BACKGROUND

The following management discussion and analysis of the results of operations and financial condition ("MD&A"), prepared as of August 29, 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 June 30, 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 June 30, 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

(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, the Founding Members of iAnthus, iAnthus Transfer, the Shareholders of iAnthus Transfer, iAnthus Formation, and the Shareholders of iAnthus Formation (the "**Amended SEA**"), 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.

Subsequent to quarter-end, the Company closed the transaction contemplated in the Amended SEA. See Note 6 - Events After the Reporting Period of the Company's interim financial statements.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2016, the Company had working capital of $55,471 (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 six-month period ended June 30, 2016, the Company incurred a net loss of $40,518 (June 30, 2015 - $8,764) and had an accumulated deficit of $67,780. 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:

(All amounts expressed in U.S. dollars, unless otherwise stated)

	Balance
Shares issued and outstanding	600,001

RESULTS OF OPERATIONS

Operating expenses for the six-month period ended June 30, 2016, totaled $40,518 (June 30, 2015 - $8,764). The six-month operating loss was comprised of accounting and audit expenses of $37,549 (June 30, 2015 - $8,098), and office and miscellaneous expenses of $2,969 (June 30, 2015- $666).

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	June 30, 2016	**March 31, 2016**	**December 31, 2015**	**September 30, 2015**	**June 30, 2015**	**March 31, 2015**	**December 31, 2014**	**September 30, 2014**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Gain (Loss)	(9,432)	(31,087)	(8,329)	125	(8,759)	(5)	(9,110)	(3)
Basic loss per share	(0.02)	(0.05)	(0.02)	0.00	(0.03)	(5)	(9,110)	(3)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Ref.	**June 30, 2016**
		$
Loans and receivables	a	**111,229**
Other financial liabilities	b	**58,480**

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

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

The Company has not entered into any significant proposed transactions to date.

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.

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

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.