TSXV: ICC

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

April 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 April 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 audited consolidated financial statements of the Company and notes thereto for the year ended December 31, 2017 and 2016 (the "**Financial Statements**"). In preparing this MD&A, we have taken into account information available to us up to April 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**"). 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 tonnes and a fixed sales price for the first year of $0.90 per gram, adjusted annually in accordance with the terms of the Recreational License which include, among other things, an adjustment for Uruguayan inflation. Pursuant to the Recreational License, ICC agreed to pay IRCCA a fixed annual amount of $20,000 and a variable amount of 10% of cannabis sales to pharmacies. 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 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 tonnes 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. 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 tonnes of stem per acre that translates into between 6 to 10 tonnes of fibre per hectare, between 17 to 24 kilograms of scutch per acre, and between 1.6 to 2.4 tonnes 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 approximately 100 acres of land at its Flores and/or its Canelones 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.

As at December 31, 2017, ICC managed approximately 4,960 indoor hemp plants in production in its Canelones greenhouse. ICC Labs 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 tonnes 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 tonnes 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 tonne of seeds per acre, with the oil content of such seeds ranging from 28-30%. Biomass yield (dry) is 4 to 4.2 tonnes 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 Labs’ 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 Labs Inc. 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 Labs may acquire an initial 25% equity stake in Kalapa to be paid with a combination of cash, pure CBD produced by ICC Labs, and common shares of ICC Labs 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.

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 tonnes.

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.

As at date of this MD&A, 23,659 consumers were registered in the system.

The Company is currently increasing production in order to meet its commitment of producing and distributing two tonnes 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 20,798 recreational cannabis plants and held 1,097 kilograms of recreational cannabis in stock.

Effective in January 2018, the Government of Uruguay increased the domestic sale 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.

The Company is continuing construction of the first CBD extraction laboratory in South America using the supercritical fluid CO_2 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.

Selected Annual Information

	December 31, 2017 $	**December 31, 2016 $**	**December 31, 2015 $**
Total Revenue	218,040	nil	nil
General and administrative expenses	(3,010,657)	(1,917,511)	(36,748)
Loss from continuing operations attributable to owners of the parent	(4,451,772)	(30,495,458)	(39,732)
Basic and diluted loss per-share	(0.038)	(0.532)	(0.993)
Loss attributable to the owners of the parent	(4,451,772)	(30,495,458)	(39,732)
Basic and diluted loss per-share	(0.038)	(0.532)	(0.993)
Total Assets	28,692,332	16,562,523	2,509,531
Total Non-Current financial liabilities	Nil	692,500	nil
Distributions or cash dividends declared	Nil	nil	nil

For the year ended December 31, 2017, the Company's total revenue was $218,040, as compared to nil for the years ended December 31, 2016 and 2015, owing to the commencement of sales for the Company's recreational cannabis segment.

For the year ended December 31, 2017, the Company's general and administrative expenses were $3,010,657, as compared to $1,917,511 and $36,748 for the years ended December 31, 2016 and 2015, respectively. The increase was largely attributable to the commencement of operations.

For the year ended December 31, 2017, the Company's loss from continuing operations attributable to the owners of the parent, and loss attributable to the owners of the parent, were both $4,451,772, as compared to $30,495,458 and $39,732 for the years ended December 31, 2016 and 2015, respectively. The decrease was largely attributable to the loss on debt settlement in the second quarter of 2016, and the 2017 loss was largely comprised of approximately: comprised of a $3,010,657 of general and administrative expenses and $448,968 of share-based compensation (December 31, 2016: $23,451,599 of loss on debt settlement)

Total current assets for the Company as of December 31, 2017 were $16,824,406 (December 31, 2016: $6,657,276). The year-over-year increase was largely attributable to the Offering and the commencement of the Company's operations. See the discussion above under "Biological Assets" with respect to the Company's treatment of biological assets.

Non-current financial liabilities decreased from $692,500 as of December 31, 2016 to nil as of December 31, 2017. 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			
	December 31, 2017 $	September 30, 2017 $	June 30, 2017 $	March 31, 2017 $
Total Revenue	71,063	146,977	-	-
Loss from continuing operations attributable to owners of the parent	(1,736,808)	(1,134,781)	(930,195)	(649,988)
Basic and diluted loss per-share	(0.014)	(0.01)	(0.008)	(0.006)
Loss attributable to the owners of the parent	(1,736,808)	(1,134,781)	(930,195)	(649,988)
Basic and diluted loss per-share	(0.014)	(0.01)	(0.008)	(0.006)

	Three months ended			
	December 31, 2016 $	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $
Total Revenue	-	-	-	-
Loss from continuing operations attributable to owners of the parent	(6,040,283)	(152,384)	(23,703,933)	(598,858)
Basic and diluted loss per-share	(0.015)	(0.002)	(0.342)	(14,971)
Loss attributable to the owners of the parent	(6,040,283)	(152,384)	(23,703,933)	(598,858)
Basic and diluted loss per-share	(0.015)	(0.002)	(0.342)	(14,971)

For the three month period ended December 31, 2017:

- Total revenue was $71,063 (December 31, 2016: 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 $443,941 (December 31, 2016: $826,769). The increase was attributable to the commencement of operations.

- The Company's loss from continuing operations attributable to the owners of the parent, and loss attributable to the owners of the parent, were both $1,736,808 (December 31, 2016: $6,040,283). The increase was attributable to the commencement of operations.

- The loss attributable to the owners of the parent was $1,736,808 (December 31, 2016: $6,040,283) and was largely comprised of approximately: (i) $285,000 in license amortization costs and depreciation of property, plant and equipment (December 31, 2016: $254,000); (ii) $200,000 in other fees and expenses related to production supplies and security and surveillance expenses (December 31, 2016: $287,000); and (iii) $145,000 in salaries (December 31, 2016: $63,000).

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 December 31, 2017, the payments due by period are set out in the following table:

	Less than 1 year	**1-3 years**	**Total**
	$	$	$
Accounts Payable And Accrued Liabilities	1,251,280	-	**1,251,280**
Total	**1,251,280**	**-**	**1,251,280**

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.

with Union Group pursuant to which Union Group:

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

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

As of the date of this MD&A, no amounts were owing under the UG Facility.

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 year 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:

		December 31, 2017	**December 31, 2016**
		$	**$**
Opening balances		387,269	(102,389)
Financing facility draw-downs	(a)	-	(5,123,963)
Payments on behalf of ICC and other expenses	(b)	(7,380,022)	(2,902,599)
Settlement	(c)	7,680,898	5,302,247
Repayments		7,736	3,213,973
Closing balances	(d)	**695,881**	**387,269**

Notes:

(a) During the year ended December 31, 2017 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 December 31, 2017, the Company maintained an account receivable from Union Capital Group S.A., a subsidiary of Union Group, of $59,515 (2016: $163,051), an account receivable from Union Capital Group International Holding, a subsidiary of Union Group, of $539,794 (2016: $135,382) and an account receivable from Union Group of $96,572 (2016: $96,572).

During the year ended December 31, 2017, the Company provided an interest-bearing loan at 10% per annum to a related party for $1,000,000. The loan was repaid in June 2017 with its interest income of $42,442 which is included in financial income.

Key management personnel

For the year ended December 31, 2017, the Company granted $341,999 in concept of remuneration to senior management and directors (2016: $171,715). At December 31, 2017 due to senior management and directors amounts $26,151 in accounts payable and other accrued liabilities (2016: $51,715).

For the year ended December 31, 2017, the Company granted $409,037 in concept of share-based compensation to senior management and directors (2016: $808,489).

Critical Accounting Policies and Estimates

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

Changes in Accounting Policies

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

Risks and Uncertainties

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

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

Outstanding Share Data

The Company is authorized to issue an unlimited number of Common Shares, of which 138,046,192 are currently issued and outstanding.

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 12,160,188 Common Shares are outstanding and options to purchase 1,643,254 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, 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 year ended December 31, 2017, no changes were made in the Company's design of internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

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

Subsequent Events

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. ("Nuuvera") 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 1, 2018, ICC applied to the Government of Uruguay for approval to commence the assembly of a one million square foot greenhouse on government land located in San José, Uruguay. Once fully operational and licensed, it will allow the Company to produce high-THC varieties of cannabis for medicinal purposes.

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 acquisition of Kalapa in Spain. In accordance with the term sheet signed, 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 of ICC valued at an agreed upon price per common share of $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. The closing of the investment remains subject customary closing conditions, including regulatory approval, negotiating and entering into definitive transaction documents and the completion of due diligence. 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 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 phytocannabinoid extracts to the research program and the Pasteur Institute will conduct various scientific and medicinal research activities designed to ascertain potential effects of the phytocannabinoids 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 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.

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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