ICC International Cannabis Corporation

Management's Discussion and Analysis
For the three month period ended March 31, 2017

This Management's Discussion and Analysis ("**MD&A**") has been prepared by management of ICC International Cannabis Corporation ("**ICC**" or the "**Company**") with an effective date of May 29, 2017. Throughout this MD&A, unless otherwise specified, "ICC", "the Company", "we", "us" or "our" refer to ICC International Cannabis Corporation and its subsidiaries. This MD&A should be read in conjunction with the unaudited consolidated interim financial statements of the Company and notes thereto for the three month period ended March 31, 2017 (the "**Financial Statements**"). In preparing this MD&A, we have taken into account information available to us up to May 29, 2017 unless otherwise stated.

The Financial Statements have been prepared by management in accordance International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("**IFRIC**"). The interim financial statements have been prepared by management in accordance with IAS 34 for Interim Financial Reporting. All amounts are expressed in U.S. dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with information included in the Financial Statements. You will find the Company's financial statements on SEDAR at www.sedar.com.

This MD&A contains commentary from the Company's management regarding the Company's strategy, operating results, financial position and outlook. Management is responsible for the accuracy, integrity, and objectivity of the MD&A, and develops, maintains and supports the necessary systems and controls to provide reasonable assurance as to the accuracy of the comments contained herein.

The Audit Committee and the Board of Directors provide an oversight role with respect to all public financial disclosures by the Company. The Board of Directors approves the Financial Statements and MD&A after the completion of its review and recommendation for approval by the Audit Committee, which meets periodically to review all financial reports, prior to filing.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute "forward-looking information" and "forward-looking statements". All statements other than statements of historical fact contained in this MD&A, including, without limitation, those regarding the future financial position and results of operations, strategy, plans, objectives, goals, targets and future developments of the Company in the markets where the Company participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "plan", "continue", "will", "may", "would", "anticipate", "estimate", "forecast", "predict", "project", "seek", "should" or similar expressions or the negative thereof, are forward-looking statements.

Forward-looking statements and information include, without limitation, the information concerning possible or assumed future results of operations of ICC. These statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this MD&A are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies, and the Company's ability to operate on a profitable basis. ICC does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report, except as may be required by law.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: limited operating history; regulatory compliance risks; change of cannabis laws, regulations and guidelines; reliance on licenses and authorizations; regulatory and civil proceedings; liability, enforcement, complaints, etc.; legal proceedings; demand for cannabis and derivative products; risks inherent in an agricultural business; product liability; product recalls; seasonality; energy prices and supply; supply of cannabis seeds; retention and acquisition of skilled personnel; managing growth; changes in corporate structure; risks inherent in Uruguayan rural real estate; emerging market risks; global economy; inflation in Uruguay; insurance coverage; ability to establish and maintain bank accounts; operations in Spanish; access to capital; foreign sales; estimates or judgments relating to critical accounting policies; tax risks; market for the common shares of ICC; no history of payment of cash dividends; reporting issuer status; significant sales of common shares of ICC; analyst coverage; and tax issues.

In addition to the factors set out above and those identified in under "Risks and Uncertainties", other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. Although ICC has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements.

Overview of the Company

Background

The Company, through its subsidiaries, is a licensed and authorized producer, developer and vendor of recreational cannabis, medicinal cannabis extracts and derivatives and industrial hemp in Uruguay.

The Company was incorporated on October 19, 2010 as a capital pool company named "Shogun Capital Corp." ("**Shogun**") pursuant to the filing of articles of incorporation under the *Business Corporations Act* (British Columbia). On November 22, 2016, in connection with the Qualifying Transaction (as defined below), Shogun filed a notice of alteration to change its name to "ICC International Cannabis Corporation" (the "**Name Change**").

The registered office of the Company is located at Suite 700 – 595 Burrard Street, P.O. Box 49290, Vancouver, British Columbia, V7Z 1S8, and its head office is located at Plaza Independencia 737, 4th Floor, Montevideo, Uruguay, 11,000. The Company is currently a reporting issuer in British Columbia and Alberta.

January 1, 2016 to December 31, 2016

Recreational Segment

In February 2016, the Company commenced the construction of a 10,000 square foot facility for the production and sale of recreational cannabis. The facility is located on government owned land and was completed in April 2016.

In January 2016, the Company signed a contract with Instituto de Regulación y Control del Cannabis ("**IRCCA**") regarding its recreational cannabis license (the "**Recreational License**"), pursuant to which ICC was granted, for a period of five years, an annual production allowance of two tonnes and a fixed sales price for the first year of $0.90 per gram, adjusted annually in accordance with the terms of the Recreational License which include, among other things, an adjustment for Uruguayan inflation. Pursuant to the Recreational License, ICC agreed to pay IRCCA a fixed annual amount of $20,000 and a variable amount of 10% of cannabis sales to pharmacies.

By the end of February 2016 and by mid-March 2016, ICC received from IRCCA a total of 1,600 Alpha strain and 1,000 Beta strain recreational cannabis plants, respectively, in their first week of vegetative stage, so as to enable ICC to start its production of recreational cannabis. As at December 31, 2016, ICC managed approximately 4,922 recreational cannabis plants and had harvested approximately 2,212 recreational cannabis plants.

Capitalization of ICC BVI

In April 29, 2016, ICC International Corp. (the predecessor company to International Cannabis Corp) ("**ICC BVI**"), a company incorporated in the British Virgin Islands, issued 50,000,000 common shares of ICC BVI ("**BVI Common Shares**") to certain advisors, at $0.3076 per share, fulfilling $2,000,000 in compensation obligations owed to such advisors. The Company has recognized a loss of $13,384,615 in connection with such issuance.

In April 29, 2016, $5,302,247 of the outstanding debt due to Union Group International Holdings Limited ("**Union Group**") related to the UG Facility (as defined below) was capitalized by ICC BVI through the issuance of 49,950,000 BVI Common Shares at $0.3076 per share. The Company has recognized a loss of $10,066,984 in connection with such issuance.

Qualifying Transaction

On August 9, 2016, the Company entered into an agreement with ICC BVI with respect to the acquisition of all of the securities of ICC BVI.

On November 23, 2016, ICC BVI completed a qualifying transaction (the "**Qualifying Transaction**") with a capital pool company, then named Shogun, consisting of the acquisition of all the issued and outstanding BVI Common Shares by way of a "three-cornered merger" pursuant to the provisions of the BVI Business Companies Act, 2004. In connection with the merger, ICC BVI changed its name from "International Cannabis Corp" to "ICC International Corp.". Immediately prior to the completion of the Qualifying Transaction, the Company filed a notice of alteration to effect the Name Change. As a result of the Qualifying Transaction, the former shareholders of ICC BVI acquired control of the Company. On November 29, 2016, the common shares of the Company (the "**Common Shares**") commenced trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "ICC".

Subscription Receipts Financing

On September 8, 2016, ICC BVI completed a brokered private placement (the "**Private Placement**") of an aggregate of 32,500,000 subscription receipts (the "**Subscription Receipts**") at a subscription price of Cdn.$0.40 per Subscription Receipt for aggregate gross proceeds of Cdn.$13,000,000, with such gross proceeds being deposited into escrow. Following the satisfaction of certain release conditions related to the Qualifying Transaction, the escrowed funds were released to the Company on November 23, 2016, and the subscription receipts were automatically converted into an aggregate of 26,000,000 Common Shares without additional consideration or any further action on the part of the holders thereof.

GMP Securities L.P. acted as lead agent and sole bookrunner together with Mackie Research Capital Corporation in connection with the Private Placement (the "**Agents**"). As part of their commission, in connection with the Private Placement, the Agents received 2,275,000 BVI Common Share purchase warrants (each a "**ICC BVI Broker Warrant**"), each being exercisable for one BVI Common Share at a price of Cdn. $0.40 per share for a period of two years from the date of the listing of the Common Shares following the completion of the Qualifying Transaction. At the effective time of the completion of the Qualifying Transaction, each ICC BVI Broker Warrant was exchanged for 0.8 Common Share purchase warrants (the "**ICC Broker Warrants**"). Each ICC Broker Warrant entitles the holder thereof to subscribe for one Common Share at a price equal to Cdn.$0.50 per share for a period of two years from the date of the listing of the Common Shares following the completion of the Qualifying Transaction.

Cannabinoids Extraction Segment

On April 15, 2016, the Company was granted specific authorization, which superseded a prior authorization from February 26, 2016, by the Uruguayan Ministry of Livestock, Agriculture and Fisheries to import, plant, harvest, condition and trade a certain amount of the Finola variety of cannabis sativa hemp. Subsequent to such authorization being granted, the Company decided not to proceed with the importation of the Finola variety cannabis sativa.

In August 2016, the Company acquired an interest in approximately 102 acres of land which it intends to use for the production and sale of medicinal cannabis extracts and derivatives and industrial hemp. The Company paid $3.3 million, by a combination of $2.3 million cash and $1.0 million debt. In June 2016, the Company commenced preparing the property for outdoor planting of hemp. The December 2016 Authorization (as defined below) permits ICC to extract cannabinoids for a 99 acre plantation.

On August 12, 2016, Tersum S.A. was granted specific authorization by the Uruguayan Ministry of Livestock, Agriculture and Fisheries for the extraction of cannabinoids from hemp it was authorized to produce for a term of 360 days.

On December 20, 2016, the Company was granted specific authorization by the Uruguayan Ministry of Livestock, Agriculture and Fisheries to import from the Institute of Field and Vegetables Crops in Serbia, plant and harvest the Helena variety of cannabis sativa for a term of 120 days (the "**December 2016 Authorization**"). The Company is required to notify the Agriculture Services General Directorate, or Direccion General de Servicios Agricolas ("**DGSA**") of the Uruguayan Ministry of Livestock, Agriculture and Fisheries, of imports of the Helena variety and origin authorized. If changes in origin or variety are desired, the Company must request approval from the DGSA. Pursuant to such authorization, for a period of 360 days commencing December 20, 2016, the Company may also plant in certain agricultural campaigns a maximum of 99 acres of the aforementioned Helena seeds, harvest the grain and inflorescences of the sown variety, condition the product of direct harvest of the crop, and commercialize within Uruguay the harvested grain as propagation material of the cultivated variety, provided that information regarding the invoice, volume, recipient and final destination are provided to the Uruguayan Ministry of Livestock, Agriculture and Fisheries. The December 2016 Authorization also permits the Company to extract hemp fibre and hemp oil.

On December 20, 2016, the Company also entered into an agreement to lease 22 acres of additional land adjacent to the Company's property which it expects to use for the production of cannabinoid extracts and by-products for medicinal use and industrial hemp.

January 1, 2017 to March 31, 2017

Recreational Segment

In February 2017, ICC successfully transitioned its recreational cannabis production facility to a new 70,565 square foot greenhouse. A total of approximately 5,000 plants and approximately 3,500 cuttings were moved to the new facility as part of the transition. The Company expects the new facility to allow it to produce up to 10 tonnes of recreational cannabis per year without additional capital investment.

As at March 31, 2017, ICC managed approximately 10,609 recreational cannabis plants in production and had harvested approximately 3,754 recreational cannabis plants (approximately 193 kilograms; December 31, 2016: 109 kilograms).

MOU and Presale Agreement with Emblem

On February 27, 2017, ICC entered into a memorandum of understanding and presale agreement (the "**MOU and Presale Agreement**") with Emblem Corp. ("**Emblem**") who, through a wholly-owned subsidiary, is a licensed producer of medicinal cannabis pursuant to the Access to Cannabis for Medical Purposes Regulations overseen by Health Canada. Pursuant to the terms of the MOU and Presale Agreement, ICC has agreed to sell 10% of its 2018 CBD production to Emblem at prices to be determined under a definitive agreement, subject to applicable regulatory approvals, including those from the TSXV, IRCCA, the Uruguayan Ministry of Livestock, Agriculture and Fishery and Health Canada.

Biological Assets

Biological assets are living plants managed by the Company for sale, as agricultural produce, or as biological assets. Biological assets of ICC include recreational cannabis crops, which are to be harvested as agricultural produce.

The Company distinguishes between consumable and bearer biological assets, and between mature and immature biological assets. ‘Consumable’ biological assets are those assets that may be harvested as agricultural produce or sold as biological assets. ‘Bearer’ biological assets are those assets capable of producing more than one harvest. ‘Mature’ biological assets are those that have attained harvestable specifications (for consumable biological assets) or are able to sustain regular harvests (for bearer biological assets). ‘Immature’ biological assets are those biological assets other than mature biological assets. Consumable biological assets are classified as current or non-current depending on their period of maturity. Bearer biological assets are generally classified as non-current.

Expenses relating to the agricultural activity include planting, harvesting, weeding, seedlings, irrigation, agrochemicals, fertilizers and others. The Company elected to expense all such costs when incurred and include them within ‘Cost of production’ in the statement of profit or loss and other comprehensive income. Therefore, ‘Cost of production’ represents the costs expensed whilst the biological assets are growing.

Biological assets are measured at fair value less costs of disposal on initial recognition and at each statement of financial position date, except where fair value cannot be reliably measured.

Expected future sale prices for all biological assets are determined by reference to observable data in the relevant market. Costs expected to arise throughout the life of the biological assets are estimated based on statistical data.

The gain or loss arising from initial recognition of a biological asset at fair value less costs of disposal and from a change in fair value less costs of disposal of a biological asset is recognized in profit or loss in the period in which they are incurred

Refer to Note 3.4 of the Company’s Financial Statements.

Discussion of Operations

As of the date of this MD&A, the Company operated on approximately 50.1 hectares of agricultural land in Uruguay, approximately 41.3 hectares of which it is owner, approximately 9 hectares of which it is a holder of a valid interest to acquire and 1.5 hectares of which is government land.

The Company is currently focused on two operating segments: (1) the recreational segment, and (2) cannabinoids extraction segment. The cannabinoid extraction segment is intended to largely focus on medicinal cannabis extracts and derivates from hemp, but also is also expected to result in the production of industrial hemp products.

Recreational Segment

The first harvest of recreational cannabis took place in June 2016. Recreational cannabis will continue to be harvested on a monthly basis to reach the initial annual production target of two tonnes.

As at the date of this MD&A, ICC managed 11,887 recreational cannabis plants and held 302 kg of recreational cannabis in stock. Following completion of the drying process, the recreational cannabis will be packaged and distribution to pharmacies will be commenced. Excess inventory can be sold for a period of one year from the date of production.

On April 6, 2017, the Government of Uruguay announced that it expected sales of recreational cannabis to commence in July, 2017 through registered pharmacies. On May 2, 2017, recreational cannabis users began registering with the national registry system. As at the date of this MD&A, more than 3,400 users were registered in the system.

The Company is currently increasing production in order to meet its commitment of producing and distributing 2,000 kg of recreational cannabis by the end of 2017. Subject to IRCCA's approval, the Company is expected to increase its production year-over-year according to the demand, once the cannabis demand starts shifting from the illegal to the legal market.

Cannabinoids Extraction Segment

In May 2017, ICC successfully completed the setup of its first 21,528 square foot medicinal greenhouse and began germinating 4,000 Helena seeds, with harvesting expected to commence in October 2017. The Company intends to sow its second greenhouse crop in October 2017.

In September 2017 (being spring in Uruguay), the Company intends to sow its first outdoor crop of hemp, to begin harvesting by the first quarter of 2018, and to commence selling the cannabinoid extracts and derivative products in the second quarter of 2018, subject to obtaining the requisite authorizations.

For April 2018, the Company expects to have completed the setup of its laboratory and extraction plant, so as to begin cannabidiol ("**CBD**") extraction and production of CBD oil. It is expected that pure CBD will be ready for domestic and international sale in the second quarter of 2018, subject to obtaining the requisite authorizations. The Company is committed to obtaining GMP certification and all other certifications require.

Summary of Financial Position

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Total current assets	$5,657,197	$6,657,276	$399,505	$218,660
Total current liabilities	$1,814,455	$2,299,569	$2,087,660	$1,715,806
Working capital	$3,842,742	$4,357,707	$(1,688,155)	$(1,497,146)
Biological assets	$133,317	$85,883	$150,941	$66,491
Non-current liabilities	$692,500	$692,500	$2,185,000	$1,690,357
Total shareholders' equity	$12,941,088	$13,570,454	$6,157,037	$6,445,107

	March 31, 2016	December 31, 2015
Total current assets	$164,454	$109,531
Total current liabilities	$3,218,768	$2,515,479
Working capital	$(3,054,314)	$(2,405,948)
Biological assets	$4,722	-
Non-current liabilities	$nil	-
Total shareholders' equity	$(604,806)	$(5,948)

Working capital for the three month period ended March 31, 2017 was financed by loans amounting to $800,000 made by Union Group. Working capital for the three month period ended March 31, 2016 was financed by a $200,000 loan made by Union Group.

Total current assets for the Company as of March 31, 2017 were $6,657,197, as compared to $164,454 of March 31, 2016. The year-over-year increase was largely attributable to the Private Placement and the commencement of the Company's operations. See the discussion below regarding under "Biological Assets" with respect to the Company's treatment of biological assets.

Non-current financial liabilities increased from nil as of March 31, 2016 to $692,500 as of March 31, 2017. The increase was largely attributable to the terms of the acquisition of the materials required for the construction of a greenhouse for $2.77 million, payable to the supplier after the completion of the assemblage in four consecutive semi-annual installments of $692,500 beginning December 2016.

Summary of Quarterly Results

	Three months ended			
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Total Revenue	nil	nil	nil	nil
Loss from continuing operations attributable to owners of the parent	$(649,988)	$(6,040,283)	$(152,384)	$(23,703,933)
Basic and diluted loss per-share	(0.006)	(0.105)	(0.002)	(0.342)
Loss attributable to the owners of the parent	$(649,988)	$(6,033,687	$(152,384)	$(23,703,933)
Basic and diluted loss per-share	(0.006)	(0.105)	(0.002)	(0.342)

	Three months ended	
	March 31, 2016	December 31, 2015
Total Revenue	nil	nil
Loss from continuing operations attributable to owners of the parent	$(598,858)	$(39,732)
Basic and diluted loss per-share	(14,971)	(0.795)
Loss attributable to the owners of the parent	$(598,858)	$(39,732)
Basic and diluted loss per-share	(14,971)	(0.795)

Total revenue remain unchanged at nil for both the three month periods ended March 31, 2017 and March 31, 2016.

For the three month period ended March 31, 2017, the Company’s general and administrative expenses were $641,508, as compared to $485,276 for the three month period ended March 31, 2016. The increase was attributable to the commencement of operations.

For the three month period ended March 31, 2017, the Company’s loss from continuing operations attributable to the owners of the parent, and loss attributable to the owners of the parent, were both $649,988, as compared to $598,858 for the three month period ended March 31, 2016. The increase was attributable to the commencement of operations as mentioned before.

For the three month period ended March 31, 2017, the $649,988 loss attributable to the owners of the parent was largely comprised of: (i) $200 thousand in license amortization costs; (ii) $138 thousand in other fees and expenses related to production supplies and security and surveillance expenses; (iii) $85 thousand in depreciation; and (iv) $60 thousand in salaries.

For the three month period ended March 31, 2017, the $598,858 loss attributable to the owners of the parent was largely comprised of: (i) $450 thousand of fees and expenses charged by Union Group pursuant to the UG Facility related to legal advisory, notary services, business support services and other expenses; (ii) $121 thousand in license amortization costs; and (iii) other fees paid by agricultural professionals and payroll and social security expenses. The loss was partially offset by $45 thousand of unrealized income related to the estimated change in the fair value of biological assets for the three month period ended March 31, 2017.

Liquidity

The Company is mainly in a pre-operative stage so is not therefor able to generate sufficient amounts of cash and cash equivalents from operations in the short term to meet its planned growth.

The Company has funded its operations from the sale of equity securities. On September 8, 2016, the Company closed the Private Placement for gross proceeds to the Company of Cdn.$13,000,000 ($9,651,076). The Company paid $1,080,165 in related commissions and transaction costs for the net proceeds of Cdn.$11,908,596 ($8,570,911).

The Company's objectives are to grow revenue by commencing sales and entering new markets where lawful and to ensure that capital resources are readily available to meet obligations as they become due. Liquidity risk arises when the Company is challenged to fund its on-going operations through working capital or either the sale of equity or bank loans.

The main challenges the Company may face in generating sufficient amounts of cash and cash equivalents relate to successfully completing the setup of its facilities, increasing production, and the Uruguayan government permitted the commencement of recreational cannabis sales.

On January 23, 2017, the Company invested $1 million in a six month unsecured loan bearing interest at a rate of 10% per annum. The Company does not require these funds to continue operations of its business in the short-term.

Projected working capital requirements

According to the Company's projections, once the operations commence the annual working capital requirements for the recreational cannabis, medicinal cannabis extracts and derivatives and industrial hemp operations will be $520,000, $809,000 and $266,000, respectively. Working capital requirements realized may differ from such estimates should the Company's production quantities, expenses or sales price or should certain macro-economic variables, such as exchange rates or Uruguayan or U.S. inflation differ from that expected by the Company.

Contractual Obligations and Commitments

As at March 31, 2017, the payments due by period are set out in the following table:

	Less than 1 year	1-3 years	Total
Accounts Payable And Accrued Liabilities	$1,814,455	$692,500	**$2,506,955**
Total	**$1,814,455**	**$692,500**	**$2,506,955**

Capital Resources

As of the date of this MD&A, enforceable and legally binding obligations assumed by the Company related to capital expenditures are as follows:

- Acquisition of materials for a "Capilla" greenhouse, to be assembled by the Company for use in its recreational cannabis operations: $2.77 million payable in four semi-annual installments beginning in December 2016 and accruing interest at an annual rate of Libor 6M + 3%.

ICC entered into a services and financing agreement dated August 20, 2014 (the "**Services and Financing Agreement**") with Union Group pursuant to which Union Group:

(a) provides professional services (consisting of management, accounting, tax and legal services); and

(b) granted ICC a $4,000,000 financing facility (the "**UG Facility**"). Each draw down on the UG Facility bears interest at an annual rate of 10%.

As at December 31, 2016, $395,005 was outstanding under the UG Facility (March 31, 2016: nil).

Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements.

Transactions between Related Parties

Prior to the Qualifying Transaction, ICC BVI funded operations through the support and management services provided by companies associated with the controlling shareholding of ICC BVI, being Union Group. Union Group continues to be a shareholder of the Company. The amounts due at period end are owing to several entities of this group of companies.

		Three month period ended March 31, 2017	Three month period ended March 31, 2016
		$	**$**
Opening balances		387,269	50,000
Financing facility draw-downs	(a)	(97,602)	-
Payments on behalf of ICC and other expenses	(b)	483,421	31,109
Repayments		19,436	-
Closing balances	(c)	**625,682**	**81,109**

Notes:

(a) During the three month period ended March 31, 2017, $97,602 was drawn down on the UG Facility pursuant to the terms of the Services and Financing Agreement (March 31, 2016: nil).

(b) Included in payments on behalf of ICC and other expenses for the three month period ended March 31, 2017 was (i) interest expense of $30,125 (March 31, 2016: nil), which accrued at a rate of 10% per annum on outstanding balances under the UG Facility; and (ii) professional fees of $450,000 (March 31, 2016: $450,000) pursuant to the terms of the Services and Financing Agreement.

(c) As of March 31, 2017, the Company maintained an account receivable from Union Capital Group S.A., a subsidiary of Union Group, of $65,449 (as of March 31, 2016:$nil), an account receivable from Union Capital Group International Holding, a subsidiary of Union Group, of $463,660 (as of March 31, 2016: $nil) and an account receivable from Union Group of $96,572 (as of March 31, 2016: an account payable of $81,109).

Key management personnel

For the three month period ended March 31, 2017, the Company paid $39,215 in remuneration to senior management and directors (March 31, 2016: nil). At March 31, 2017, there was $25,075 due to senior management and directors in accounts payable and other payables (December 31, 2016: $51,715).

For the three month period ended March 31, 2017, the Company granted $20,622 in concept of share-based compensation to senior management and directors (March 31, 2017: nil).

Critical Accounting Policies and Estimates

Refer to Notes 3 and 4 of the Company's Financial Statements.

Changes in Accounting Policies

Refer to Note 3.15 of the Company's Financial Statements.

Risks and Uncertainties

There are a number of risk factors that could impact the Company's ability to successfully execute its key strategies and may materially affect future events, performance or results. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

A discussion of the principal risk factors relating to the Company's operations and businesses appears in the Company's Annual Information Form for the year ended December 31, 2016, which may be viewed under the Company's profile on SEDAR at www.sedar.com.

Outstanding Share Data

The Company is authorized to issue an unlimited number of Common Shares, of which 114,021,010 are currently issued and outstanding.

The Company adopted a stock option plan (the "**Option Plan**"). Under the terms of the Option Plan, officers, directors, employees and consultants are eligible to receive grants of stock options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant. As of the date of this MD&A, subject to the terms of the Option Plan, options to purchase 7,738,000 Common Shares are outstanding and options to purchase 3,664,101 Common Shares are available for grant.

As at the date of this MD&A, 364,000 ICC Broker Warrants are outstanding.

Disclosure Controls and Internal Controls

In accordance with the requirements of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Company's management, including the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Internal control over financial reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of assets;

- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;

- receipts and expenditures are only being made in accordance with authorizations of management or the Board of Directors; and

- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial instruments.

During the period ended March 31, 2017, no changes were made in the Company's design of internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis disclosure controls and procedures and internal controls over financial reporting (as defined in NI 52-109) may result in additional risks to the quality, reliability, transparency and timeliness of filings provided under securities legislation. The Company's management, including the CEO and CFO, believe that due to inherent limitations, any disclosure controls and procedures or internal control over financial reporting, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that any design will not succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Additionally, management is required to use judgment in evaluating controls and procedures.

Subsequent Events to March 31, 2017

CBD Seed Acquisition

On April 3, 2017, ICC announced the acquisition of 100 kilograms of "Helena" hemp seeds. The "Helena" CBD strain is a monoecious homozygous variety that contains 0.07% of tetrahydro-cannabidiol. It also contains between 10 and 15 tons of stem per hectare that translates into between 3 to 4.5 tons of fibre per hectare, between 7 to 10 kg of scutch per hectare, and between 800 to 1,000 kg of seeds per hectare. These seeds contain an oil content between 28% and 32% and high level protein content near 25%. By March 2018, the Company expects to complete the construction of the laboratory and extraction facilities and to have started harvesting industrial hemp.

Medicinal Cannabis Greenhouse

On April 3, 2017, ICC announced the construction of a new 21,528 square foot greenhouse that will be used for production of the Company's medicinal cannabis plants which will be destined for the production of CBD extracts and by-products for medicinal use. In May 2017, ICC successfully completed the setup of this greenhouse and began to germinate 4,000 Helena seeds, with harvesting expected in October 2017.

Working at its full capacity, the greenhouse is expected to allow the Company to work with 4,000 plants per cycle, having at least three cycles per year resulting in a minimum of 12,000 plants per year for medicinal purposes.

Implementation of Recreational Cannabis Market in Uruguay

On April 6, 2017, the Government of Uruguay announced that it was expected that sales of recreational cannabis would commence in July, 2017 through registered pharmacies. On May 2, 2017, the registration process commenced for the purchase of recreational cannabis in Uruguay through registered pharmacies.

Exercise of Broker Warrants

On April 12, 2017, GMP Securities L.P. exercised 1,456,000 ICC Broker Warrants at a price of Cdn.$0.50 per warrant, equivalent to Cdn.$728,000.

Importation Agreement with Avanti

On April 18, 2017, the Company entered into an importation agreement (the "**Importation Agreement**") with ARA – Avanti Rx Analytics Inc. ("**Avanti**"), a licensed dealer under the *Controlled Drugs and Substances Act* (Canada) and its regulations overseen by Health Canada.

The Importation Agreement establishes a non-exclusive contractual business relationship between ICC and Avanti where Avanti agrees to act as a Canadian importing agent for ICC for its cannabis products and distributor to customers identified by ICC from time to time. Avanti has also agreed to act as a Health Canada GMP approved contract analytical lab in Canada for ICC's CBD oil. The activities contemplated by the Importation Agreement remain subject to applicable regulatory approvals, including those from the TSXV, IRCCA, the Uruguayan Ministry of Livestock, Agriculture and Fishery and Health Canada.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2016, which may be viewed under the Company's profile on SEDAR at www.sedar.com.

Approval

The Board of Directors of the Company has approved the disclosure in this MD&A.