TSXV: ICC

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018

May 30, 2018

This Management's Discussion and Analysis ("**MD&A**") has been prepared by management of ICC Labs Inc. ("**ICC**" or the "**Company**") with an effective date of May 30, 2018. 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, 2018 (the "**Financial Statements**"). In preparing this MD&A, we have taken into account information available to us up to May 30, 2018 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; ability of ICC and its customers to establish and maintain banks accounts; anti-money laundering laws and regulations; expansion of facilities and operations Canadian regulatory and civil proceedings; British Virgin Islands regulatory and civil proceedings; liability, enforcement, complaints, etc.; legal proceedings; demand for cannabis and derivative products; weather, climate change and risks inherent in an agricultural business; product liability; product recalls; seasonality; energy prices and supply; supply of cannabis starting materials; retention and acquisition of skilled personnel; managing growth; changes in corporate structure; risks inherent in Uruguayan rural real estate; emerging market risks; operations in Uruguay; operations in Colombia; global economy; insurance coverage; operations in Spanish; access to capital; foreign sales; estimates or judgments relating to critical accounting policies; tax risks; market for the Common Shares (as defined below); no history of payment of cash dividends; reporting issuer status; significant sales of Common Shares; 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. ICC is developing various opportunities in emerging cannabis markets, such as Colombia, where medical cannabis is legal. ICC does not, directly or indirectly, have any business operations in jurisdictions where cannabis is not federally legal, such as the United States.

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". On December 14, 2017, the Company filed a notice of alteration to change its name to "ICC Labs Inc.".

The registered office and head office of the Company is located at Suite 700 – 595 Burrard Street, P.O. Box 49290, Vancouver, British Columbia, V7Z 1S8, and its operational office is located at Plaza Independencia 737, 4th Floor, Montevideo, Uruguay, 11,000. The Company is currently a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

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 tons 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. The term of the Recreational License is five years from January 14, 2016, subject to revocation for non-compliance.

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.

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.

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.". 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.

In connection with the Private Placement, the agents retained by the Company received as part of their commission 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 entitled 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. All of the ICC Broker Warrants have been exercised prior to the date of this MD&A.

Cannabinoids Extraction Segment

In February 2015, the Company acquired an interest in approximately 67 acres of land at its Canelones site 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.

On December 20, 2016, Uruguayan Ministry of Livestock, Agriculture and Fisheries (the "**Ministry**") granted the Company, through its wholly-owned subsidiary Tersum S.A. ("**Tersum**"), an authorization (the "**2016 Authorization**") that permits Tersum to, among other things: (i) plant up to approximately 101 acres of land at its Canelones production site with certain cannabis sativa seeds; (ii) harvest the seeds, stems and flowers of the planted crop; (iii) process the fibre and extract oil from the harvested seed; (iv) sell the processed fibre and harvested seeds in the domestic market to certain authorized buyers; and (v) export the processed fibre and extracted oil, upon receipt of further required authorizations. The 2016 Authorization can be renewed from time to time by the Company, subject to Ministry approval, and currently expires with respect to CW1A and CW2A-B strains of cannabis sativa on July 25, 2018, which Tersum is currently in the process of renewing, and with respect to the Carmagnola Selezionata ("**CS**") and Futura 75 ("**FR**") strains of cannabis sativa on November 7, 2018.

On December 20, 2016, the Company also entered into an agreement to lease 22 acres of additional land adjacent to the Company's Canelones 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 December 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 tons of recreational cannabis per year without additional capital investment.

On July 13, 2017, the Company was approved for recreational cannabis sales in Uruguay by the Uruguayan Ministry of Health for a period of one year, subject to ongoing compliance with sanitation requirements. Tersum is in the process of renewing the authorization.

On July 19, 2017, the Company commenced selling recreational cannabis through registered Uruguayan pharmacies. In the first four months of sale (from July to October 2017), a total of 180 kilograms of recreational cannabis was sold.

As at December 31, 2017, ICC managed approximately 19,532 recreational cannabis plants in production and had harvested 17,225 recreational cannabis plants (approximately 419 kilograms; December 31, 2016: 109 kilograms).

Cannabinoids Extraction Segment

On April 3, 2017, the Company announced the construction of a 21,528 square foot greenhouse at its Canelones site for the production of the Company's cannabis plants from which the Company expects to extract cannabidiol ("**CBD**") and derivatives for medicinal use. In May 2017, the Company completed the setup of the greenhouse and began to germinate approximately 5,000 Helena seeds, with harvesting completed in December 2017. The "Helena" CBD strain is a monoecious homozygous variety that contains 0.07% of tetrahydro-cannabidiol. It also contains between 22 to 35 tons of stem per acre that translates into between 6 to 10 tons of fibre per hectare, between 17 to 24 kilograms of scutch per acre, and between 1.6 to 2.4 tons of seeds per acre. These seeds contain on average an oil content between 28% and 32% and a high protein content of approximately 25%.

On July 25, 2017, the Ministry granted Tersum an authorization (the "**July 2017 Authorization**") that permits Tersum to, among other things: (i) import certain approved varietals of cannabis seeds; (ii) plant up to 595 acres of land at its Canelones and Flores production sites with such varietals of cannabis seeds; (iii) harvest the seeds, stems and flowers of the planted crop; (iv) process the fibre, extract oil from the harvested grain and extract cannabinoids from the harvested flowers, in accordance with certain specified methods and directives; (v) sell the processed fibre and harvested seeds in the domestic market to certain authorized buyers, and subject to certain approvals, the extractions from the flowers; and (vi) export the processed fibre, extracted oil and extractions from the flowers after fulfilling certain stipulated requirements. The July 2017 Authorization expires 360 days after issuance, except for the importation activities, which are authorized for a period of 120 days after the issuance. Tersum is in the process of renewing the authorization.

As at December 31, 2017, ICC managed approximately 4,960 indoor hemp plants in production in its Canelones greenhouse. ICC completed its first indoor-grown and fully organic harvest of medicinal cannabis at the Company's 21,528 sq. ft. greenhouse situated on company-owned land in the Department of Canelones, Uruguay.

Hemp Seed Acquisitions

As discussed above, the Company is currently producing hemp using the Helena variety of the cannabis sativa plant. The Company is continuing to expand its varietals available for lawful production and has recently acquired several additional strains of viable hemp seeds, as discussed below.

In October 2017, ICC acquired 160 kilograms of CW2A-B hemp seeds. The CW2A-B strain has a cannabinoid profile of 9.93% CBD-A and 0.43% THC. The Company intends to sow CW2A-B seeds outdoor at its Canelones site.

In November 2017, ICC acquired 650 kilograms of CS hemp seeds. CS is a dioecious plant known for centuries and currently one of the most commonly grown outdoor hemp varieties used to obtain CBD. Various studies have indicated CS contains high CBD values and a low THC:CBD ratio ranging from 1:4 to 1:10. CS is reasonably drought resistant and typically only requires rain or irrigation during the seed formation stage of the female plants' development. CS crops can produce up to 4 to 4.5 tons of stem per acre, 333 kilograms of seeds per acre and contain an average total fibre content between 31-32%. The Company intends to sow CS seeds outdoor at its Flores and Canelones sites.

In November 2017, ICC acquired 2.6 tons of FR hemp seeds. FR is a monoecious variety of hemp created through lengthy breeding efforts in France to obtain increase seed, CBD and fibre yields. FR's CBD concentration typically varies between 1.5-3% but THC concentration rarely exceeds 0.2%. FR can yield between 333 kilogram and 1 tons of seeds per acre, with the oil content of such seeds ranging from 28-30%. Biomass yield (dry) is 4 to 4.2 tons per acre and fibre content in stems is between 30-35%. The Company intends to sow FR seeds outdoor at its Flores and Canelones sites.

Export Arrangements

The Company continues to seek international export opportunities. For example, on September 20, 2017, the Company entered into a Memorandum of Understanding and Presale Agreement with Energia y Vida de Mexico S.A. de C.V. ("**Energia**"), a licensed producer of dietary supplements and cosmetics in Mexico. Subject to entering into a definitive agreement, until the end of 2018, the Company is to export to Energia for medicinal purposes 10% of its CBD production at prices to be determined under the definitive agreement, subject to applicable regulatory approvals, including those from the TSXV, IRCCA, the Ministry and applicable Mexican authorities. See also "Subsequent Events".

ICC entered into a presale agreement with Brasliv through Brasliv Import and Export ("**Brasliv**") for a term of three years. Subject to ICC and Brasliv entering into a definitive agreement and all requisite regulatory approvals, Brasliv will purchase a minimum of 180,000 thirty milliliter bottles of ICC's CBD oil, under the brand name 'BIDIOL', per year for distribution for medicinal purposes.

Bought Deal Offering

On November 22, 2017, ICC closed a bought deal offering of 23,000,000 units ("**Units**") at a price of Cdn. $1.00 per Unit, including the full exercise of the over-allotment option, for aggregate gross proceeds of Cdn. $23,000,000 (the "**Offering**"). The Offering was underwritten by a syndicate of underwriters led by GMP Securities L.P. and including Haywood Securities Inc., and PI Financial Corp. (collectively, the "**Underwriters**").

Each Unit issued pursuant to the Offering consisted of one common share and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder thereof to acquire one common share at an exercise price of Cdn. $1.50 per common share until November 22, 2019, subject to customary anti-dilution adjustments.

In consideration for the services provided by the Underwriters, the Company paid the Underwriters a cash commission and issued an aggregate of 1,380,000 non-transferable compensation options to the Underwriters (the "**Compensation Options**"). Each Compensation Option is exercisable into one Unit at a price of Cdn. $1.00 until November 22, 2019, subject to customary anti-dilution adjustments.

International Expansion Developments

On June 13, 2017, ICC announced the incorporation of ICC International Cannabis Corp Colombia S.A.S. and its intent to apply for a series of Colombian medicinal cannabis licenses. Subsequent to December 31, 2017, ICC announced that its Colombian subsidiary received various Colombian licenses for the procurement of seeds, growing of psychoactive and non-psychoactive cannabis plants, and the extraction of non-psychoactive cannabinoids, all for medicinal or scientific purposes. See also "Subsequent Events".

On December 19, 2017, ICC signed a term sheet for a proposed strategic investment in Global Group Kalapa S.L. ("**Kalapa**"), a private company headquartered in Barcelona. According to the term sheet, ICC may acquire an initial 25% equity stake in Kalapa to be paid with a combination of cash, pure CBD produced by ICC, and Common Shares with the option to acquire the remaining 75% prior to the end of 2018.

New Chief Executive Officer

On June 26, 2017, Alejandro Antalich was promoted to Chief Executive Officer ("**CEO**") of the Company. Effective as of Mr. Antalich's appointment, Guillermo Delmonte resigned as CEO and a director of the Company.

Mr. Antalich joined the Company in March 2017 as Senior Operations Manager overseeing all of its research and development team initiatives. Mr. Antalich is a seasoned executive with 25 years of experience in pharmacy and pharmaceutical industries.

January 1, 2018 to March 31, 2018

Recreational Segment

As at March 31, 2018, ICC managed approximately 22,618 recreational cannabis plants in production and had harvested 14,340 recreational cannabis plants (approximately 640 kilograms).

Cannabinoids Extraction Segment

On January 11, 2018, ICC completed its first sowing of outdoor-grown medicinal cannabis at 430 acres.

As at March 31, 2018, ICC managed approximately 5,870 indoor hemp plants in production in its Canelones greenhouse and 5,520,000 plants outdoor distributed in Canelones and Flores. ICC expects the harvest to produce approximately 176,400,000 dried grams of hemp.

Hemp Seed Acquisitions

As discussed above, the Company is currently producing hemp using the Helena variety of the cannabis sativa plant. The Company is continuing to expand its varietals available for lawful production and has recently acquired several additional strains of viable hemp seeds, as discussed below.

Export Arrangements

The Company continues to seek international export opportunities, as further described above.

International Expansion Developments

On January 3, 2018, ICC obtained two licenses for its wholly-owned subsidiary in Colombia from the Ministry of Justice and Law of the Republic of Colombia. One license permits ICC to cultivate non-psychoactive cannabis plants to produce various medicinal cannabis-based products for domestic and international distribution. The second license permits ICC to obtain cannabis seeds under the Colombian regulatory regime and use such seeds for its operations. These licenses are each valid for a period of five years and are renewable upon request within three months of expiration.

On January 22, 2018, ICC signed an agreement with ARA - Avanti Rx Analytics Inc. ("**Avanti**"), a subsidiary of Nuuvera Inc. to export CBD crystal. Pursuant to the terms of the agreement, Avanti has agreed to purchase 150 kilograms of CBD in 2018, subject to ICC completing its GMP certified laboratory.

On February 9, 2018, the Ministry of Justice and Law of the Republic of Colombia granted ICC's Colombian subsidiary a license to cultivate psychoactive cannabis plants for medicinal purposes for domestic and international distribution. The Ministry of Health of the Republic of Colombia also granted the subsidiary a license to manufacture cannabis derivatives for medicinal purposes. Such licenses are each valid for a period of five years and are renewable upon request within three months of expiration.

On March 28, 2018, the Company announced the acquisition of Kalapa. The Company will acquire an initial 25% equity stake in Kalapa at an agreed upon valuation of €3,500,000 to be paid with a combination of cash, pure CBD produced by ICC, and Common Shares valued at an agreed upon price per common share of Cdn.$1.40. In addition, ICC will be granted an option to acquire the remaining 75% of Kalapa at the same valuation prior to the end of 2018 in a combination of cash and securities of ICC. See "Subsequent Events".

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 Financial Statements.

Discussion of Operations

The Company through its subsidiaries, is licensed and authorized in Uruguay to produce, develop and sell recreational cannabis, medicinal cannabis extracts and derivatives, and industrial hemp. The Company has two streams of reportable segments: (i) the recreational cannabis segment and (ii) the cannabinoids extraction segment. The cannabinoid extraction segment is intended to largely focus on medicinal cannabis extracts and derivatives from hemp, but also is also expected to result in the production of industrial hemp products.

As of the date of this MD&A, the Company operated on approximately 435 acres of agricultural land in Uruguay, comprised as follows: (1) for its hemp operations, approximately 67 acres at its Canelones site, and approximately 365 acres at its Flores site; and (2) for its recreational cannabis operations, three acres of land leased from the Uruguayan government.

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 tons.

As of December 31, 2017, the Company had sold 266 kilograms of recreational cannabis, generating approximately $218,040 in revenue from such sales through registered Uruguayan pharmacies.

In the three month period ended March 31, 2018, the Company had sold 190 kilograms of recreational cannabis, generating approximately $164,126 in revenue from such sales through registered Uruguayan Pharmacies.

As at date of this MD&A, 24,117 consumers were registered in the system.

The Company is currently increasing production in order to meet its commitment of producing and distributing two tons of recreational cannabis by the end of 2018. 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. As at the date of this MD&A, ICC managed 22,618 recreational cannabis plants and held 1,123 kilograms of recreational cannabis in stock.

Effective in January 2018, the Government of Uruguay increased the domestic retail price for dried recreational cannabis by 6.5% to $1.41 per gram.

Cannabinoids Extraction Segment

On May 2017, ICC successfully completed the setup of its first 21,528 square foot medicinal greenhouse. As of the date of this MD&A, the Company has sowed approximately 5,000 Helena seeds, with harvesting of such seeds completed in December 2017 and yielded 106 kilograms of dried CBD cannabis flowers. The Company has completed sowing its second greenhouse crop with CW2A-B strain.

The Company's Canelones production site is comprised of a 21,528 square foot indoor hemp greenhouse facility and 67 acres to be used in connection with outdoor hemp production. The Company's Flores site is comprised of approximately 500 acres to be used in connection with outdoor hemp production. As indicated above, the Company has authorization to sow seeds for CBD flower production on almost 560 acres of land; however, the Company does not currently have any intention to acquire or lease additional production land, though it may if it considers such acquisition or lease necessary and/or advisable.

Cannabinoids Extraction Segment

On May 2017, ICC successfully completed the setup of its first 21,528 square foot medicinal greenhouse. As of the date of this MD&A, the Company has sowed approximately 5,000 Helena seeds, with harvesting of such seeds completed in December 2017 and yielded 106 kilograms of dried CBD cannabis flowers. The Company has completed sowing its second greenhouse crop with CW2A-B strain.

The Company's Canelones production site is comprised of a 21,528 square foot indoor hemp greenhouse facility and 67 acres to be used in connection with outdoor hemp production. The Company's Flores site is comprised of approximately 500 acres to be used in connection with outdoor hemp production. As indicated above, the Company has authorization to sow seeds for CBD flower production on almost 560 acres of land; however, the Company does not currently have any intention to acquire or lease additional production land, though it may if it considers such acquisition or lease necessary and/or advisable.

The Company is continuing construction of the first CBD extraction laboratory in South America using the supercritical fluid CO2 extraction technique with state-of-the-art equipment from Europe. The laboratory will be built in Uruguay's "science free trade zone". The extraction laboratory will be situated in an area over 16,146 sq. ft., with construction expected to be completed in July 2018. The Company is committed to obtaining Good Manufacturing Practice ("**GMP**") certification and all other certifications required for the lawful production and sale of CBD extracts.

As discussed above, the Company is currently producing hemp using Helena, CS, FR and CW2A-B varieties of the cannabis sativa plant. The Company is continuing to expand its varietals available for lawful production.

On July 25, 2017, the Company was granted specific authorization, which superseded a prior authorization from April 15, 2016, by the Uruguayan Ministry of Livestock, Agriculture and Fisheries to import, plant, harvest, process, sell and export two strains of hemp rich in CBD. As indicated above, the Company has authorization to sow seeds for CBD flower production on almost 600 acres of land.

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)

Total current assets for the Company as of March 31, 2018 were $28,670,564 (December 31, 2017: $16,824,406). The increase is primarily a result of the commencement of seeding hemp.

Non-current financial liabilities decreased from $692,500 as of June 30, 2017 to nil as of March 31, 2018. The decrease was largely attributable to the terms of the acquisition of the materials required for the construction of a greenhouse for approximately $2,770,000, payable to the supplier after the completion of the assemblage in four consecutive semi-annual installments of $692,500 beginning in 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)

For the three month period ended March 31, 2018:

- *Total revenue was $164,126 (March 31, 2017: nil). The increase was attributable to the commencement of sales in the Company's recreational cannabis segment.*
- *The Company's general and administrative expenses were $1,445,810 (March 31, 2017: $641,508). The increase was attributable to the commencement of operations in hemp division and the commencement of sales in recreational segment.*
- The Company's profit/loss from continuing operations attributable to the owners of the parent, and profit/loss attributable to the owners of the parent, was both $5,923,776 (March 31, 2017: loss $649,988). The increase was attributable to the commencement of seeding and growing of hemp.

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 of Cdn.$13,000,000 ($9,651,076) and net proceeds after payment of related commissions and transaction costs of Cdn.$11,545,017 ($8,570,911). On November 22, 2017, the Company closed the Offering for gross proceeds of Cdn.$23,000,000 ($18,101,000) and net proceeds after payment of related commissions and transaction costs of Cdn.$21,107,789 ($16,611,830).

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 June 29, 2017, $1,000,000 invested by the Company on January 23, 2017 was repaid with interest.

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, 2018, 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	$974,903	$-	$974,903
Total	$974,903	**$-**	$974,903

Capital Resources

As of the date of this MD&A, the Company had no assumed no enforceable and legally binding obligations related to capital expenditures.

Off-Balance Sheet Arrangements

The Company currently has no off-balance sheet arrangements.

Transactions between Related Parties

Prior to the completion of the Qualifying Transaction, the Company funded operations through the support and management services provided by companies associated with a shareholding company of ICC. The amounts due at quarter end are owing to several entities of this group of companies.

Prior to the completion of the Qualifying Transaction, the Company's controlling shareholder was Union Group. Union Group continues to be an existing shareholder of the Company.

The following transactions were carried out with related entities:

		March 31, 2018	March 31, 2017
		US$	US$
Opening balances		695,881	(387,269)
Financing facility draw-downs	(a)		97,602
Payments on behalf of ICC	(b)	(1,514,197)	-
Office leases charged		(11,700)	11,700
Accrued interest			-
Repayments		11,700	(819,436)
			1,827
Settlement	(c)	1,716,969	469,895
			-
Closing balances	(d)	**898,652**	**(625,682)**

Notes:

(a) During the three month period ended March 31, 2018, no amount was drawn down on the UG Facility.
(b) Included payments made by the Union Group on behalf of ICC and other expenses
(c) Included the cash sent to Union Group accounts for paying capital expenses and other expenses.
(d) As of March 31, 2018, the Company maintained an account receivable from Union Capital Group S.A., a subsidiary of Union Group, of $36,764 (December 31, 2017: $59,515), an account receivable from Union Capital Group International Holding, a subsidiary of Union Group, of $765,317 (December 31, 2017: $539,794) and an account receivable from Union Group of $96,572 (December 31, 2017: $96,572).

Key management personnel

For the three-month period ended March 31, 2018, the Company granted $57,018 in remuneration to senior management and directors (March 31, 2017: $39,215). At March 31, 2018, the Company included $34,700 in accounts payable and other accrued liabilities for amounts due to senior management and directors (December 31, 2017: $26,151).

For the three-month period ended March 31, 2018, the Company granted $2,227,818 of share-based compensation to senior management, directors and consultants (March 31, 2017: $20,622).

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. If any of the following or other risks occur, ICC's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Risk factors relating to ICC include, but are not limited to, the factors set out below.

Business Risks

Limited Operating History

ICC is an early stage company having been founded in 2014 and, as a result, it has a limited operating history upon which its business and future prospects may be evaluated. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Company to meet future operating and debt service requirements, it will need to be successful in its growing, marketing and sales efforts. Additionally, where ICC experiences increased sales, ICC's current operational infrastructure may require changes to scale ICC's business efficiently and effectively to keep pace with demand and achieve long-term profitability. If ICC's products and services are not accepted by new customers, ICC's operating results may be materially and adversely affected.

Regulatory Compliance Risks

Achievement of ICC's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by applicable governmental authorities and the TSXV and obtaining all regulatory approvals, where necessary, for the sale of its products. ICC may not be able to obtain or maintain the necessary licenses, permits, authorizations, accreditations or banking facilities, or may only be able to do so at great cost, to operate its business. ICC cannot predict the time required to secure all appropriate regulatory approvals for its products and its business, or the extent of testing and documentation that may be required by local governmental authorities.

To date, ICC has received recreational and hemp-related cannabis licenses and authorizations from the Uruguayan government and medicinal cannabis licenses from the Colombian government.

The impact of the compliance regime, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of ICC.

ICC will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. ICC may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to ICC's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of ICC.

Change of Cannabis Laws, Regulations and Guidelines

Cannabis laws and regulations, including the TSXV's interpretation thereof, are dynamic and subject to evolving interpretations which could require ICC to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of ICC's businesses. ICC cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on ICC's business. Management expects that the legislative and regulatory environment in the cannabis industry in Uruguay and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on ICC's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions.

Reliance on Licenses and Authorizations

ICC's ability to import, grow, store and sell cannabis and hemp in Uruguay, Colombia or internationally is dependent on ICC's ability to sustain and/or obtain the necessary licenses and authorizations by certain authorities in Uruguay, Colombia and/or the importing jurisdiction. The licenses and authorizations are subject to ongoing compliance and reporting requirements and the ability of ICC to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on the business, financial condition and operating results of ICC.

Although ICC believes that it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. Should the authorities fail to issue the necessary licenses or authorizations, ICC may be curtailed or prohibited from the production and/or distribution of cannabis and hemp or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of ICC may be materially adversely affected.

Ability of ICC and its Customers to Establish and Maintain Bank Accounts

There is a risk that banking institutions in countries where ICC or its prospective customers operate will not accept payments related to the cannabis industry, whether owing to domestic laws and regulations or pressure exerted by the United States on banks with laws subject to the laws of the United States (including the Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act)). Such risks could increase costs for ICC or negatively affect its business. In the event financial service providers do not accept accounts or transactions related to the cannabis industry, it is possible that ICC may be required to seek alternative payment solutions, including but not limited to crypto currencies such as Bitcoin. There are risks inherent in crypto currencies, most notably its volatility and security issues. If the industry was to move towards alternative payment solutions and accept payments in crypto currency ICC would have to adopt policies and protocols to manage its volatility and exchange rate risk exposures. ICC's inability to manage such risks may adversely affect ICC's operations and financial performance.

Certain Uruguayan pharmacies registered to sell recreational cannabis in Uruguay have experienced difficulties in obtaining or maintaining bank accounts. Although, ICC does not directly sell to the registered pharmacies, but rather, to the Uruguayan government who acts as an intermediary, there is a risk that the number of Uruguayan pharmacies willing to sell recreational cannabis will be negatively impacted by such pharmacies' difficulties in obtaining or maintaining bank accounts, thereby negatively affecting ICC's business.

Anti-money Laundering Laws and Regulations

The Company and its shareholders are subject to a variety of laws and regulations within Uruguay and internationally that involve money laundering, financial recordkeeping and proceeds of crime. In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments are found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada or to any shareholders' jurisdiction of residence. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, in the event that a determination was made that the revenues from the Company's cannabis operations could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Expansion of Facilities and Operations

There is no guarantee that the Company will receive requisite regulatory approvals, including any required from the TSXV, in a timely fashion or at all, regarding its prospective 1,000,000 square foot greenhouse in Uruguay or its prospective medicinal cannabis operations in Colombia. The failure of the Company to successfully execute its expansion strategy (including receiving the expected regulatory approvals in a timely fashion) could adversely affect the business, financial condition and results of operations of the Company and may result in the Company not meeting anticipated or future demand when it arises.

Foreign Trade Policies

ICC's prospective international operations are subject to inherent risks, including changes in the regulations governing the flow of cannabis products between countries, fluctuations in currency values, discriminatory fiscal policies, unexpected changes in local regulations and laws and the uncertainty of enforcement of remedies in foreign jurisdictions. In addition, foreign jurisdictions, could impose tariffs, quotas, trade barriers and other similar restrictions on ICC's international sales and subsidize competing cannabis products. All of these risks could result in increased costs or decreased revenues, either of which could have a material adverse effect on ICC's financial condition and results of operations.

Canadian Regulatory and Civil Proceedings

The sale and distribution of certain cannabis products for medicinal use by licensed producers is legal in Canada. The Canadian federal government publicly announced that it expects to regulate cannabis for recreational use in the summer of 2018.

ICC conducts sales of recreational cannabis in Uruguay pursuant to licenses and authorizations granted by IRCCA. Consequently, certain activities conducted by ICC are permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk however that the Canadian courts or applicable Canadian or other governmental authorities may take a contrary view with respect to the business of ICC and view ICC as having violated their local laws, despite ICC having obtained all applicable Uruguayan licenses or authorizations and despite that ICC does not carry on business in Canada. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against ICC. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon ICC or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on ICC's business, revenues, operating results and financial condition as well as impact upon ICC's reputation.

British Virgin Islands Regulatory and Civil Proceedings

The production, sale and distribution of cannabis products have not been legalized in the British Virgin Islands ("**BVI**"). ICC operates in Uruguay pursuant to licenses and authorizations granted by IRCCA and the Uruguayan Ministry of Livestock, Agriculture and Fisheries and intends to operate in Colombia pursuant to licenses granted by the Ministry of Justice and Laws. Consequently, certain activities conducted by ICC are permissible under one regulatory regime while not under another. There is therefore a risk that BVI courts or applicable BVI or other governmental authorities may take the view that the business of ICC has violated their local laws, despite ICC having obtained all applicable Uruguayan licenses or authorizations and despite that ICC does not carry on business in the BVI. Therefore, there is a risk that civil and criminal proceedings could be initiated against ICC and its directors and officers. Due to the nature of its business activities there is also a risk that the BVI authorities could seek to have ICC wound up on the grounds of public interest and to appoint a liquidator to take possession of ICC's worldwide assets. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon ICC or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on ICC's business, revenues, operating results and financial condition as well as impact upon ICC's reputation.

Liability, Enforcement, Complaints, etc.

ICC's participation in the cannabis and hemp industries may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against ICC. Litigation, complaints, and enforcement actions involving ICC could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on ICC's future cash flows, earnings, results of operations and financial condition.

Legal Proceedings

From time to time, ICC may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. ICC will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on ICC's financial results.

Demand for Cannabis and Derivate Products

The sale of recreational cannabis and hemp in Uruguay, and medicinal cannabis products in Colombia, is a new industry as a result of recent legal and regulatory changes. Although the Uruguayan Government expects the demand for licensed recreational cannabis to be in excess of the supply being produced by the licensed producers, there is a risk that such demand does not develop as anticipated. Further, there is a risk that the adoption rate by Uruguayan pharmacies to sell recreational cannabis is lower than expected or that such adoption rate may take longer than anticipated. There is also a risk that the international export market for medicinal cannabis and extracts, such as CBD, CBG and CBC, will not materialize as projected or not be commercially viable.

Should any of such events materialize, they may have a material adverse effect on the business, results of operations and financial condition of ICC.

Weather, Climate Change and Risks Inherent in an Agricultural Business

ICC's business involves the growing of cannabis, which is an agricultural product. Although ICC's recreational cannabis is intended to be grown in indoor greenhouses, hemp used as feedstock for medicinal extracts and derivatives will be grown both outdoors and in greenhouses. Further, ICC's prospective Colombian medicinal cannabis operations will initially focus on outdoor production. The occurrence of severe adverse weather conditions, especially droughts, hail, floods or frost, is unpredictable and may have a potentially devastating impact on agricultural production and may otherwise adversely affect the supply of cannabis and hemp. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce ICC's yields or require ICC to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. In 2008 and 2009, Uruguay suffered one of its worst droughts of the last 70 years. Future droughts could reduce the yield and quality of ICC's cannabis production, which could materially and adversely affect ICC's business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agriculture, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, ICC's results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect ICC's operating results and financial condition. Furthermore, if ICC fails to control a given plant disease and the production is threatened, ICC may be unable to supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on any such production.

Product Liability

As a distributor of products designed to be ingested or inhaled by humans, ICC faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury.

In addition, the sale of ICC's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of ICC's products alone or in combination with other medications or substances could occur.

ICC may be subject to various product liability claims, including, among others, that ICC's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claims or regulatory action against ICC could result in increased costs, could adversely affect ICC's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of ICC. There can be no assurances that ICC 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 ICC'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 labelling disclosure. If any of ICC's products are recalled due to an alleged product defect or for any other reason, ICC could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. ICC may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although ICC has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if ICC is subject to recall, the image of ICC could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for ICC's products and could have a material adverse effect on the results of operations and financial condition of ICC. Additionally, product recalls may lead to increased scrutiny of ICC's operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses and potential legal fees and other expenses.

Seasonality

ICC's recreational cannabis and some of its hemp crop is grown in greenhouses. Further hemp crops will be grown outdoors. ICC's business is seasonal, based upon the planting, growing and harvesting cycles. For example, in winter months, ICC expects to rely more on indoor lighting than in the summer months when sunlight is more sample. As a result, costs of production are likely to increase and yields are likely to decrease in the winter months. The inherent seasonality of the cannabis industries could have a material adverse effect on the ICC's business. In addition, quarterly results can vary significantly from one year to the next due primarily to weather-related shifts in planting schedules, production yields, purchase patterns and costs. ICC will incur substantial expenditures for fixed costs throughout the year and substantial expenditures for inventory in advance of the planting season.

Seasonality also relates to the limited windows of opportunity that ICC has to complete required tasks at each stage of cannabis crop cultivation. Should events such as adverse weather or transportation interruptions occur during these seasonal windows, ICC would face reduced revenue without the opportunity to recover until the following season.

Energy Prices and Supply

ICC requires substantial amounts of diesel and electric energy and other resources for its harvest activities and transport of cannabis and hemp. ICC relies upon third parties for its supply of energy resources used in its operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. If energy supply is cut for an extended period of time and ICC is unable to find replacement sources at comparable prices, or at all, ICC's business, financial condition and results of operations would be materially and adversely affected.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Company's management team, could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. At present and for the near future, ICC will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require ICC to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and ICC may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

Managing Growth

In order to manage growth and change in strategy effectively, the Company must (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, ICC expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

Changes in Corporate Structure

Uruguayan Law No. 19,172 and Decree 250/15 provide that once a company is granted a license for cannabis production, hemp production and production of cannabis related products, any modification of the corporate structure, as well as the issuance of shares, or any changes in holders, shall be included in determining "control" as established in article 7 of the Decree. The licensee has an obligation to inform IRCCA of any such share issuance or change in holders, which shall require a report from the National Anti-Money Laundering Secretariat, before expressly granting an authorization. Omission to inform shall result in the immediate suspension of the license granted without any responsibility to IRCCA. IRCCA may at any time require an update regarding the identity of the holders of the license granted, including the equity-interest holders in the case of a corporation, as well as other aspects included in the license. Art. 7 provides for the authority to request information regarding the corporate structure of the applicant for the purpose of adequately identifying the final beneficiaries, as well as the origin of the funds that the applicant proposes to use for the execution of the project, within the scope of the rules in force regarding the prevention of money laundering and the financing of terrorism. IRCCA is permitted to request such information and clarification as it deems pertinent. In this regard, IRCCA shall request the report from the National Anti-Money Laundering Secretariat before granting the respective license or change therefor.

The aforementioned may also be considered applicable regarding the Uruguayan Ministry of Livestock, Agriculture and Fishery in respect to authorizations granted by such authority.

Risks Inherent in Uruguayan Rural Real Estate

Uruguayan Law No. 18,092 (as amended by Uruguayan Law No. 18,172) provides as a general rule, that legal entities shall be entitled to own rural lands or perform agrarian activities, provided they are personal legal entities or corporations included under Uruguayan Law 16,060 (Uruguayan Companies Act), which total capital stock is represented by nominative quotas or shares owned by natural persons. This provision only applies to rural real estate used for agrarian activities,

Different positions have been argued in Uruguay if foreign companies (such as ICC BVI) or Uruguayan companies which shareholders are foreign companies owned by natural persons (such as Tersum) are entitled or not under the law to own or exploit rural land. If considered not to be entitled, then the companies would have been considered obliged to apply for a prior authorization (either to own or exploit rural land) to the Executive Branch of the Uruguayan Government.

The Company's recreational and hemp-related cannabis licenses and authorizations granted by the Government of Uruguay were granted to perform the respective activities on rural land and could be considered to be agrarian activities. In this regard, ICC BVI and Tersum have not requested an authorization from the Executive Branch of the Uruguayan Government to exploit the rural land as the Company believes that they are already entitled to conduct such activities.

Consequences of being in default are not specifically provided under the applicable law (except with respect to a certain transition period which has already expired). Therefore, legal scholars contemplate three possible positions regarding ownership of rural real estate or agricultural exploitation by a person who would not be entitled according to the law, and had not been granted a prior authorization by the Executive Branch of the Uruguayan Government: (i) the prior authorization is a constituting requirement of validity of legal transactions, and therefore if not obtained would cause the legal transactions to be void or voidable; (ii) the prohibition is directed to specific and concrete subjects of law, instead of legal transactions, and therefore, the acts performed by those persons would be considered non-existent; and (iii) the continued performance of an unlawful or prohibited activity or unlawful acts of such gravity that distorts the corporate purpose, by the company ruled under Uruguayan Corporate law number 16,060, then it would be consider dissolute.

The legal framework of this regime is relevant regarding Tersum's interest to acquire the rural land on which hemp exploitation takes place, through a "Promesa de Compraventa". Regarding the real right that the Promesa de Compraventa would grant to Tersum, once registered, the company would not apply for an authorization, considering the opinion that the law limits the right of ownership over rural land, but not the rights derived from a Promesa de Compraventa. The registration of the Promesa de Compraventa by the Registry of Real Property would not have the effect of making the legal transaction valid and binding, if considered to be void, voidable or inexistent according to the above-mentioned interpretations.

The abovementioned general rule has the following exceptions, which are expressly regulated by Decrees Nos. 225/07 and 201/08:

(a) the public company exception, which is based on specific features of the legal entities, including domestic or foreign corporations whose shares are traded on well-known local or foreign stock exchange markets, domestic or foreign pension funds (the "**Public Company Exception**"); and

(b) exceptions granted to legal entities (including corporations, branches of foreign companies, trusts and investment funds) with bearer or registered shares not covered by (a) above, including legal entities that develop activities which constitute part of a project considered as a priority for the productive development of Uruguay (the "**Productive Project Exception**", and with the Public Company Exception, each an "**Exception**").

Generally, the process for obtaining governmental authorization for an Exception takes approximately one year but may vary on a case-by-case basis. Once an Exception is authorized, new authorizations relating to the buying, leasing, acquiring or exploiting of additional land become subject to the fast-track process whereby transfers will be automatically authorized in the absence of any formal objection within 30 days of application. As a result, obtaining new authorizations is expected to take approximately 45 days. There is no certainty that an Exception will be granted if ICC BVI or Tersum make an application to obtain an Exception.

On September 24, 2014, a restriction to foreign ownership of land which only applies to foreign states and foreign sovereign funds was established by Uruguayan Law No. 19,283. As a result of the passing of this law, ownership and use of rural land by foreign states and foreign sovereign funds is restricted with the aim of preserving and protecting the Uruguayan State's sovereignty over its natural resources and, in particular, over its land. In order to achieve this, Uruguayan Law No. 19,283 provides that rural land and agricultural operations may not be owned or held by corporations controlled by foreign states or by foreign sovereign funds. Further, corporations with bearer shares having these characteristics (non-controlling foreign state participation) can own rural land in Uruguay if they previously obtain a productive project exemption, which among others provide evidence that they are carrying out a productive project, using innovative technologies and creating local employment.

Based on the guidelines provided by the Uruguayan Corporations Law, the determination of a controlling stake will take into account if ICC BVI is under the dominant influence of the stakeholder. This means that the application of Uruguayan Law No. 19,283 may not only be made on the basis of stock ownership but may also consider special ties between the shareholder and ICC BVI.

Emerging Market Risks

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

Uruguay and Colombia's legal and regulatory requirements in connection with companies conducting agricultural activities, banking system and controls as well as local business culture and practices are different from those in Canada. The officers and directors of ICC must rely, to a great extent, on the Company's local legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect ICC's business operations, and to assist ICC with its governmental relations. The Company must rely, to some extent, on the members of management who have previous experience working and conducting business in Uruguay and Colombia to enhance its understanding of and appreciation for the local business culture and practices in such countries. ICC also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the control of ICC and may adversely affect its business.

ICC also bears the risk that changes can occur to the Government of Uruguay or Government of Colombia and a new government may void or change the laws and regulations that ICC is relying upon. Currently, there are no restrictions on the repatriation from Uruguay or Colombia of earnings to foreign entities and neither Uruguay nor Colombia has never imposed such restrictions. However, there can be no assurance that restrictions on repatriation of earnings will not be imposed in the future. Exchange control regulations for Colombia require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

Due to its location in Uruguay and Colombia, ICC depends in part upon the performance of such economies. As a result, ICC's business, financial position and results of operations may be affected by the general conditions of such economies, price instabilities, currency fluctuations, inflation, interest rates, regulatory changes, taxation changes, social instabilities, political unrest and other developments in or affecting such countries over which the Company does not have control. Because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect in which an entire region or class of investment is disfavored by international investors, Uruguay and Colombia could also be adversely affected by negative economic or financial developments in other emerging market countries.

Risks Related to Conducting Operations in Uruguay

Uruguay has a history of economic instability or crises (such as inflation or recession). Despite there is no current political instability, and historically there has been no change in laws and regulations, this can be different in the future and could adversely affect ICC’s business, financial condition and results of operations.

In particular, fluctuations in the Uruguayan economy and actions adopted by the Government of Uruguay have had and may continue to have a significant impact on companies operating in Uruguay, including ICC. Specifically, ICC may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Uruguay and in other countries that may affect Uruguay.

At the end of 2001 and into 2002, a banking crisis erupted in Uruguay as a result of the financial crisis in neighboring Argentina and the capital controls and deposit freezes imposed in response by the Argentine government. As a result of high levels of exposure to Argentina, banks in Uruguay began facing liquidity problems, causing large waves of deposit withdrawals from the Uruguayan banking sector, severely impacting solvency of banks, lending, liquidity and economic growth. Future banking crises, including those triggered by neighboring countries, could occur in Uruguay, which could materially and adversely affect ICC’s business, financial condition and the results of its operations.

In addition, in the past, high levels of inflation have adversely affected Uruguay’s economy and financial markets, and the ability of its government to create conditions that stimulate or maintain economic growth. Moreover, governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and have created general economic uncertainty. According to the World Bank, inflation in Uruguay reached a high of 112.5% in 1990 and has remained relatively high at 8.1% in 2016, 9.4% in 2015 and 8.9% in 2014. A portion of ICC’s operating costs are denominated in Uruguayan pesos. Inflation in Uruguay, without a corresponding peso devaluation could result in an increase in ICC’s operating costs without a commensurate increase in ICC’s revenues, which could adversely affect ICC’s financial condition and its ability to pay its foreign denominated obligations.

Uruguay may continue to experience relatively high levels of inflation in the future, which may impact domestic demand for ICC’s products. Inflationary pressures may also weaken investor confidence in Uruguay, curtail ICC’s ability to access foreign financial markets and lead to further government intervention in the economy, including interest rate increases, restrictions on tariff adjustments to offset inflation, intervention in foreign exchange markets and actions to adjust or fix currency values, which may trigger or exacerbate increases in inflation, and consequently have an adverse impact on ICC. In an inflationary environment, the value of uncollected accounts receivable, as well as of unpaid accounts payable, declines rapidly. If Uruguay experiences high levels of inflation in the future and price controls are imposed, ICC may not be able to adjust the rates ICC charges its customers to fully offset the impact of inflation on ICC’s cost structures, which could adversely affect its business, financial condition and results of operations.

Depreciations of the peso relative to the U.S. dollar or the Euro may also create additional inflationary pressures in Uruguay that may negatively affect ICC. Depreciations generally curtail access to foreign financial markets and may prompt government intervention, including recessionary governmental policies. Depreciations also reduce the U.S. dollar or Euro value of dividends and other distributions on the Common Shares and the U.S. dollar or Euro equivalent of the market price of the Common Shares. Any of the foregoing could materially and adversely affect the ICC’s business, operating results, and cash flows, as well as the market price of the Common Shares.

Conversely, in the short-term, a significant increase in the value of the peso against the U.S. dollar would adversely affect the Uruguayan government’s income from exports. This could have a could negative effect on gross domestic product, or GDP, growth and employment and could also reduce the public sector’s revenues in the country by reducing tax collection in real terms, as a portion of public sector revenues are derived from the collection of export taxes.

Risks Related to Conducting Operations in Colombia

The Company recently acquired medicinal cannabis licenses in Colombia. Over the past 10 to 15 years, the Government of Colombia has made strides in improving the social, political, economic, legal and fiscal regimes. However, operations in Colombia will still be subject to risk due to the potential for social, political, economic, legal and fiscal instability. The Government of Colombia faces ongoing problems including, but not limited to, unemployment and inequitable income distribution and unstable neighboring countries. The instability in neighboring countries could result in, but not limited to, an influx of immigrants which could result in a humanitarian crisis and/or increased illegal activities. Colombia is also home to a number of insurgency groups and large swaths of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, a prevalence of kidnapping, extortion and thefts and civil unrest in certain areas of the country. Such instability may require ICC to suspend operations on its properties.

Although ICC is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the ICC's operations, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, or other matters.

The Government of Colombia recently reached a peace accord with the country's largest guerrilla group. The Government of Colombia also entered into and dissolved formal discussions with the country's second largest guerrilla group due to their unwillingness to cease criminal and violent crimes. There is no certainty that the agreements will be adhered to by all of the members of the guerrilla groups or that a peace agreement will be ultimately reached with the country's second largest guerrilla group. There is a risk that any peace agreement might contain new laws or change existing laws that could have a material adverse effect on ICC. Furthermore, the achievement of peace with the country's guerrilla groups could create additional social or political instability in the immediate aftermath, which could have a material adverse effect on ICC Colombia.

Global Economy

Financial and commodity markets in Uruguay and Colombia are influenced by the economic and market conditions in other countries, including other South American and emerging market countries and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Uruguay and Colombia, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into, and the market value of securities of issuers with operations in Uruguay and Colombia.

An economic downturn or volatility could have a material adverse effect on ICC's business, financial condition and results of operations. The economy of the Uruguay, where ICC's operations are located, has experienced significant economic uncertainty and volatility during recent years. A weakening of economic conditions could lead to reductions in demand for ICC's products.

For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on ICC's products. In addition, as a result of volatile or uncertain economic conditions, ICC may experience the negative effects of increased financial pressures on its clients. For instance, ICC's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in ICC incurring increased bad debt expense. If ICC is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

A crisis in other emerging market countries could dampen investor enthusiasm for securities of issuers with South American operations, including the Common Shares. For example, in 2002, Uruguay experienced its steepest economic and financial crisis in recent history, resulting mostly from external factors. Devaluation in neighboring Brazil in 1999 made Uruguayan goods less competitive. Starting in late 2001, an economic crisis in Argentina also undermined Uruguay's economy. In mid-2002, Argentine withdrawals from Uruguayan banks started a bank run which was overcome only by massive borrowing from international financial institutions, leading in turn to serious debt sustainability problems. Financial conditions in Argentina, Brazil or other emerging market countries could negatively impact Uruguay's economy in the future. If such fluctuations were to occur, ICC's business, financial condition and results of operations could be materially and adversely affected.

Insurance Coverage

ICC's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labor disputes, changes in the legal and regulatory framework applicable to ICC and environmental contingencies.

ICC has received confirmation from the *Banco de Seguros del Estado* (the state-owned insurance company) that they will provide insurance coverage over ICC's production and facilities. *Operations in Spanish*

As a result of ICC conducting its operations in Uruguay and, prospectively Colombia, the books and records of ICC, including key documents such as material contracts and financial documentation are principally negotiated and entered into in the Spanish language and English translations may not exist or be readily available.

Financial and Accounting Risks

Access to Capital

In executing its business plan, ICC makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, ICC has financed these expenditures through offerings of its equity securities and debt financing. ICC will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. ICC may incur major unanticipated liabilities or expenses. ICC can provide no assurance that it will be able to obtain financing to meet the growth needs of ICC.

Foreign Sales

ICC's functional currency is denominated in U.S. dollars. ICC currently expects that sales will be denominated in Uruguayan pesos and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In addition, ICC incurs the majority of its operating expenses in U.S. dollars. In the future, the proportion of ICC's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. ICC has not previously engaged in foreign currency hedging. If the Company decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Company from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. ICC bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the notes accompanying its financial statements,
the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. ICC's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause ICC's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Company. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

Tax Risks

The Company will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Company's provision for income taxes and other tax liabilities will require significant judgment.

The Company will be subject to different taxes imposed by the Uruguay government any changes within such tax legal and regulatory framework may have an adverse effect on the Company's financial results. All current tax legislation is a matter of public record and the Company will be unable to predict which additional legislation or amendments may be enacted. There are two bills being analyzed by the Uruguayan legislative branch that if enacted could have a material adverse impact on the Company and cause increases in expenditures and costs, affect the Company's liability to expand or transfer existing operations or share tenancies.

Risks Related to the Common Shares

Market for the Common Shares

There can be no assurance that an active trading market for the Common Shares will be sustained. ICC cannot predict the prices at which the Common Shares will trade. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include: (i) announcements of new offerings, products, services or technologies; commercial relationships, acquisitions or other events by the Company or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of agriculture companies; (iv) fluctuations in the trading volume of the Common Shares or the size of the Company's public float; (v) actual or anticipated changes or fluctuations in the Company's results of operations; (vi) whether ICC's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving the Company, its industry, or both; (ix) regulatory developments in the Canada, Uruguay and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Common Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on ICC from any of the other risks cited herein.

No History of Payment of Cash Dividends

ICC has never declared or paid cash dividends on the Common Shares. ICC intends to retain future earnings to finance the operation, development and expansion of the business. ICC does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of its board of directors and will depend on the Company's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the board considers relevant.

Reporting Issuer Status

As a reporting issuer, the Company is subject to reporting requirements under applicable securities law and TSXV policies. Compliance with these requirements result in legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting.

In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight is required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses. Management of ICC believes that being a reporting issuer makes it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Significant Sales of Common Shares

Although Common Shares held by existing shareholders of Common Shares are freely tradable under applicable securities legislation, certain Common Shares held by ICC's directors, executive officers, Control Persons and certain other securityholders of ICC are subject to escrow and seed share resale restrictions pursuant to the policies of the TSXV. Sales of a substantial number of the Common Shares in the public market after the expiry of such restrictions or the perception that these sales could occur, could adversely affect the market price of the Common Shares and may make it more difficult for investors to sell Common Shares at a favorable time and price.

Analyst Coverage

The trading market for the Common Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about the Company or its business. The Company will not have any control over these analysts. If one or more of the analysts who covers the Company should downgrade the Common Shares or change their opinion of the Company's business prospects, the Company's share price would likely decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the Company could lose visibility in the financial markets, which could cause the Company's share price or trading volume to decline.

Tax Issues

There may be income tax consequences in relation to the Common Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Outstanding Share Data

The Company is authorized to issue an unlimited number of Common Shares, of which 138,046,192 are currently issued and outstanding as of the date of this MD&A.

Stock Options

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.

On March 9, 2017, the Company issued options to purchase up to 500,000 Common Shares at an exercise price of Cdn.$0.86 per share and options to purchase up to 250,000 Common Shares at an exercise price of Cdn.$1.50 per share, with all such options expiring on March 9, 2027.

On June 6, 2017, 79,900 Common Shares at a price of Cdn.$0.50 per share were issued upon the exercise of options.

On June 26, 2017, the Company issued options to purchase up to 150,000 Common Shares at an exercise price of Cdn.$1.40 per share, with all such options being cancelled and terminated in connection with the recipient ceasing to provide consulting services to the Company.

Between November 2, 2017 and November 8, 2017, 500,000 Common Shares were issued at a price of Cdn.$0.50 per share upon the exercise of options.

On November 29, 2017, the Company issued options to purchase up to 250,000 Common Shares at an exercise price of Cdn.$0.98 per share and options to purchase up to 200,000 Common Shares at an exercise price of Cdn.$1.25 per share, with all such options expiring on November 29, 2027.

On January 10, 2018, the Company issued options to purchase up to 4,252,018 Common Shares at an exercise price of Cdn.$1.42 per share, with all of such options expiring on January 10, 2028.

On April 30, 2018, ICC issued options to purchase up to 300,000 Common Shares at an exercise price of Cdn.$1.44 per share, with all such options expiring April 30, 2023.

As of the date of this MD&A, subject to the terms of the Option Plan, options to purchase up to 12,160,118 Common Shares are outstanding and options to purchase 1,644,501 Common Shares are available for grant.

Warrants

On November 22, 2017, the Company issued 11,500,000 Warrants in connection with the Offering. An additional 40,641 Warrants were issued in connection with the exercise of Compensation Options (as described below), and as a result, as of the date of this MD&A 11,540,641 Warrants are issued and outstanding.

Broker Warrants and Compensation Options

On April 21, 2017, 1,456,000 Common Shares were issued and on January 22, 2018, 364,000 Common Shares were issued, each at a price of Cdn.$0.50 per share upon the exercise of ICC Broker Warrants. As at the date of this MD&A, no ICC Broker Warrants are outstanding.

On November 22, 2017, the Company issued 1,380,000 Compensation Options in connection with the Offering. On February 6, 2018, and April 16, 2018, 68,862 and 12,420 of such Compensation Options were exercised, respectively, leaving 1,298,718 Compensation Options issued and outstanding as of the date of this MD&A.

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 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, 2018, 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

On April 2, 2018, ICC entered into a framework collaboration agreement with the Pasteur Institute of Montevideo, a Uruguayan foundation devoted to biomedical research. Over a period of two years, ICC will provide $400,000 in funding and three Phyto cannabinoid extracts to the research program and the Pasteur Institute will conduct various scientific and medicinal research activities designed to ascertain potential effects of the Phyto cannabinoids on immune response, neuroprotection and intestinal microbiota. The direct results of the research program are expected to be owned solely by ICC.

On April 3, 2018, ICC entered into a term sheet with Canadian-based Sundial Growers Inc. ("**Sundial**"), a Health Canada ACMPR-approved licensed producer of medicinal cannabis. Pursuant to the term sheet, the parties agreed to negotiate definitive commercial agreements for the sale by ICC of up to 250,000 grams of CBD crystal per year for distribution by Sundial in the Canadian and international markets, subject to ICC completing its GMP certified laboratory and Sundial obtaining its sales license.

On April 3, 2018, ICC entered into a letter of intent with Eurofarma Uruguay S.A., a member of the Eurofarma group of companies. The Eurofarma group is a Brazilian-owned multinational pharmaceutical producer. Pursuant to the letter of intent, the parties have agreed to negotiate definitive commercial agreements pursuant to which Eurofarma will blend, bottle and package, in accordance with GMP, for sale by ICC, various products derived from ICC's CBD extractions that will be used for medicinal purposes.

On April 5, 2018, the Company agreed to provide a line of credit for up to €100,000 to Kalapa at 3.8% per annum payable 12 months after disbursement and convertible into shares towards the acquisition.

On April 16, 2018, 12,420 Compensation Options were exercised resulting in the issuance of 12,420 Common Shares and 6,210 Warrants.

On April 26, 2018, ICC announced that it had commenced construction of a 124,000 sq. ft. greenhouse in Colombia for the production of medicinal, high-THC strains of cannabis.

On April 30, 2018, ICC issued options to purchase up to 300,000 Common Shares at an exercise price of $1.44 per share, with all such options expiring on April 30, 2023.

On May 9, 2018, ICC BVI signed a quotas purchase agreement with Kalapa for the acquisition by ICC of 788 quotas of Kalapa, representing a 25% equity stake in Kalapa at an agreed upon valuation of €3,500,000 to be paid with a combination of cash and Common Shares valued at an agreed upon price per common share of Cdn.$1.40. ICC is also obliged to provide Kalapa with CBD raw material with a volume of €140,000. In addition, Kalapa has granted to ICC, subject to the terms and conditions of the agreement, an irrevocable option to purchase up to 75% of the quotas of Kalapa until October 31, 2018. Closing remains subject to TSXV approval.

On May 11, 2018, Tersum S.A., obtained a 100% organic certificate for hemp (Cannabis Sativa) from the Organización Internacional Agropecuaria. The certification applies to hemp produced at the Company's Canelones site in Uruguay, where the Company is authorized by the Ministry of Agriculture to grow hemp on up to 101 acres. The organic certification was completed in accordance with the terms of the United States-Canada Organic Equivalence Arrangement.

The certificate continues in effect until surrendered, suspended or revoked. In the third week of May 2018, ICC commenced its first outdoor hemp harvest, which is expected to finish one month after commencement.

On May 22, 2018, ICC signed a letter of intent with CanPharma GmbH (**"CanPharma"**), a licensed importer and wholesaler of narcotics in the Federal Republic of Germany. Through its relationship with CanPharma, ICC intends to export to Germany CBD isolate, oils and other derivatives, as well as various medicinal THC cannabis products, including dried flowers and cannabis extracts from our facilities in Uruguay and Colombia. The export arrangement for (THC) cannabis products is subject to receipt of the requisite regulatory approvals and the negotiation of definitive agreements by the end of second quarter in 2018.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, 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.

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