IANTHUS CAPITAL HOLDINGS, INC.
Management's Discussion and Analysis
For the three month period ended March 31, 2017
(All amounts expressed in U.S. dollars, unless otherwise stated)

INTRODUCTION

The following management discussion and analysis of the results of operations and financial condition ("MD&A") of iAnthus Capital Holdings, Inc. (the "Company" or "ICH", or "iAnthus"), prepared as of May 30, 2017, should be read in conjunction with the condensed interim consolidated financial statements of iAnthus for the three months ended March 31, 2017 and 2016 and accompanying notes thereto. The condensed interim consolidated financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* and thus do not include all disclosures required in annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at December 31, 2016. All amounts are expressed in United States dollars unless noted otherwise.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Additional information regarding iAnthus is available on the Company's website at www.ianthuscapital.com or through the SEDAR website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "believe", "expect", "anticipate", "intend", "estimate", "postulate" and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

COMPANY OVERVIEW

iAnthus was incorporated in British Columbia, Canada, on November 15, 2013. On August 15, 2016, the Company completed the acquisition of all issued and outstanding equity interests of a private company, iAnthus Capital Management, LLC ("ICM"), through a reverse takeover arrangement ("the RTO"). Following the RTO, the Company provides investors diversified exposure to best-in-class licensed cannabis cultivators, processors and dispensaries throughout the United States. Founded by entrepreneurs with decades of experience in investment banking, corporate finance, law and healthcare services, iAnthus provides a unique combination of capital and hands-on operating and management expertise. The Company harnesses these skills to acquire and operate a diversified portfolio of cannabis licenses and investments for its shareholders. The Company listed on the Canadian Securities Exchange ("the CSE") and began trading on September 7, 2016 under the ticker symbol "IAN". The Company is also listed for trading on the OTCQB, part of the OTC Markets Group, under ticker symbol "ITHUF".

iAnthus was formed to capitalize on the rapidly growing U.S. regulated cannabis (marijuana) market and the unique opportunity that exists for providing capital investment and expert management services ("value-added capital") to licensed cultivators, product manufacturers and dispensaries. 28 U.S. states and the District of Columbia have now legalized the cultivation and sale of cannabis for medical purposes. In addition, eight states and the District of Columbia, Puerto Rico and Guam have completely legalized cannabis for both medical and recreational use by adults over the age of 21. Total legal cannabis sales in the U.S. were an estimated $6.6B in 2016 and the industry's annual growth rate is expected to accelerate to over 40% in 2018 and 2019 reaching an estimated $22.8B in sales in 2020, according to The Cannabis Industry Annual Report: 2017 Legal Marijuana Outlook, published by New Frontier Data, a U.S. based Cannabis focused data analytics firm.

Despite the burgeoning legal cannabis industry in the U.S., cannabis remains a Schedule I substance under the federal Controlled Substances Act of 1970. Capital scarcity is therefore expected to continue until cannabis is completely legalized by repeal of the federal prohibition on cannabis cultivation and sale. The high demand for legal cannabis and limited number of licenses under most state regulatory schemes combined with the artificially restricted availability of capital has created an environment for compelling investment opportunities.

iAnthus currently has five investments in four states:

- Vermont;
- New Mexico;
- Massachusetts; and
- Colorado.

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

Overview of U.S. States where iAnthus has Invested

	Vermont	New Mexico	Massachusetts	Colorado
Population	626,000	2,100,000	6,700,000	5,700,000
Medical Legalization	YES	YES	YES	YES
Adult Use Legalization	NO	NO	YES	YES
Year of Legalization - Medical	2004	2007	2012	2000
Year of Legalization - Adult Use	N/A	N/A	2016	2012
	Overall Size of Market			
Annual Revenue - 2016[1]	$10.2 Million	$46.2 Million	$52.0 Million	$1.3 Billion
Annual Revenue Growth	N/A	75%	N/A	32%
Estimated 2020 Annual Revenue[1]	$32.7 Million	$75.0 Million	$1.0 Billion	$1.8 Billion
4 Year Compound Annual Growth Rate (Est)	34%	13%	109%	8%
	License Information - Medical/Recreational			
# of Licenses (Cultivation/Dispensaries)	4	35	107	1,001
# of Active Licenses	4	35	10	1,001
# of Unique Licensed Entities	4	35	63	N/A
# of Operating Dispensaries	4	57	10	520 - 1,001
Vertically Integrated Licenses Allowed	Yes	Yes	Yes	Yes
	Details of State Medical Program			
Number of Patients (April 2017)	3,850	34,909	40,000	94,577
Annual Patient Growth	51.5%	58.8%	43.0%	-10.5%
Implied Medical Penetration Rate	0.6%	1.7%	0.6%	1.7%
Consumption (Grams/Patient/Month)	25.4	N/A	26.2	33.4
$ Spent/Patient/Month	$140	N/A	N/A	$195
Allowable Conditions	9	20	9	8
PTSD	No	Yes	No	No
Chronic Pain	Yes	Yes	Yes	Yes
Flower	Yes	Yes	Yes	Yes
Edibles	Yes	Yes	Yes	Yes
Concentrates	Yes	Yes	Yes	Yes

1. *The Cannabis Industry Annual Report: 2017 Legal Marijuana Outlook* - New Frontier

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

iAnthus' Current Investment Portfolio

	Grassroots Vermont	Reynolds Greenleaf & Associates, LLC	Mayflower Medicinals, Inc.	Organix, LLC	The Green Solution, LLC
State	Vermont	New Mexico	Massachusetts	Colorado	Colorado
Status of Investment	Currently Operating	Currently Operating	Dec'17 Expected Operation Date	Currently Operating	Currently Operating
Number of Cultivation Facilities	1	3	1	1	3
Number of Processing Facilities	1	1	1	0	1
Number of Dispensaries	1	6	3	1	12
Type of iAnthus investment	Loan[1]	23% Equity Ownership	Loan[1]	Note 2	Strategic Partnership and Loan Facility
Investment Amount Contributed to Date	$0.7 Million	$2.4 Million	$5.1 Million[3]	$5.2 Million	$7.5 Million
Cultivation Facility Size (Sq ft)	6,000	10,385	36,000	12,000	300,000
Dispensary Size (Cumulative Sq Ft)	900	N/A	N/A	1,500	54,000
Revenue - 2016	$0.7 Million	$5.9 Million	N/A	$4.4 Million	$52 Million
Type of Customers	Medical	Medical	Medical & Adult Use	Medical & Adult Use	Medical & Adult Use

1. The Company currently has a loan to both Grassroots Vermont and Mayflower Medicinals, Inc.

2. On December 5, 2016, iAnthus acquired certain assets of Organix, LLC, the owner and operator of a Colorado medical and adult use marijuana operation with a cultivation facility in Denver and a fully-integrated medical and adult use dispensary located in the ski town of Breckenridge. The assets acquired include all real estate holdings of Organix LLC's affiliate, DB Land Holdings, Inc., consisting of a 12,000 sq. ft. cultivation facility in Denver, as well as all equipment and other tangible and intangible assets and all of the intellectual property of Organix, LLC, including its brands

3. Total Investment Amount Contributed to Date includes funds transferred to Mayflower Medicinals, Inc. and its affiliate, Pilgrim Rock Management, LLC, a related party owned by an officer of the Company, Randy Maslow. Pilgrim Rock Management, LLC was incorporated to manage the construction of the cannabis cultivation facility in Holliston, Massachusetts and a dispensary in Boston, Massachusetts in connection with the Company's investment in Mayflower. As of May 30, 2017, the total funds invested through Pilgrim Rock Management, LLC is $2,337,793.

Mayflower Medicinals, Inc. ("Mayflower") Overview:

- Three dispensary locations allowed, local zoning laws lead to high barriers to entry;
- Flagship dispensary located in Boston on Harvard Ave. is one of three dispensaries in Boston;
- 36,000 sq. ft. cultivation and marijuana infused products facility;
- The cultivation facility is within a modular industrial complex, which will present future opportunities for expanding capacity beyond the initial 36,000 sq. ft.; and
- Expected to begin dispensary sales during Q4 2017.

Organix, LLC ("Organix") Overview:

- 12,000 sq. ft. wholly-owned cultivation facility, and 1,500 sq. ft. dispensary in Breckenridge, a popular ski destination; and
- Organix grows and sells its products through its four cultivation licenses, two infused manufacturing licenses, and two dispensary licenses (medical and recreational).

The Green Solution, LLC ("TGS") Overview:

- Twelve current dispensary locations with six new openings in Colorado expected in 2017;
- Approximately 300,000 sq. ft. of cultivation facilities;
- Top five operator in Colorado (approximately 4% statewide market share);
- Registered to offer franchises in 47 states; currently active in Florida, Oregon, Maryland, Nevada and Illinois;
- Agreement with Canadian Licensed Producer, OrganiGram Holdings Inc., to provide exclusive consulting and licensing of the TGS and NectarBee brand in Canada;and
- Over 50 awards won by NectarBee brand for extracted and infused products.

Reynold Greenleaf & Associates LLC ("RGA") Overview:

- Management of four licenses which encompasses the following:
    - Six dispensaries with plans to add three more in 2017;
    - One manufacturing facility; and
    - 10,385 sq. ft. of cultivation space across three facilities with plans to add an additional 3,200 sq. ft. in 2017.

OPERATING ENVIRONMENT

Marijuana[1] remains illegal under U.S. federal law. It is a Schedule-I controlled substance. Even in those jurisdictions in which the use of medical marijuana has been legalized at the state level, its prescription is a violation of federal law. The United States Supreme Court has ruled in United States v. Oakland Cannabis Buyers' Coop. and Gonzales v. Raich that it is the federal government that has the right to regulate and criminalize cannabis, even for medical purposes. Therefore, federal law criminalizing the use of marijuana trumps state laws that legalize its use for medicinal purposes.

According to the Marijuana Policy Project, a pro-legalization group, medical marijuana is legal in 28 states and the District of Columbia, Puerto Rico and Guam. In addition, eight states and the District of Columbia have legalized recreational cannabis use. In 2013, the U.S. Department of Justice issued a memorandum (commonly referred to as the "Cole Memorandum") to the U.S. Attorneys offices (federal prosecutors) directing that federal prosecution of individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational cannabis programs be given low priority. This federal policy was reinforced by the passage of a federal omnibus spending bill in 2014 (the "2014 Spending Bill") that included the so-called Rohrabacher–Farr amendment which prohibits the use of federal funds to interfere in the implementation of state laws legalizing cannabis and state medical marijuana laws. The Department of Justice, which encompasses the Drug Enforcement Agency, was subject to the 2014 Spending Bill.

The Rohrabacher–Farr amendment remained in the federal omnibus spending bill for the 2016 fiscal year that was signed into law by President Obama on December 18, 2015. In September 2016, the amendment was included in a short-term spending bill passed by Congress and signed into law, which allowed it to remain in effect through December 9, 2016 when it was again renewed pursuant to a further short-term spending bill until April 28, 2017. On May 1, 2017, the Rohrabacher-Farr amendment was extended until September 30, 2017.

The 2014 Spending Bill has been cited as evidence of the development of bi-partisan support in the U.S. Congress for legalizing the use of cannabis. However, it remains unclear whether the federal government will eventually repeal the federal prohibition on cannabis and there is no assurance that the Rohrabacher–Farr amendment will be extended past September 30, 2017. Political and regulatory risks also exist due to the recent election of Donald Trump to the U.S. Presidency, and the appointment of Sen. Jeff Sessions to the post of Attorney General with effect from February 9, 2017. Mr. Trump's positions regarding marijuana remain unclear. However, Sen. Sessions has been a consistent opponent of marijuana legalization efforts throughout his political career and has publicly commented that the Justice Department will commit to enforcing federal laws on marijuana in an "appropriate way". It remains unclear what stance the Department of Justice under the new administration might take toward legalization efforts in U.S. states, but federal enforcement of the Controlled Substances Act and other applicable laws is possible.

[1] "Marijuana" and "Cannabis" are used interchangeably throughout this MD&A. Marijuana is generally dried flower and leaves and cannabis is a much broader category.

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

QUARTERLY HIGHLIGHTS

INVESTOR HIGHLIGHTS

	Q1 2017	Q4 2016
Revenue	$ 330,349	$ 80,479
Working capital	19,695,835	8,354,019
Total invested capital	14,963,934	9,322,158
Cash	16,146,395	9,413,953

NON-IFRS MEASURES – CASH USED IN INVESTING ACTIVITIES

The Company has included a non-IFRS measure for "cash used in investing activities" in this MD&A to supplement its financial statements, which are presented in accordance with IFRS. The Company believes that this measure provides investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore, such measures may not be comparable to similar measures employed by other companies. The data is intended to provide additional insight and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

	March 31, 2017	December 31, 2016	Total
Total cash used in invested capital	$ 5,641,776	$ 9,322,158	$ 14,963,934

NON-IFRS MEASURES – WORKING CAPITAL

The Company has included a non-IFRS measure for "working capital" in this MD&A to supplement its financial statements, which are presented in accordance with IFRS. The Company believes that this measure provides investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore, such measures may not be comparable to similar measures employed by other companies. The data is intended to provide additional insight and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

	March 31, 2017	December 31, 2016
Current assets	$ 21,402,180	$ 10,068,883
Less current liabilities	1,706,345	1,714,864
Working capital	**$ 19,695,835**	**$ 8,354,019**

RECENT AND SIGNIFICANT DEVELOPMENTS

Strategic Partnership and Credit Facility

On February 6, 2017, ICM via its 100% owned subsidiary, Scarlet Globemallow, LLC, entered into a strategic relationship with TGS and certain of its affiliated Colorado entities. The strategic relationship includes an initial financing, by the Company to TGS, consisting of a $7,500,000 loan facility. In addition, TGS has entered into an advisory agreement to provide the Company with operational expertise and advice in support of the Company's investments in Massachusetts, Vermont, New Mexico and Colorado. As of March 31, 2017, the total loan advanced to TGS, including accrued interest, is $4,403,867.

The loan facility has a term of one year, with an effective interest rate of 20%. As of May 30, 2017, the $7,500,000 loan has been fully drawn and the total amount, including accrued interest, is $7,731,529.

Bought Deal Private Placement of Unsecured Convertible Debentures

On February 28, 2017, the Company closed a brokered private placement of unsecured convertible debentures (the "Convertible Debentures") in the aggregate principal amount of $15,096,000 (CAD$20,000,000). The Convertible Debentures bear interest at 8.0% per annum, payable semi-annually on the last day of February and August of each year. The Convertible Debentures are convertible at the option of the holder into common shares of the Company at any time prior to the close of business on the maturity date at a conversion price of CAD$3.10 per common share (the "Conversion Price"). Beginning June 29, 2017, the Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the Conversion Price on 30 days prior written notice should the daily volume weighted average trading price of the Company's common shares be greater than CAD$4.50 for any 10 consecutive trading days.

Commencement of Construction on Holliston, Massachusetts Cannabis Cultivation and Processing Facility

On March 2, 2017, the Company announced the commencement of the construction of a state-of-the-art cannabis cultivation and processing facility in Holliston, Massachusetts for the benefit of Mayflower, a Massachusetts non-profit Registered Marijuana Dispensary license holder. As of March 31, 2017, the total loan to Mayflower, including accrued interest, is $3,062,152.

In addition to the loan to Mayflower above, the Company also transfers additional funds to Pilgrim Rock Management, LLC ("Pilgrim"), a related party owned by an officer of the Company, Randy Maslow. Pilgrim was incorporated to manage the construction of the cannabis cultivation facility in Holliston, Massachusetts and a dispensary in Boston, Massachusetts in connection with the Company's investment in Mayflower. As of March 31, 2017, the Company has invested $500,000 through Pilgrim. As of May 30, 2017, the total invested is $2,337,793.

Purchase of Breckenridge Dispensary

On March 3, 2017, Bergamot Properties LLC ("Bergamot"), a wholly-owned subsidiary of ICM, acquired from DB Land Holdings, Inc. a medical and recreational dispensary in the town of Breckenridge, Colorado for total consideration of $510,025. Organix currently leases the property from Bergamot.

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

DISCUSSION OF OPERATIONS

SUMMARY OF QUARTERLY RESULTS

The following is a summary of select financial information for the last eight quarters.

	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Revenues	$ 330,349	$ 80,479	$ 184,277	$ 81,350	$ 45,546	$ 28,126	$ 36,819	$ 3,819
Comprehensive loss	(1,876,853)	(2,825,984)	(830,175)	(863,987)	(535,585)	(601,625)	(200,539)	(387,560)
Loss per share	(0.07)	(0.18)	(0.05)	(0.05)	(0.05)	(0.05)	(0.02)	(0.03)
Total assets	32,914,248	19,956,998	6,118,317	1,453,765	1,836,259	859,237	1,100,701	1,208,984
Non-current liabilities	13,438,164	735,324	1,097,143	424,642	703,576	-	-	-

RESULTS OF OPERATIONS

Revenues

As the Company continues to expand its portfolio of investments, revenues in the first quarter of 2017 are higher than in previous quarters.

Investment income increased compared to previous quarters. During the quarter, $65,817 was earned from the properties and equipment acquired from Organix, and leased back to Organix. This arrangement began in early December 2016, thus the revenues for the quarter ending March 31, 2017 reflect a higher amount than the previous quarters.

During the three month period ended March 31, 2017, $240,159 in interest income was earned on existing and new loans. This is higher compared to previous quarters and the increase is primarily driven by the Company's new loan to TGS. The loan has an effective interest rate of 20% and the principal balance outstanding at March 31, 2017 was $4,300,000.

Operating Expenses

As the Company continues to expand its portfolio of investments and analyze investments opportunities, operating expenses in the first quarter of 2017 are higher than in previous quarters.

		Three months ended		
		March 31, 2017		**March 31, 2016**
Operating expenses:				
Depreciation and amortization	$	97,414	$	-
Administrative and other expenses		455,802		118,204
Wages and salaries		364,585		-
Share-based compensation		328,044		90,844
Legal and professional fees		259,183		112,575
Consulting fees		417,253		243,367
Foreign exchange loss		229		-
Total operating expenses	**$**	**1,922,510**	**$**	**564,990**

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

Compared to the prior quarter and all preceding quarters, the depreciation and amortization expenses on depreciable assets were higher because they were incurred on assets acquired from Organix in early December 2016 and also on new fixed assets acquired during the current quarter.

Administrative and other expenses for the quarter ended March 31, 2017 are similar to the quarter ended December 31, 2016. When compared to the quarter ended March 31, 2016, the current quarter's expenses are higher as a result of increased activity during this period. Audit and accounting fees were higher as a result of a full audit of the annual financial statements and engaging with two accounting firms to provide services to the Company. Transfer and regulatory fees were incurred as the Company is now publicly listed. Increased travel and other expenses were also incurred as a result of increased activity (deal sourcing and analysis) in the current quarter compared to last year.

		Three months ended		
		March 31, 2017		**March 31, 2016**
Administrative and other expenses:				
Advertising and promotion	$	27,853	$	17,500
Audit and accounting		139,818		27,640
Insurance		13,062		22,559
Transfer agent and regulatory		38,846		-
Travel and entertainment		127,818		23,115
Other		108,405		27,390
Total administrative and other expenses	**$**	**455,802**	**$**	**118,204**

As the Company continues to grow and has more employees, both wages and salaries and share-based compensation expenses have increased accordingly.

Legal and professional fees incurred in structuring of the Company's contemplated and closed investments have also increased during the quarter as a result of an increase in the number of ongoing deals.

Consulting fees were significantly higher during the current quarter than the quarter ended March 31, 2016. Increased activity of the Company in making acquisitions in new jurisdictions and costs associated with raising capital have led to higher consulting and business development fees incurred during the quarter. The management fee component of $210,000 to Last Dance Ventures, LLC ("LDV") is consistent with previous quarters. LDV provides full time equivalent staff to perform certain business development, record keeping, tax filing and other operating functions. The agreement provides for a monthly fee to cover the costs of these employees and also rent for office space leases from LDV. The business development fee of $100,000 was a onetime fee paid to engage the services of the principals of Pure Marijuana Dispensary in an advisory relationship with the Company.

		Three months ended		
		March 31, 2017		**March 31, 2016**
Consulting fees:				
Management fee	$	210,000	$	210,000
Business development		100,000		-
Financial consulting		30,807		-
IT consulting		54,018		2,925
Marketing		2,363		30,442
IR and other consulting		20,065		-
Total consulting fees	**$**	**417,253**	**$**	**243,367**

Other Items

Interest and accretion expenses incurred during the quarter were higher than the previous quarter as a result of the convertible debentures financing closed in February 2017. Interest expense for the quarter was $126,368 and accretion expense was $163,874.

Total Assets

The total assets of the Company have increased significantly during the quarter as compared to December 31, 2016. Notable increases have come from the following accounts.

- Cash has increased by $6,732,442 primarily as a result of the convertible debentures financing closed in February 2017.
- Promissory notes receivable have increased by $4,466,769, largely as a result of the $4,300,000 loan made to TGS during the quarter.
- Loans receivable have increased by $930,720 as a result of drawdowns and accrued interest on the loan outstanding to Mayflower.
- The balance of property, plant and equipment has increased by $481,462 as a result of the purchase of the Breckenridge facility.

Non-current Liabilities

Non-current liabilities of the Company have increased during the quarter by $12,702,840 due to the convertible debentures financing closed in February 2017, resulting in additional long term debt of $12,602,667 and interest payable of $100,173 as at March 31, 2017.

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

LIQUIDITY AND CAPITAL RESOURCES

CASHFLOWS

	Three months ended	
	March 31, 2017	**March 31, 2016**
Net cash generated from (used in):		
Operating activities	$ (1,411,431)	$ (487,336)
Investing activities	(6,141,766)	(477,424)
Financing activities	14,303,972	1,195,920
Net increase in cash	**$ 6,750,775**	**$ 231,160**

Operating Activities

The cash used in operating activities during the quarter ended March 31, 2017 was primarily driven by the net loss incurred by the Company during the quarter. Adjustments made for significant non-cash items include $328,044 related to share based compensation for the Company's employees and external consultants, $240,159 interest income earned but not yet received in cash, $163,874 non-cash accretion on long-term debt and associated derivative liabilities, $250,312 increase in accounts payable and accrued liabilities and a $26,746 in funding to related parties.

Investing Activities

During the quarter, the Company entered into a strategic relationship with TGS. The strategic relationship includes an initial financing, by the Company to TGS, of $4,300,000 during the quarter. Furthermore, there were additional drawdowns amounting to $800,000 for the Company's existing loan to Mayflower. The Company also invested approximately $500,000 in property plant and equipment, in connection with the purchase of the Breckenridge facility.

The following is a summary of the Company's capital investments to date.

	Balances as at	
	March 31, 2017	**March 31, 2016**
Organix	$ 4,675,000	$ -
RGA	2,371,272	-
FWR, Inc. ("FWR")	600,000	-
Mayflower	2,833,065	247,993
TGS	4,300,000	-
Total capital investments	**$ 14,779,337**	**$ 247,993**

Financing Activities

Management expects to raise more capital in the future as the Company is in a growth stage. During the quarter, the Company raised significant financing through the issuance of CAD$20,000,000 convertible debentures resulting in $15,096,000 proceeds to the Company and financing costs of $820,845.

WORKING CAPITAL AND FINANCING

Working Capital

As of March 31, 2017, the Company had working capital of $19,695,835 compared to $8,354,019 at December 31, 2016 and cash of $16,146,395 compared to $9,413,953 at December 31, 2016.

The Company constantly monitors and manages its cash flow to assess the liquidity necessary to fund operations. As at March 31, 2017, the Company had $16,146,395 cash on hand, compared to $9,413,053 at December 31, 2016. Cash on hand increased $6,750,775 throughout the period. The increase in cash is primarily due to the bought deal financing on February 28, 2017.

Working capital provides funds for the Company to meet its operational and capital requirements. Management expects the Company to have adequate funds available on hand to meet the Company's planned growth and expansion of the business over the next 12 months.

The current covenant related to convertible promissory notes requires that the Company maintain a minimum cash balance of $500,000. As at March 31, 2017, the Company was in compliance with this covenant.

Debt Financing

Convertible Debentures

On February 28, 2017, ICH entered into an agreement with a syndicate of underwriters led by Canaccord Genuity Corp. and including Beacon Securities Limited pursuant to which the underwriters agreed to purchase, on a bought deal, private placement basis, a CAD$20,000,000 aggregate principal amount of unsecured convertible debenture at a price of CAD$1,000 per Convertible Debenture. The Convertible Debentures commenced to bear interest from February 28, 2017 at 8.0% per annum, payable semi-annually on the last day of February and August of each year. The Convertible Debentures have a maturity date of February 28, 2019, 24 months from the closing date.

The Convertible Debentures are convertible at the option of the holder into common shares of the Company at any time prior to the close of business on the maturity date at a conversion price of CAD$3.10 per common share (the "Conversion Price"). Beginning June 30, 2017, the Company may force the conversion of all of the principal amount of the then outstanding Convertible Debentures at the conversion price on 30 days prior written notice should the daily volume weighted average trading price of the Company's common shares be greater than CAD$4.50 for any 10 consecutive trading days.

The Convertible Debentures are subject to redemption, in whole or in part, by the Company at any time after 12 months upon giving holders not less than 30 and not more than 60 days' prior written notice, at a price equal to the then outstanding principal amount of the Convertible Debentures plus all accrued and unpaid interest up to and including the redemption date.

At issuance, the fair value of the liability component was determined to be CAD$17,509,150 (equivalent to $13,215,907 at issuance) and the residual of CAD$2,490,850 (equivalent to $1,880,093 at issuance) was allocated as the fair value of the conversion feature.

During the quarter ended March 31, 2017 interest expense of $100,173 was recognized and as at March 31, 2017 the debt host liability amounts to $12,537,646.

Convertible Promissory Loan Notes

In February 2016, the Company issued two unsecured convertible promissory notes for a total principal amount of $1,300,000. The Notes are convertible at conversion prices ranging from $1.00 to $1.65 per share contingent on certain milestones being met and bear interest at 8.0% per annum. The principal balance outstanding at March 31, 2017 is $1,275,000.

The notes have a covenant requiring that the Company maintain a minimum cash balance of $500,000, while the Notes remain outstanding and less than 80% of the original principal amount of the Notes have been converted by the payee. As of March 31, 2017, the Company was in compliance with this covenant.

The conversion feature is a derivative liability and is presented and valued separately from the debt host liability. As at March 31, 2017 the value of the derivative liability is $923,160 and the increase of $33,168 during the quarter, driven primarily by the increase in the Company's stock price, was recognized in the interim consolidated statement of loss and other comprehensive loss.

FINANCIAL INSTRUMENTS

Certain risks relating to the financial instruments held by the Company are discussed below.

Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise appropriate financing in a timely manner and on terms acceptable to management. There are no assurances that such financing will be available when, and if, the Company requires additional equity financing.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue opportunities to deliver solutions for financing, developing and managing state-licensed cannabis cultivators and dispensaries throughout the United States. The Company has the ability to raise new capital through equity issuances and/or through operations. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company prepares annual estimates of expected expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations.

The Company is not exposed to any externally imposed capital requirements, nor were there changes in the Company's approach to capital management during the year.

Derivate financial instruments

The Company carries the derivative liability on the convertible promissory debentures issued in February 2016 at fair value, re-measured at the end of each reporting period using the Black-Scholes model. As at March 31, 2017 the estimated fair value of the derivative liability is $923,160 with the fair value movement of $33,168 being recognized in the condensed interim consolidated statement of comprehensive loss. For the Black-Scholes calculation, the Company applied a volatility of 100.4%, dividend yield of 0% and a risk-free rate of 0.71%.

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

OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company maintains below off-balance sheet arrangements.

	<1 Year	1-2 Years	3-5 Years	Total
USD - denominated				
Convertible Promissory Notes	$ 102,000	$ 1,326,000	$ -	$ 1,428,000
SLG Graybar Mesne Lease LLC	155,428	200,829	672,708	1,028,965
North 6th Agency, Inc.	30,000	-	-	30,000
Kanan Corbin Schupak & Aronow, Inc.	24,000	-	-	24,000
Blue Chip Public Relations, Inc.	12,000	-	-	12,000
Total USD - denominated	**$ 323,428**	**$ 1,526,829**	**$ 672,708**	**$ 2,522,965**
CAD - denominated				
Convertible Debentures	$ 1,600,000	$ 21,466,667	-	$ 23,066,667
Baron Global Financial Canada, Ltd.	132,000	-	-	132,000
KRC Canada Corp.	60,000	60,000	-	120,000
Total CAD - denominated	**$ 1,792,000**	**$ 21,526,667**	**$ -**	**$ 23,318,667**

At March 31, 2017, the Company had leases for office spaces with KRC Sublease expiring April 29, 2019 and Graybar Office Lease expiring May 31, 2022.

The Company entered into an agreement with Baron Global Financial Canada Ltd. ("Baron") on February 4, 2016 to provide advisory and corporate finance services. Pursuant to the advisory services agreement, ICM retained Baron on a 12-month term upon listing on the Canadian Securities Exchange ("CSE") to be its exclusive corporate advisor. Pursuant to the advisory services agreement, the Company agreed to pay Baron a one-time fee of CAD$50,000 ($37,776) and a monthly cash fee of CAD$12,000 plus applicable tax upon listing on the CSE and the Company is responsible for all reasonable out-of-pocket expenses related to the services. In addition, the Company granted 100,000 stock options to Baron. Either party can terminate the agreement without cause by providing 30 days written notice to the other party.

The Company has commitments to continue its relationship for three to six months from March 31, 2017 with the marketing firms KCSA Strategic Communications, North 6th Agency and Blue Chip Financial PR for investor relations and public relations services.

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

RELATED PARTY BALANCES AND TRANSACTIONS

Related party balances are as follows:

		March 31, 2017		Mach 31, 2016
Due from RGA	$	30,000	$	-
Due from Griscom Advisors LLC, owned by officers of ICM		-		1,676
Due from director		30,000		-
Due from LDV, owned by officers of ICM		1,905		-
Due from FWR, owned by a family member related to an officer of ICM		764,475		10,662
Due from Pilgrim, owned by officers of ICM		500,000		-
Due from Mayflower, controlled by an officer of ICM		3,062,152		454,214
Total due from related parties	**$**	**4,388,532**	**$**	**466,552**
Due to LDV, owned by officers of ICM		-		203,575
Total due to related parties	**$**	**-**	**$**	**203,575**

In 2016, ICM converted its loan with RGA into Class A-1 Unit Securities of RGA. As part of that transaction, the Company is to be reimbursed $30,000 from RGA in connection with certain legal fees and expenses incurred for the conversion. As of March 31, 2017, the reimbursement due from the RGA loan conversion was $30,000.

The Company utilizes the services and office space of Last Dance Ventures, LLC ("LDV"), a related party owned by two of the Company's officers, Hadley Ford and Randy Maslow. The rental costs were $27,663 and $25,645 for the quarters ended March 31, 2017 and 2016, respectively.

On October 1, 2015, ICM entered into an administrative services agreement with LDV. LDV provides full time equivalent staff to perform certain accounting, business development, recordkeeping, tax filing and other operating functions. The agreement provides for a monthly fee. For the periods ended March 31, 2017 and 2016, the Company incurred administrative management fees of $210,000 and $210,000, respectively. As of March 31, 2017 and December 31, 2016, the amount due to LDV is $Nil and $318,194 respectively and amount due from LDV is $1,905 and $317,726 respectively.

On June 23, 2015, ICM entered into an agreement to provide management services to FWR, a related party through a family relationship with one of the Company's officers, Hadley Ford. The management fees are based on 10% of the fiscal year gross revenue of FWR and an additional 1% of the fiscal year gross revenues for each $50,000 by which the aggregate amount drawn by FWR under the loan exceeds $500,000 and commenced on July 1, 2015. Management fee income amounted to $24,373 and $12,308 for the periods ended March 31, 2017 and 2016, respectively. As of March 31, 2017 and December 31, 2016, the management fee receivable from FWR was $116,178 and $91,805, respectively, and is not expected to be collected within 12 months, and is therefore classified as non-current. The agreement also provides for the reimbursement by FWR of certain expenses incurred by ICM on behalf of FWR, which amounted to $Nil and $10,662 for the periods ended March 31, 2017 and 2016, respectively, and is shown as a reduction in administrative management fee. As of March 31, 2017 and December 31, 2016, the reimbursement receivable from FWR was $48,297 and $48,297, respectively, and is expected to be repaid within 12 months, and therefore, is classified as current.

In March 2017, the Company provided $500,000 to Pilgrim, a related party owned by an officer of the Company, Randy Maslow. Pilgrim was incorporated to manage the construction of the cannabis cultivation facility in Holliston, Massachusetts and a dispensary in Boston, Massachusetts in connection with the Company's investment in Mayflower.

For the quarter ending March 31, 2016, the Company was owed $1,676 from Griscom Advisors LLC, owned by one of the Company's officers, Hadley Ford. This was subsequently repaid in the second quarter of 2016 and no balances are outstanding at March 31, 2017.

In addition to the above, as of March 31, 2017, the Company has a receivable due from a director for $30,000. The balance was received in full on April 21, 2017.

Loan due from Mayflower

On July 1, 2016, the Company entered into an agreement (the "Mayflower Loan Agreement") with Mayflower, to issue a secured promissory note for an amount not to exceed $1,300,000 to fund Mayflower's license application fees to the State of Massachusetts and related expenses. On December 28, 2016, the parties entered into a First Amendment to the Mayflower Loan Agreement increasing the maximum amount available to be loaned to Mayflower by the Company to up to but not to exceed principal of $3,000,000. Mayflower is a not-for-profit entity operating in the cannabis industry in Massachusetts and it is controlled by an officer of ICM.

As of March 31, 2017, the total principal amount advanced under the promissory note was $2,833,065 with accrued interest receivable of $229,087. (December 31, 2016 - $2,009,965 and $101,781, respectively). The note bears interest at a rate of 16%, compounded monthly and payable on a quarterly basis, starting one year after Mayflower commences sales of licensed products to patients (the "First Payment Date"). The maturity date is 7 years from the First Payment Date, and therefore the note is classified as non-current. Interest income on the note amounted to $107,215 and $1,584 for the quarters ended March 31, 2017 and 2016, respectively.

Loan due from FWR

On June 23, 2015, ICM issued a secured promissory note to FWR for an amount not to exceed $915,000. The note bears interest at a rate of 20%, compounded and payable on a monthly basis. The principal payments for the note began on July 15, 2016 and the loan matures on June 15, 2020. On July 15, 2016, ICM entered into a temporary forbearance agreement with FWR whereby both parties agreed to postpone the principal payments. Subsequently, FWR and the Company have extended the forbearance of the principal payments. As of the issuance date of these financial statements, the principal payments are due July 1, 2017.

As of March 31, 2017, the total amount advanced under the secured promissory note was $600,000 of which $99,648 was classified as current and $500,352 classified as non-current. At December 31, 2016, the total amount advanced under the secured promissory note was $550,000 of which $99,647 was classified as current and $450,353 classified as non-current.

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

SHARE CAPITAL

The following share capital data is as of May 30, 2017.

	Balance
Common shares issued and outstanding	15,988,769
Class A common shares issued and outstanding	11,255,000
Options	2,526,000
Warrants	6,091,700
Debentures	7,224,340
Fully diluted shares outstanding	43,085,809
Escrowed shares	5,625,212

RISKS AND RISK MANAGEMENT

The key risks and risk management strategies are disclosed in full in the Company's consolidated financial statements and accompanying management discussion and analysis as at December 31, 2016. The risks and risk management strategies remain unchanged for the current quarter.

NEW ACCOUNTING PRONOUNCEMENTS

No new standards have been implemented during the period and all significant accounting policies are consistent with those at year end.

IFRS 7 Financial instruments: Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. This amendment is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company does not expect significant impact on its financial statements from the adoption of this new standard.

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts, and contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on January 1, 2018. The Company expects greater impact of this standard as the Company enters into new revenue arrangements.

IFRS 16 Leases

The new standard will replace IAS 17 Leases and eliminates the classification of leases as either operating or finance leases by the leasee. The treatment of leases by the leasee will require capitalization of all leases resulting accounting treatment similar to finance leases under IAS 17 Leases. The new standard will result in an increase in lease assets and liabilities for the leasee. Under the new standard, the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest component recognized for each lease, in line with finance lease accounting under IAS 17 Leases. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on current operations, the Company does not expect this standard to have significant financial reporting implications.