capital has a total of 16,338,065 membership interests outstanding. The iAnthus Capital Sellers hold a total of 13,020,815 membership interests. The remaining 3,317,250 membership interests are held by iAnthus Transfer and iAnthus Formation.

(2) Nil.

[End of Schedule “A”]

SCHEDULE “B”

IANTHUS TRANSFER SHAREHOLDERS

This is Schedule “B” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “B” have the meanings ascribed thereto in the Agreement.

	Name of iAnthus Transfer Shareholder	Address of iAnthus Transfer Shareholder	Number of iAnthus Transfer Purchased Shares	Number of Investment Vehicles’ Dilutive Securities eligible to be exercised for additional securities in iAnthus Transfer
1.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
11.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

13.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
14.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
15.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
16.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
17.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
18.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
19.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
20.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
21.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
22.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
23.	And those persons, if any, who are New Security Holders of iAnthus Transfer and have signed the New Security Holder Consent Agreement, the form of which is attached to the Agreement as Schedule “D”	-	-	-
		TOTAL PERCENT OF CLASS	100% ⁽¹⁾	100% ⁽²⁾

Note:

(1) iAnthus Transfer has a total of 1,718,500 common shares issued and outstanding and an undiluted basis. The number of iAnthus Transfer Purchased Shares equals the total number of common shares issued and outstanding.

(2) Nil.

[End of Schedule “B”]

SCHEDULE “C”

IANTHUS FORMATION SHAREHOLDERS

This is Schedule “C” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “C” have the meanings ascribed thereto in the Agreement.

	Name of iAnthus Formation Shareholder	Address of iAnthus Formation Shareholder	Number of iAnthus Formation Purchased Shares	Number of Investment Vehicles’ Dilutive Securities eligible to be exercised for additional securities in iAnthus Formation
1.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
4.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
6.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
7.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
8.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
9.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

11.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
12.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
13.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
14.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
15.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
16.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
17.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
18.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
19.	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
21.	And those persons, if any, who are New Security Holders of iAnthus Transfer and have signed the New Security Holder Consent Agreement, the form of which is attached to the Agreement as Schedule “D”	-	-	-
		TOTAL PERCENT OF CLASS	100% ⁽¹⁾	100% ⁽²⁾

Note:

(1) iAnthus Formation has a total of 1,598,750 common shares issued and outstanding. The number of iAnthus Formation Purchased Shares equals the total number of common shares issued and outstanding.

(2) Nil.

[End of Schedule “C”]

SCHEDULE "D"

NEW SECURITY HOLDER CONSENT AGREEMENT

This is Schedule "D" to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC ("**iAnthus Capital**"), the sellers of iAnthus Capital, iAnthus Transfer Corp. ("**iAnthus Transfer**"), the shareholders of iAnthus Transfer, iAnthus Formation Corp. ("**iAnthus Formation**"), and the shareholders of iAnthus Formation dated June 30, 2016 (the "**Agreement**"). Capitalized terms used but not defined in this Schedule "D" have the meanings ascribed thereto in the Agreement.

THIS AGREEMENT is made effective as of the ____ day of _____, 2016.

AMONG:

GENARCA HOLDINGS LTD., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7

("Genarca")

OF THE FIRST PART

AND:

IANTHUS CAPITAL MANAGEMENT, LLC, a limited liability company existing under the laws of State of Delaware, USA, and having its registered office at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, USA, 19808

("iAnthus Capital")

OF THE SECOND PART

AND:

IANTHUS TRANSFER CORP., a corporation existing under the laws of State of Delaware, USA, and having its registered office at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, USA, 19808

("iAnthus Transfer")

OF THE THIRD PART

AND:

IANTHUS FORMATION CORP., a corporation existing under the laws of State of Delaware, USA, and having its registered office at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, USA, 19808

(“**iAnthus Formation**” and collectively with iAnthus Capital, iAnthus Transfer, referred to as the “**Investment Vehicles**”)

OF THE FOURTH PART

AND:

THE NEW SECURITY HOLDERS who have executed this Agreement

(individually a “**New Security Holder**” and collectively the “**New Security Holders**”)

OF THE FIFTH PART

WHEREAS:

- A. Genarca and the Investment Vehicles and the then shareholders and members, as applicable, of the Investment Vehicles entered into an Amended and Restated Share Exchange Agreement dated effective June 30, 2016 and attached as Schedule “A” hereto (the “**Share Exchange Agreement**”);
- B. Pursuant to the Share Exchange Agreement, the Investment Vehicles, the iAnthus Capital Sellers, the iAnthus Transfer Shareholders and the iAnthus Formation Shareholders agreed to the Transaction (as such term is defined in the Share Exchange Agreement) and further agreed to obtain the consent of the New Security Holders for the Transaction; and
- C. The New Security Holder has agreed to provide such consent and to be bound by the terms of the Share Exchange Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

- 1. Unless specifically defined herein or unless the context otherwise requires, terms used herein which are defined in the Share Exchange Agreement shall have the meanings ascribed to such terms in the Share Exchange Agreement.
- 2. On the execution of this Agreement by a New Security Holder, such New Security Holder covenants and agrees that the New Security Holder shall be bound by all of the provisions of the Share Exchange Agreement as if such New Security Holder was an original party to the Share Exchange Agreement as a Seller including, without limitation, all representations, warranties, covenants, and acknowledgements of the Sellers contained therein.
- 3. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the conflict of law principles therein.
- 4. This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and each of such counterparts, if executed by each of the parties, shall constitute a valid and enforceable agreement among the parties.

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the day and year first above written.

GENARCA HOLDINGS LTD.

Per: _____
Authorized Signatory
Name:
Title:

IANTHUS CAPITAL MANAGEMENT, LLC

Per: _____
Authorized Signatory
Name:
Title:

IANTHUS TRANSFER CORP.

Per: _____
Authorized Signatory
Name:
Title:

IANTHUS FORMATION CORP.

Per: _____
Authorized Signatory
Name:
Title:

[Signature Pages Continue.]

AND THE FOLLOWING NEW SECURITY HOLDERS:

Name: _____

Number of Shares: _____

Address: _____

Signed: _____

Witness Name: _____

[End of Schedule “D”]

SCHEDULE “E”

APPLICABLE U.S. STOCKHOLDERS

This is Schedule “E” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “E” have the meanings ascribed thereto in the Agreement.

	Name of Applicable U.S. Stockholder	Number of Purchased Membership Interests
1.	Hadley C. Ford	[REDACTED]
2.	Randy Maslow	[REDACTED]
3.	John Henderson	[REDACTED]
4.	[REDACTED]	[REDACTED]
5.	[REDACTED]	[REDACTED]
6.	[REDACTED]	[REDACTED]
7.	[REDACTED]	[REDACTED]
8.	[REDACTED]	[REDACTED]

[End of Schedule “E”]

SCHEDULE “F”

GENARCA SHARE AMENDMENT

This is Schedule “F” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “F” have the meanings ascribed thereto in the Agreement.

Genarca’s Notice of Articles to be amended to create and authorize unlimited number of a new class of shares designated as Class A convertible restricted voting shares. In addition, Genarca’s articles to be amended to include the provisions in substantially the form set forth below.

ARTICLE AMENDMENT SHARE TERMS AND CONDITIONS

In these Share Conditions, the following terms shall have the following meanings unless the context otherwise requires:

General Definitions

“**1933 Act**” means the United States *Securities Act of 1933*, as amended from time to time.

“**1934 Act**” means the United States *Securities Exchange Act of 1934*, as amended from time to time.

“**Act**” means the *Business Corporations Act* (British Columbia), as amended and the regulations thereunder and, unless otherwise specified, means such act and such regulations as the same may hereafter be amended or restated from time to time and any successor legislation of comparable effect.

“**Articles**” means the articles, as that term is defined in the Act, of Genarca.

“**Board**” means the board of directors of Genarca from time to time.

“**Business Day**” means a day on which securities may be traded on the Canadian Securities Exchange or any other stock exchange on which the Common Shares are then listed.

“**Change of Control**” means an occurrence when a majority of the directors elected at any annual or extraordinary meeting of the shareholders of Genarca are not individuals nominated by Genarca’s then-incumbent Board.

“**Common Shares**” means the common shares in the capital of Genarca.

“**Conversion Notice**” means a written notice to the transfer agent of the Restricted Voting Shares, in form and substance satisfactory to Genarca and the transfer agent, executed by a person registered in the records of Genarca or the transfer agent, as the case may be, as a holder of the Restricted Voting Shares, or by his or her attorney duly authorized in writing and specifying the number of Restricted Voting Shares which the holder thereof desires to have converted into Common Shares, and accompanied by: (a) if share certificates were issued to such holder, the share certificate or

certificates representing the Restricted Voting Shares which such holder desires to convert; (b) a letter of transmittal, direction, transfer, power of attorney and/or such other documentation as is specified by Genarca or the transfer agent for the Restricted Voting Shares, acting reasonably, as being required to give full effect to the conversion duly completed and executed by the person registered in the records of Genarca or the transfer agent, as the case may be, as the holder of the Restricted Voting Shares to be converted or by his or her attorney duly authorized in writing; and (c) a duly completed and executed Residency Declaration or an opinion or memorandum of counsel (which may be Genarca's counsel), in form and substance satisfactory to Genarca and the transfer agent, to the effect that the conversion of such Restricted Voting Shares into Common Shares would not cause Genarca to become a Domestic Issuer.

"Domestic Issuer" has the meaning ascribed thereto in Rule 902(e) of Regulation S under the 1933 Act.

"Exclusionary Offer" means an offer to purchase Restricted Voting Shares which must be made, by reason of applicable securities legislation or by the rules or policies of a stock exchange on which any shares of Genarca are listed, to all or substantially all of the holders of Restricted Voting Shares.

"Foreign Issuer" has the meaning ascribed thereto in Rule 902(e) of Regulation S under the 1933 Act.

"Fundamental Transaction" means a reorganization, recapitalization, reclassification, merger or amalgamation or any similar transaction involving Genarca.

"Liquidation Event" means a distribution of assets of Genarca to its shareholders arising on the winding-up, liquidation or dissolution of Genarca, whether voluntary or involuntary, or any other distribution of its assets for the purpose of winding up its affairs or otherwise.

"Offer" means an offer to purchase Common Shares which must be made, by reason of applicable securities legislation or by the rules or policies of a stock exchange on which any shares of Genarca are listed, to all or substantially all of the holders of Common Shares any of whom are in or whose last address as shown on the books of Genarca is in a province or territory of Canada to which the relevant requirement applies.

"Offer Date" means the date on which the Offer is made.

"Residency Declaration" means (i) a declaration by a person attesting that such person is not a resident of the United States and (ii) any indemnity required by Genarca or the transfer agent in respect of such declaration in favour of Genarca from the person providing the declaration, in each case in form approved by Genarca from time to time.

"Restricted Period" means any time at which the Board reasonably believes that Genarca is not a Domestic Issuer and would become a Domestic Issuer as a result of the issuance of Common Shares pursuant to Section 2.8 hereof.

"Restricted Voting Shares" means the Class A convertible restricted voting shares in the capital of Genarca.

"United States" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**U.S. Holder Event**” means any time at which Genarca is subject to the reporting requirements under Section 13(a) of the 1934 Act.

1. COMMON SHARES

The Common Shares shall have attached thereto the rights, privileges, restrictions set forth in this Article 1.

1.1 Voting

Each Common Share entitles the holder to receive notice of and to attend any meeting of shareholders and to exercise one vote for each Common Share held at all meetings of shareholders of Genarca, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. Except as provided otherwise herein or as required by law, holders of Common Shares and Restricted Voting Shares shall vote as one class at all meetings of shareholders of Genarca.

1.2 Dividends

Subject to the Act, and subject to the rights of the shares of any other class ranking senior to the Common Shares with respect to priority in the payment of dividends, the holders of Common Shares shall be entitled to receive dividends, and Genarca shall pay dividends thereon, as and when declared by the Board out of moneys properly applicable to the payment of dividends, *pari passu* with the holders of the Restricted Voting Shares on a per share basis, in such amount and in such form as the Board may from time to time determine; provided however that no dividend on the Common Shares shall be declared unless contemporaneously therewith the Board shall declare a dividend, payable at the same time as such dividend on the Common Shares, on each Restricted Voting Share. All dividends declared on the Common Shares and on the Restricted Voting Shares shall be declared and paid in equal amounts per share on all Common Shares and Restricted Voting Shares at the time outstanding on the applicable record data for such dividend. For purposes hereof, the payment of dividends by way of a stock dividend in Common Shares on the Common Shares and in Restricted Voting Shares on the Restricted Voting Shares in the same number per share shall be considered to be a *pari passu* payment of dividends.

1.3 Liquidation Event

Subject to the rights of the shares of any other class ranking senior to the Common Shares with respect to priority upon a Liquidation Event, in the event of a Liquidation Event, the holders of Common Shares and the holders of Restricted Voting Shares shall participate rateably in equal amounts per share, without preference or distinction, in the remaining assets of Genarca.

1.4 Changes to Common Shares

The Common Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the Restricted Voting Shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner as the Common Shares.

2. RESTRICTED VOTING SHARES

The Restricted Voting Shares shall have attached thereto the rights, privileges, restrictions and conditions set forth in this Article 2.

2.1 Voting

Subject to Section 2.2, each Restricted Voting Share entitles the holder to receive notice of and to attend any meeting of shareholders of Genarca and to exercise one vote for each Restricted Voting Share held at all meetings of shareholders of Genarca, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. Except as provided otherwise herein or as required by law, holders of Common Shares and Restricted Voting Shares shall vote as one class at all meetings of shareholders of Genarca.

2.2 Limitation on Voting Rights

The Restricted Voting Shares carry no entitlement for the holder thereof to vote for the election of directors of Genarca.

2.3 Dividends

Subject to the Act, and subject to the rights of the shares of any other class ranking senior to the Common Shares with respect to priority in the payment of dividends, the holders of Restricted Voting Shares shall be entitled to receive dividends, and Genarca shall pay dividends thereon, as and when declared by the Board out of moneys properly applicable to the payment of dividends, *pari passu* with the holders of the Common Shares on a per share basis, in such amount and in such form as the Board may from time to time determine; provided however that no dividend on the Restricted Voting Shares shall be declared unless contemporaneously therewith the Board shall declare a dividend, payable at the same time as such dividend on the Restricted Voting Shares, on each Common Share. All dividends declared on the Common Shares and on the Restricted Voting Shares shall be declared and paid in equal amounts per share on all Common Shares and Restricted Voting Shares at the time outstanding on the applicable record date for such dividend. For purposes hereof, the payment of dividends by way of a stock dividend in Common Shares on the Common Shares and in Restricted Voting Shares on the Restricted Voting Shares in the same number per share shall be considered to be a *pari passu* payment of dividends.

2.4 Liquidation Event

Subject to the rights of the shares of any other class ranking senior to the Restricted Voting Shares with respect to priority upon a Liquidation Event, in the event of a Liquidation Event, the holders of Restricted Voting Shares and the holders of Common Shares shall participate rateably in equal amounts per share, without preference or distinction, in the remaining assets of Genarca.

2.5 Restrictions on Transfer

No Restricted Voting Share shall be transferred by any holder thereof pursuant to an Exclusionary Offer unless, concurrently with the Exclusionary Offer, an offer to acquire Common Shares is made that is identical to the Exclusionary Offer in terms of price per share, percentage of outstanding shares to be taken up (exclusive of shares owned immediately before the Exclusionary Offer by the offeror) and in all other material respects.

2.6 Conversion at the Option of the Holder

Each Restricted Voting Share may be converted into one Common Share, without payment of additional consideration, at the option of the holder thereof as follows:

- (a) with the consent of the Board and in accordance with the procedures set forth in Section 2.7;
- (b) at any time that is not a Restricted Period and in accordance with the procedures set forth in Section 2.7;
- (c) if the Board determines that Genarca has ceased to be a Foreign Issuer, Genarca shall notify the holders of Restricted Voting Shares in respect of such determination and, thereafter, each Restricted Voting Share may be so converted at any time and from time to time in accordance with the procedures set forth in Section 2.7; or
- (d) if there is an Offer, Genarca shall notify the holders of the Restricted Voting Shares and commencing on the Offer Date until completion or termination of such Offer, each Restricted Voting Share shall be so convertible in accordance with the procedures set forth in Section 2.7.

2.7 Conversion Procedure

A holder of Restricted Voting Shares may convert all or any number of Restricted Voting Shares held by such holder into Common Shares in accordance with Section 2.6 upon delivery by the holder of such Restricted Voting Shares of a duly completed and executed Conversion Notice and upon receipt by the transfer agent of Genarca of such notice and upon compliance with any requirements the transfer agent or Genarca may reasonably request, Genarca shall issue or cause to be issued the relevant number of fully paid Common Shares. The effective time of conversion shall be the close of business on the date of receipt of a valid Conversion Notice by the transfer agent of Genarca and the Common Shares issuable upon conversion of such Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time.

2.8 Conversion at the Option of Genarca

Each Restricted Voting Share may be converted into one Common Share, at any time and from time to time, at the option of Genarca by delivery to a holder of the Restricted Voting Share of a notice indicating same and the holder of Restricted Voting Shares shall only have the right to receive the relevant number of Common Shares resulting from such conversion and any accrued and unpaid dividends on the Restricted Voting Shares so converted upon compliance with the terms of the notice. The effective time of conversion shall be the close of business on the date specified in the notice of Genarca and the Common Shares issuable upon conversion of such Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time and the applicable Restricted Voting Shares shall be cancelled at that time.

2.9 Withdrawal of Conversion Notice

Despite any other provision hereof, a holder of a Restricted Voting Share that has duly presented a Conversion Notice may, at any time before such Restricted Voting Shares are converted and Common Shares are issued, by irrevocable written notice to Genarca, advise Genarca that the holder no longer desires that such Restricted Voting Shares be converted into Common Shares and, upon receipt of such written notice, Genarca shall return to the holder the certificate(s) representing such

Restricted Voting Shares, if any, and thereupon Genarca shall cease to have any obligation to convert such Restricted Voting Shares hereunder unless such Restricted Voting Shares are again tendered for conversion by the holder in accordance with the provisions hereof.

2.10 Automatic Conversion on Change of Control

In the event of a Change of Control, all then outstanding Restricted Voting Shares shall automatically convert, without further action on the part of Genarca or the holder of such shares, into Common Shares on a one-for-one basis effective on the date of the Change of Control.

2.11 Fractional Common Shares

Genarca shall not issue fractional Common Shares in satisfaction of the conversion rights herein provided for. Where the exercise of conversion rights pursuant to this Article 2 would otherwise result in fractional Common Shares being issued, the number of Common Shares to be issued by Genarca shall be rounded down to the nearest whole number of Common Shares. A determination of whether or not any fractional share would be issuable upon a conversion of Restricted Voting Shares shall be made on the basis of the total number of Restricted Voting Shares the holder is at the time converting into Common Shares and the appropriate number of Common Shares issuable upon conversion.

2.12 Dividend Entitlement

A holder of Restricted Voting Shares on the record date for the determination of holders of Restricted Voting Shares entitled to receive a dividend declared payable on the Restricted Voting Shares will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the holders of any Common Shares resulting from any conversion shall be entitled to rank equally with the holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date on or after the date of conversion.

2.13 Adjustments

(a) If there shall occur any Fundamental Transaction involving Genarca in which the Common Shares (but not the Restricted Voting Shares) are converted into or exchanged for securities, cash or other property (other than a transaction otherwise covered by this Section 2.13) then, following such Fundamental Transaction each Restricted Voting Share shall thereafter be convertible, in lieu of the Common Share into which it was convertible before such event, into the kind and amount of securities, cash or other property which a holder of the number of Common Shares issuable upon conversion of one Restricted Voting Share immediately before such Fundamental Transaction would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined by the Board) shall be made in the application of the provisions of this subsection 2.13(a) with respect to the rights and interests thereafter of the holders of the Restricted Voting Shares, to the end that the provisions set forth in this subsection 2.13(a) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Restricted Voting Shares.

(b) The Restricted Voting Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the Common Shares are subdivided,

consolidated, reclassified or otherwise changed in the same proportion and in the same manner as the Restricted Voting Shares.

3. MISCELLANEOUS

3.1 Miscellaneous

Subject to the Act, the Board may establish, amend or repeal any procedures required to administer provisions set out in these Articles and to require any affidavit, declaration or other statement in connection with an issuance of Common Shares pursuant to a conversion permitted by Article 2.

[End of Schedule “F”]

SCHEDULE “G”

INVESTMENT VEHICLES’ DILUTIVE SECURITIES

This is Schedule “G” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “G” have the meanings ascribed thereto in the Agreement.

Stock Options

iAnthus Capital has issued 1,350,000 unit options to employees, advisors and consultants. Each unit option gives the holder the right to purchase one Class A Unit of iAnthus Capital for an exercise price equal to the fair market value of a Class A Unit on the date of grant.

Convertible Notes

iAnthus Capital, through the Investment Vehicles and iAnthus Investor, has issued US\$1,300,000 in principal amount (including US\$500,000 held in escrow until the Time of Closing and an additional US\$300,000 held in escrow until the stock of the Resulting Issuer has commenced trading on CSE) of unsecured convertible promissory notes in the Private Placement. The convertible promissory notes bear interest at 8.0% per annum and mature on the earlier of (i) the first anniversary date of the Closing, and (ii) the first anniversary date of the execution of each such convertible promissory note if the Closing has not yet occurred; provided, however, that if the listing of the Genarca on the facilities of the CSE is completed on or before the first anniversary of the Closing, then the maturity date of the convertible promissory notes is automatically extended for an additional one-year period and iAnthus will have the option to further extend the maturity date by an additional one-year period. iAnthus Capital cannot prepay the convertible promissory notes. The convertible promissory notes are convertible, at the election of the holders, at a conversion price ranging from US\$1.65 to US\$1.00 per share or unit (as applicable). The convertible promissory notes do not have redemption, retraction, purchase for cancellation, surrender, or sinking or purchase fund provisions.

For so long as the convertible promissory notes remain outstanding and less than 80% of the original principal amount has been converted, (a) iAnthus Capital (or, following the Closing, the Resulting Issuer) is required to maintain a minimum cash balance of US\$500,000, (b) iAnthus Capital is required to use its reasonable best efforts to complete the transactions contemplated by the Agreement on or before the two month anniversary of the date on which such convertible promissory notes were issued, and (c) iAnthus Capital is required to use the proceeds from the loans memorialized by the convertible promissory notes for only the following purposes: (i) to continue the development of the Resulting Issuer’s business plan, (ii) to provide investment capital in several investment opportunities of the company including, without limitation, projects in Vermont, New Mexico and Massachusetts, and (iii) for general working capital and general corporate purposes. There is no trustee or indenture associated with the convertible promissory notes.

Additional convertible promissory notes may be issued in the Private Placement Financing after the date hereof provided that the aggregate proceeds of the Private Placement does not exceed US\$8 million.

Warrants Associated with Convertible Notes

iAnthus Capital, through the Investment Vehicles and iAnthus Investor, has issued 275,758 three-year warrants (including of 106,061 warrants held in escrow until the Time of Closing and an additional 63,636 warrants held in escrow until the stock of the Resulting Issuer has commenced trading on CSE) in connection with the convertible promissory notes referenced above in the Private Placement Financing. Each warrant gives the holder the right to purchase one Class A Unit of iAnthus for an exercise price of US\$1.75. Additional warrants will be issued if more convertible promissory notes with warrant coverage are issued in the Private Placement Financing after the date hereof.

Warrants for ProActive Capital Resources Group, LLC

iAnthus Capital, through iAnthus Investor, has issued 50,000 five-year warrants to ProActive Capital Resources Group, LLC, a Delaware limited liability company dba PCG Advisory Group (“**ProActive**”). Each warrant gives ProActive the right to purchase unit of iAnthus Investor for an exercise price of US\$1.25.

[End of Schedule “G”]

SCHEDULE "H"

CERTIFICATE OF U.S. SHAREHOLDER

This is Schedule "H" to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC ("**iAnthus Capital**"), the sellers of iAnthus Capital, iAnthus Transfer Corp. ("**iAnthus Transfer**"), the shareholders of iAnthus Transfer, iAnthus Formation Corp. ("**iAnthus Formation**"), and the shareholders of iAnthus Formation dated June 30, 2016 (the "**Agreement**"). Capitalized terms used but not defined in this Schedule "H" have the meanings ascribed thereto in the Agreement.

In connection with the issuance of Genarca Shares to the undersigned, pursuant to that certain Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC ("**iAnthus Capital**"), the members of iAnthus Capital, iAnthus Transfer Corp. ("**iAnthus Transfer**"), the shareholders of iAnthus Transfer, iAnthus Formation Corp. ("**iAnthus Formation**"), and the shareholders of iAnthus Formation dated June 30, 2016 (the "**Agreement**"), the undersigned Seller hereby agrees, acknowledges, represents and warrants that:

1. the undersigned satisfies one or more of the categories of "Accredited Investors", as defined by Regulation D promulgated under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), as indicated below: (Please initial in the space provide those categories, if any, of an "Accredited Investor" which the undersigned satisfies.)

1. Initials _____	Any bank as defined in Section 3(a)(2) of the United States Securities Act of 1933, as amended (the " U.S. Securities Act "), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; any employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors" (as such term is defined in Rule 501 of Regulation D of the U.S. Securities Act);
2. Initials _____	Any private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940;
3. Initials _____	Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000;
4. Initials _____	Any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment);

5. Initials _____ A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase, exceeds US\$1,000,000 (for the purposes of calculating net worth, (i) the person's primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of this certification, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of this certification exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability);
6. Initials _____ A natural person who had annual gross income during each of the last two full calendar years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) during the current calendar year, and no reason to believe that his or her annual gross income will not remain in excess of US\$200,000 (or that together with his or her spouse will not remain in excess of US\$300,000) for the foreseeable future;
7. Initials _____ Any director or executive officer of the Issuer; or
8. Initials _____ Any entity in which all of the equity owners meet the requirements of at least one of the above categories— if this category is selected you must identify each equity owner and provide statements from each demonstrating how they qualify as an accredited investor.

Note that for any of the Sellers claiming to satisfy one of the above categories of Accredited Investor may be required to supply the Company with a balance sheet, prior years' federal income tax returns or other appropriate documentation to verify and substantiate the Subscriber's status as an Accredited Investor.

If the Seller is an entity which initialled Category 8 in reliance upon the Accredited Investor categories above, state the name, address, total personal income from all sources for the previous calendar year, and the net worth (exclusive of home, home furnishings and personal automobiles) for each equity owner of the said entity:

2. none of the Payment Shares have been or will be registered under the U.S. Securities Act, or under any state securities or "blue sky" laws of any state of the United States, and may not be offered or sold in the United States or, directly or indirectly, to U.S. Persons, as that term is defined in Regulation S, except in accordance with the provisions of Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state and foreign securities laws;
3. the Seller understands and agrees that offers and sales of any of the Payment Shares will be made only in compliance with the registration provisions of the U.S. Securities Act or an exemption therefrom and in each case only in accordance with applicable state and foreign securities laws;
4. the Seller understands and agrees not to engage in any hedging transactions involving any of the Payment Shares unless such transactions are in compliance with the provisions of the U.S. Securities Act and in each case only in accordance with applicable state and provincial securities laws;

5. the Seller is acquiring the Payment Shares for investment only and not with a view to resale or distribution and, in particular, it has no intention to distribute either directly or indirectly any of the Payment Shares in the United States or to U.S. Persons;
6. Genarca has not undertaken, and will have no obligation, to register any of the Payment Shares under the U.S. Securities Act;
7. Genarca is entitled to rely on the acknowledgements, agreements, representations and warranties and the statements and answers of the Seller contained in the Agreement and this Certificate, and the Seller will hold harmless Genarca from any loss or damage either one may suffer as a result of any such acknowledgements, agreements, representations and/or warranties made by the Seller not being true and correct;
8. the undersigned has been advised to consult their own respective legal, tax and other advisors with respect to the merits and risks of an investment in the Payment Shares and, with respect to applicable resale restrictions, is solely responsible (and Genarca is not in any way responsible) for compliance with applicable resale restrictions;
9. the undersigned and the undersigned's advisor(s) have had a reasonable opportunity to ask questions of and receive answers from Genarca in connection with the acquisition of the Payment Shares under the Agreement, and to obtain additional information, to the extent possessed or obtainable by Genarca without unreasonable effort or expense;
10. the books and records of Genarca were available upon reasonable notice for inspection, subject to certain confidentiality restrictions, by the undersigned during reasonable business hours at its principal place of business and that all documents, records and books in connection with the acquisition of the Payment Shares under the Agreement have been made available for inspection by the undersigned, the undersigned's attorney and/or advisor(s);
11. the undersigned:
 - (a) is knowledgeable of, or has been independently advised as to, the applicable securities laws of the securities regulators having application in the jurisdiction in which the undersigned is resident (the "**International Jurisdiction**") which would apply to the acquisition of the Payment Shares;
 - (b) the undersigned is acquiring the Payment Shares pursuant to exemptions from prospectus or equivalent requirements under applicable securities laws or, if such is not applicable, the undersigned is permitted to acquire the Payment Shares under the applicable securities laws of the securities regulators in the International Jurisdiction without the need to rely on any exemptions;
 - (c) the applicable securities laws of the authorities in the International Jurisdiction do not require Genarca to make any filings or seek any approvals of any kind whatsoever from any securities regulator of any kind whatsoever in the International Jurisdiction in connection with the issue and sale or resale of the Payment Shares; and

- (d) the acquisition of the Payment Shares by the undersigned does not trigger:
 - (i) any obligation to prepare and file a prospectus or similar document, or any other report with respect to such purchase in the International Jurisdiction; or
 - (ii) any continuous disclosure reporting obligation of Genarca in the International Jurisdiction; and

the undersigned will, if requested by Genarca, deliver to Genarca a certificate or opinion of local counsel from the International Jurisdiction which will confirm the matters referred to in Sections 11(c) and 11(d) above to the satisfaction of Genarca, acting reasonably;

12. the undersigned (i) has such knowledge and experience in business matters as to be capable of evaluating the merits and risks of its prospective investment in the Payment Shares; and (ii) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment;

13. the undersigned is not aware of any advertisement of any of the Payment Shares and is not acquiring the Payment Shares as a result of any form of general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

14. no person has made to the undersigned any written or oral representations:

- (a) that any person will resell or repurchase any of the Payment Shares;
- (b) that any person will refund the purchase price of any of the Payment Shares;
- (c) as to the future price or value of any of the Payment Shares; or
- (d) that any of the Payment Shares will be listed and posted for trading on any stock exchange or automated dealer quotation system or that application has been made to list and post any of the Payment Shares on any stock exchange or automated dealer quotation system;

15. none of the Payment Shares are listed on any stock exchange or automated dealer quotation system and no representation has been made to the undersigned that any of the Payment Shares will become listed on any stock exchange or automated dealer quotation system;

16. the undersigned is acquiring the Payment Shares as principal for their own account, for investment purposes only, and not with a view to, or for, resale, distribution or fractionalization thereof, in whole or in part, and no other person has a direct or indirect beneficial interest in the Payment Shares;

17. neither the United States Securities and Exchange Commission nor any other securities commission or similar regulatory authority has reviewed or passed on the merits of the Payment Shares;

18. the undersigned acknowledges and agrees that Genarca will refuse to register any transfer of Payment Shares not made in accordance with the provisions of Regulation S, pursuant to registration under the U.S. Securities Act, or pursuant to an available exemption from registration under the U.S. Securities Act;

19. the undersigned understands and agrees that the Payment Shares will bear the following legend:

“NONE OF THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”), OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES (AS DEFINED HEREIN) OR TO U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF REGULATION S UNDER THE 1933 ACT, PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT, OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE 1933 ACT. “UNITED STATES” AND “U.S. PERSON” ARE AS DEFINED BY REGULATION S UNDER THE 1933 ACT.”

20. the address of the undersigned included herein is the sole address of the undersigned as of the date of this certificate.

IN WITNESS WHEREOF, I have executed this Certificate of U.S. Shareholder.

Signature

Date: _____, 2016

Print Name

Title (if applicable)

Address

[End of Schedule “H”]

SCHEDULE “I”

RESULTING ISSUER DILUTIVE SECURITIES

This is Schedule “I” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “I” have the meanings ascribed thereto in the Agreement.

1. See the dilutive securities contemplated in Schedule “G”. With respect to the convertible notes referenced in Schedule “G”, 787,878 shares are reserved for issuance upon conversion of the promissory note.

[End of Schedule “I”]

SCHEDULE “J”

GENARCA MATERIAL CONTRACTS

This is Schedule “J” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “J” have the meanings ascribed thereto in the Agreement.

None other than this Agreement. It is expected that Genarca will enter into an escrow agreement with the Escrow Agent with respect to certain Genarca Shares to be escrowed in connection with Applicable Securities Laws (the “**Escrow Agreement**”). It is also expected that Genarca will enter into a transfer agent and registrar agreement with a yet to be determined transfer agent and registrar (the “**Transfer Agent Agreement**”). Both the Escrow Agreement and the Transfer Agent Agreement are expected to be Genarca Material Contracts.

[End of Schedule “J”]

SCHEDULE “K”

INVESTMENT VEHICLES’ MATERIAL CONTRACTS

This is Schedule “K” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “K” have the meanings ascribed thereto in the Agreement.

1. Letter of Intent between Genarca and iAnthus Capital dated May 4, 2015.
2. Loan and Security Agreement with FWR, Inc. dated June 23rd 2015.
3. Promissory Note agreement with FWR, Inc. dated June 23rd 2015.
4. Management Services Contract with FWR, Inc. dated June 23rd 2015.
5. Convertible Promissory Note Agreement with 4Front Ventures Inc. dated April 20, 2015.
6. Equity Conversion Notice with 4Front Ventures LLC dated November 14, 2015.
7. Administrative Services Agreement with Last Dance Ventures LLC dated October 1, 2015.
8. Term Sheet with AgriBiologix dated October 25th 2015.
9. Equity Commitment Letter with Gloucester Street Capital LLC dated June 4, 2015.
10. Promissory Note Agreement with Reynold Greenleaf and Associates LLC. dated January 21, 2016.
11. Letter of Intent with BC Resources LLC dated May 9, 2016.

[End of Schedule “K”]

SCHEDULE “L”

ESCROWED SHAREHOLDERS

This is Schedule “L” to the Amended and Restated Share Exchange Agreement among Genarca Holdings Ltd., iAnthus Capital Management, LLC (“**iAnthus Capital**”), the sellers of iAnthus Capital, iAnthus Transfer Corp. (“**iAnthus Transfer**”), the shareholders of iAnthus Transfer, iAnthus Formation Corp. (“**iAnthus Formation**”), and the shareholders of iAnthus Formation dated June 30, 2016 (the “**Agreement**”). Capitalized terms used but not defined in this Schedule “L” have the meanings ascribed thereto in the Agreement.

	Name of Escrowed Shareholder	Investment Vehicle in which Escrowed Shareholder is an investor	Number of Escrowed Shares
1.	[REDACTED]	[REDACTED]	[REDACTED]
2.	[REDACTED]	[REDACTED]	[REDACTED]
3.	[REDACTED]	[REDACTED]	[REDACTED]
4.	[REDACTED]	[REDACTED]	[REDACTED]
5.	[REDACTED]	[REDACTED]	[REDACTED]
		TOTAL NUMBER OF ESCROWED SHARES	639,340

[End of Schedule “L”]

APPENDIX “G”
STOCK OPTION PLAN

iANTHUS CAPITAL HOLDINGS, INC.

(formerly, Genarca Holdings Ltd.)

(the “COMPANY”)

STOCK OPTION PLAN

Approved by the board of directors effective on March 11, 2016.

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STOCK OPTION PLAN

SECTION 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “Administrator” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) “Associate” means, where used to indicate a relationship with any person:
 - (i) any relative, including the spouse of that person or a relative of that person’s spouse, where the relative has the same home as the person;
 - (ii) any partner, other than a limited partner, of that person;
 - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
 - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (c) “Black-Out” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company’s securities until the restriction has been lifted by the Company.
- (d) “Board” means the board of directors of the Company.
- (e) “Change of Control” means an occurrence when either:
 - (i) a Person or Entity, other than the current “control person” of the Company (as that term is defined in the Securities Act), becomes a “control person” of the Company; or
 - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company’s then-incumbent Board.
- (f) “Code” means the United States Internal Revenue Code of 1986, as amended, and any regulations thereunder.
- (g) “Committee” means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself.

- (h) “Company” means iAnthus Capital Holdings, Inc.;
- (i) “Consultant” means an individual who:
- (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a “distribution” (as that term is described in the Securities Act);
 - (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (h)(v) below);
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
 - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,
- and includes:
- (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “**Consultant Entity**”); or
 - (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (j) “Disability” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability.
- (k) “Employee” means:
- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
 - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,
- and includes:
- (iii) a corporation wholly-owned by such individual; and
 - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.

- (l) “Exchange” means the stock exchange upon which the Company’s shares principally trade.
- (m) “Executive” means an individual who is a director or officer of the Company or a Subsidiary, and includes:
 - (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (n) “Exercise Notice” means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder.
- (o) “Exercise Period” means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (p) “Exercise Price” means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (q) “Expiry Date” means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (r) “Expiry Time” means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.
- (s) “Grant Date” means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (t) “Incentive Stock Option” means an Option that is labelled or described as an Incentive Stock Option and which qualifies as an Incentive Stock Option within the meaning of Section 422(b) of the Code.
- (u) “Insider” means an insider as that term is defined in the *Securities Act*.
- (v) “Market Value” means the market value of the Shares as determined in accordance with section 5.3.
- (w) “Non-Statutory Stock Option” means an Option granted to a Holder who is a resident of the United States which is not intended to be or does not qualify as an Incentive Stock Option.
- (x) “Option” means a share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company, and includes Incentive Stock Options and Non-Statutory Stock Options.
- (y) “Option Certificate” means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.

- (z) “Option Holder” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (aa) “Outstanding Issue” means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.
- (bb) “Person or Entity” means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (cc) “Personal Representative” means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (dd) “Plan” means this stock option plan as from time to time amended.
- (ee) “Pre-Existing Options” has the meaning ascribed thereto in section 4.1.
- (ff) “Regulatory Approvals” means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (gg) “Regulatory Authorities” means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (hh) “Regulatory Rules” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (ii) “*Securities Act*” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (jj) “Share” or “Shares” means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (kk) “Subsidiary” means a wholly-owned or controlled subsidiary corporation of the Company.
- (ll) “Ten Percent Shareholder Participant” means a Holder to whom an Incentive Stock Option is granted pursuant to the provisions of the Plan who is, on the date of the grant, the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total

combined voting power of all classes of stock of the Company or its parent, if any, or its subsidiary corporations (as defined in Code Section 424(e)).

- (mm) “Triggering Event” means:
- (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
 - (iii) (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
 - (iv) a proposed Change of Control of the Company;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
 - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (nn) “Vest” or “Vesting” means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

SECTION 2

GRANT OF OPTIONS

2.1 Grant of Options

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

2.2 Record of Option Grants

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the designation of Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (d) the Grant Date and Expiry Date of the Option;
- (e) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (f) the vesting and other additional terms, if any, attached to the Option; and
- (g) the particulars of each and every time the Option is exercised.

2.3 Effect of Plan

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 3 PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted.

3.3 Limits on Option Grants

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12 month period shall be 5% of the Outstanding Issue (unless the Company has obtained disinterested shareholder approval if required by Regulatory Rules);
- (b) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of Options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the issued Shares;
- (c) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) the maximum number of Options which may be granted to any one Consultant within any 12 month period must not exceed 2% of the Outstanding Issue; and
- (e) the maximum number of Options which may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to this Plan requiring the Option Holders consent under section 9.2 of this Plan.

3.4 Notification of Grant

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

3.5 Copy of Plan

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

3.6 Limitation on Service

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

3.7 No Obligation to Exercise

Option Holders shall be under no obligation to exercise Options.

3.8 Agreement

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.9 Notice

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

3.10 Representation

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

SECTION 4 NUMBER OF SHARES UNDER PLAN

4.1 Board to Approve Issuance of Shares

The Committee shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is actually done. The Committee shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

4.2 Number of Shares

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan, plus any other outstanding incentive stock options of the Company granted pursuant to a previous stock option plan or agreement, will not exceed 10% of the Outstanding Issue. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

4.3 Fractional Shares

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

SECTION 5 TERMS AND CONDITIONS OF OPTIONS

5.1 Exercise Period of Option

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option. No Incentive Stock Option may be granted after ten (10) years from the date of this Plan. The term and expiry date of any Incentive Stock Option granted to a Ten Percent Shareholder Participant shall not exceed five (5) years from Grant Date of such Incentive Stock Option.

5.2 Number of Shares Under Option

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

5.3 **Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (d) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

Notwithstanding the foregoing, the Exercise Price of Shares subject to an Incentive Stock Option granted under the Plan to a Ten Percent Shareholder Participant shall be not less than 110% of the fair market value of the Shares on the Grant Date as determined in good faith by the Committee at the Grant Date.

5.4 **Incentive Stock Options.**

Incentive Stock Options may only be granted to Employees who are resident in the United States. To the extent that Options designated as Incentive Stock Options become exercisable by a Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000, the portion of such Options which exceeds such amount shall not be treated as Incentive Stock Options but instead shall be treated as Non-Statutory Stock Options. For the purposes of this Section 5.4, Options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the fair market value of Shares shall be determined as of the Grant Date of the Option with respect to such Shares. If the Code is amended to provide for a different limitation than that set forth in this Section 5.4, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as may be required or permitted by such amendment to the Code. If an Option is treated as a Non-Statutory Option in part by reason of the limitation set forth in this Section 5.4, the Holder may designate which portion of such Option the Holder is exercising at any given time. In the absence of such designation, the Holder shall be deemed to have exercised the Incentive Stock Option portion of the Option first. The Company shall have no liability to a Holder, or any other party, if any Option (or any part thereof) intended to be an Incentive Stock Option is not an Incentive Stock Option.

5.5 **Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
 - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
 - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR

- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
 - (i) termination for cause;
 - (ii) resigning his or her position; or
 - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this

Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

5.6 Vesting of Option and Acceleration

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan.

5.7 Additional Terms

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 6 TRANSFERABILITY OF OPTIONS

6.1 Non-transferable

An Incentive Stock Option shall not be assignable or transferable by any Holder and, subject to section 6.2 hereof, may be exercised during the life of the Holder only by the Holder. An Option other than an Incentive Stock Option are non-assignable and non-transferable, except as provided otherwise in this section 6.

6.2 Death of Option Holder

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

6.3 Disability of Option Holder

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

6.4 Disability and Death of Option Holder

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

6.5 Vesting

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

6.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

SECTION 7 EXERCISE OF OPTION

7.1 **Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

7.2 **Black Out Period**

Notwithstanding the foregoing, except in the case of Incentive Stock Options, if an Option expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to section 5.5(a)(i)(ii) or (iii) or section 5.5(b)(i)(ii) or (iii) above) within or immediately after a Black Out, the Holder may elect for the term of such Option to be extended to the date which is ten (10) business days after the last day of the Black Out; provided, that, the expiration date as extended by this section 7.2 will not in any event be beyond the later of: (i) December 31 of the calendar year in which the Option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire.

7.3 **Issue of Share Certificates**

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Share Certificate.

7.4 **No Rights as Shareholder**

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the certificates, the decision of the Committee shall be final, conclusive and binding.

7.5 **Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts;
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded; or
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

SECTION 8 ADMINISTRATION

8.1 Board or Committee

The Plan shall be administered by the Administrator with oversight by the Committee.

8.2 Powers of Committee

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
 - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
 - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
 - (iv) determine when Options shall be granted;
 - (v) determine the number of Shares subject to each Option; and
 - (vi) to designate Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (h) accelerate the vesting schedule of any Option previously granted; and

- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

8.3 Administration by Committee

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

8.4 Interpretation

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

SECTION 9 APPROVALS AND AMENDMENT

9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

9.2 Amendment of Option or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

SECTION 10

CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES

10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates representing such Shares accordingly.

10.2 Regulatory Approvals

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

10.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 11

ADJUSTMENTS AND TERMINATION

11.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this section 11, the Plan shall terminate on, and no more Options shall be granted under the Plan after, the tenth anniversary of the date of the Exchange's acceptance of the Plan.

11.2 No Grant During Suspension of Plan

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

11.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

11.4 Triggering Events

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

11.5 Notice of Termination by Triggering Event

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become

immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

11.6 Determinations to be Made By Committee

Adjustments and determinations under this section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

iANTHUS CAPITAL HOLDINGS, INC.

STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of iAnthus Capital Holdings, Inc. (the “**Company**”) and evidences that ●[Name of Option Holder] is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to ● common shares (the “**Shares**”) in the capital stock of the Company at a purchase price of Cdn.\$● per Share (the “**Exercise Price**”). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Vancouver, British Columbia (the “**Expiry Time**”) on the following Expiry Date:

- (a) the Grant Date of this Option is ●, 20●; and
- (b) subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is ●,20●.

To exercise this Option, the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Option Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail. This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

[Include legends prescribed by Regulatory Authorities, if required.]

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

“The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, of the United States of America (the “**Act**”) or the securities laws of any state (“**State**”) of the United States of America and may not be sold, transferred, pledged, hypothecated or distributed, directly or indirectly, to a U.S. person (as defined in Regulation S adopted by the U.S. Securities and Exchange Commission under the Act) or within the United States unless such securities are (i) registered under the Act and any applicable State securities act (a “**State Act**”), or (ii) exempt from registration under the Act and any applicable State Act and the Company has received an opinion of counsel to such effect reasonably satisfactory to it, or (iii)

sold in accordance with Regulation S and the Company has received an opinion of counsel to such effect reasonably satisfactory to it.”

iAnthus Capital Holdings, Inc.
by its authorized signatory:

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

Signature

Date signed:

Print Name

Address

OPTION CERTIFICATE – SCHEDULE

[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. The Options will not be exercisable unless and until they have vested and then only to the extent that they have vested. The Options will vest in accordance with the following:
 - (a) ☐ Shares (☐%) will vest and be exercisable on or after the Grant Date;
 - (b) ☐ additional Shares (☐%) will vest and be exercisable on or after ☐ [date];
 - (c) ☐ additional Shares (☐%) will vest and be exercisable on or after ☐ [date];
 - (d) ☐ additional Shares (☐%) will vest and be exercisable on or after ☐ [date];

2. Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.4(a) or 5.4(b) of the Plan, the Expiry Date of the Option shall be ☐ **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

Type of Option
(U.S. Employees only):

☐ Incentive Stock Option
☐ Non-Statutory Stock Option

SCHEDULE B

**iANTHUS CAPITAL HOLDINGS, INC.
STOCK OPTION PLAN**

NOTICE OF EXERCISE OF OPTION

TO: The Administrator, Stock Option Plan
●
● [Address]
(or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Stock Option Plan (the “**Plan**”) of iAnthus Capital Holdings, Inc. (the “**Company**”), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (a) all of the Shares; or
- (b) of the Shares;

which are the subject of the Option Certificate attached hereto (**attach your original Option Certificate**). The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to the Company in an amount equal to the aggregate Exercise Price of the aforesaid Shares and directs the Company to issue the certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address (**provide full complete address**):

The undersigned acknowledges the Option is not validly exercised unless this Notice is completed in strict compliance with this form and delivered to the required address with the required payment prior to 4:00 p.m. local time in Vancouver, BC on the Expiry Date of the Option.

DATED the day _____ of _____, 20____.

Signature of Option Holder

APPENDIX “H”
AUDIT COMMITTEE CHARTER

iANTHUS CAPITAL HOLDINGS, INC.
(the “Company”)

AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each audit committee member must obtain an understanding of the principal responsibilities of audit committee membership as well and the Company’s business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the audit committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company’s Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and

- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (a) review and approve the interim financial statements prior to their release to the public; and
- (b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount

of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or

(ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

(a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

(i) the pre-approval policies and procedures are detailed as to the particular service;

(ii) the audit committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 Other Responsibilities

The audit committee shall:

(a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;

(b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;

(c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;

(d) review the policies and procedures in effect for considering officers' expenses and perquisites;

(e) perform other oversight functions as requested by the Board; and

(f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 Reporting Responsibilities

The audit committee shall regularly update the Board about audit committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 Internal Control

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 Financial Reporting

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether

the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;

(b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

(c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;

(d) consider management's handling of proposed audit adjustments identified by the external auditors; and

(e) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

(a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;

(b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and

(c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:

(i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

(ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the company's operations and financing practices;

(iii) generally accepted accounting principles have been consistently applied;

(iv) there are any actual or proposed changes in accounting or financial reporting practices;

(v) there are any significant or unusual events or transactions;

(vi) the Company's financial and operating controls are functioning effectively;

(vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and

(viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 *Compliance with Laws and Regulations*

- (a) periodically obtain updates from management regarding compliance with this policy and industry “best practices”;
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 *Other Responsibilities*

- (a) review, with the Company’s counsel, any legal matters that could have a significant impact on the Company’s financial statements.

**CERTIFICATE OF IANTHUS CAPITAL HOLDINGS, INC.
(Formerly known as Genarca Holdings Ltd.)**

Dated: August 12, 2016

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by BC Co as required by the securities legislation of British Columbia.

"Hadley Ford"

HADLEY FORD
Chief Executive Officer

"Savio Chiu"

SAVIO CHIU
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

Dated: August 12, 2016

"Randy Maslow"

RANDY MASLOW
Director

"Julius Kalcevich"

JULIUS KALCEVICH
Director

CERTIFICATE OF THE PROMOTERS

Dated: August 12, 2016

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously offered by the issuer as required by the securities legislation of British Columbia.

“Herrick Lau”

HERRICK LAU

“Hadley Ford”

HADLEY FORD