



**MANAGEMENT'S DISCUSSION & ANALYSIS**

Form 51-102F1

For the six months ended June 30, 2018

**Icon Exploration Inc.**  
**Management's Discussion and Analysis (Form 51-102F1)**  
**For the six months ended June 30, 2018**

***Introduction***

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The Management Discussion's and Analysis ("MD&A), prepared as of August 27, 2018, summarize the activities of Icon Exploration Inc. ("Icon" or the "Company") for the six months ended June 30, 2018 and should be read in conjunction with the audited financial statements for the years ended December 31, 2017 and 2016. The financial statements and the related notes thereto, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar amounts included in this MD&A are stated in Canadian dollars unless otherwise indicated.

Icon's common shares trade on the TSX Nex Exchange under the symbol "IEX.H" and its most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at [www.sedar.com](http://www.sedar.com).

***Corporate Information***

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Icon Exploration Inc. was incorporated pursuant to the Canada Business Corporations Act on February 5, 2008 and was continued in BC under the Business Corporations Act (British Columbia) on February 18, 2011. The Company was initially listed on the TSX Venture Exchange and subsequently moved to the TSX Nex Exchange on January 26, 2016. The Company's registered and records office is located at 157 Adelaide Street West, Suite 320, Toronto, Ontario M5H 4E7.

***Corporate Developments***

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During 2017 and 2018, the Company re-focus its operations and reorganize its operations. The Company reviewed several options and whilst it had the opportunity to return to its roots as a mineral exploration company, the Board of Directors have decided otherwise.. The mining business is very highly speculative in nature requiring intensive capital and given current market conditions, the Board of Directors is steering the Company to a business that is significantly less risky and one that can produce revenue in the near term. The Company is currently pursuing a business in the "medical marijuana" space and is in an advanced stage of negotiations. As a prelude to this endeavor, the Company have commenced to raise funds in the marketplace and is converting or has converted some or all its debts to shares in order to strengthen its financial position

***Selected Annual Information***

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	December 31 2017 \$	December 31 2016 \$	December 31 2015 \$
Net loss	(310,475)	(163,688)	(174,169)
Basic loss per share	(0.01)	(0.01)	(0.01)
Total assets	316,091	5,764	5,967
Dividends	Nil	Nil	Nil

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## ***Results of Operations – Six months ended June 30, 2018 and 2017***

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Summarized below is a breakdown of the expenses incurred:

	Six months ended June 30		
	2018	2017	
Administration	81,000	36,000	1
Project evaluation costs	16,233	26,549	2
Legal and audit	77,286	22,071	3
Advisory fee	9,500	-	
Filing and transfer fees	14,012	8,743	
Stock based compensation	544,300	17,423	4
Office and general	8,937	9,563	
Interest on shareholders' loan	-	6,848	
Rent expense	5,600	-	
Bank charges	195	210	
Foreign exchange loss	1,194	(902)	
Total	758,257	126,505	

1. Expenses increased due to increased activity in the Company which includes arrangements towards capital and share for debt financing, search for a prospective property acquisition and preparation for the reverse takeover transaction including filing statements.

2. The Company expensed all costs relating to evaluation of assets.

3. Legal fee increase is associated with services in relation to the proposed RTO transaction and filing statements

4. On January 9, 2018, the Company granted 2,058,000 share purchase options to directors and officers valued at \$544,300 with an expiry date of 5 years from date of issuance.

In the prior comparative period, on February 21, 2017, the Company granted 392,405 share purchase options to directors and officers valued at \$17,423 with an expiry date of 10 years from the date of issuance.

## ***Results of Operations – Three months ended June 30, 2018 and 2017***

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Summarized below is a breakdown of the expenses incurred:

	Three months ended June 30		
	2018	2017	
Administration	36,000	18,000	1
Project evaluation costs	6,572	21,549	2
Legal and audit	57,402	7,180	3
Filing and transfer fees	5,861	2,856	
Office and general	3,736	2,216	
Rent expense	5,600	-	
Bank charges	53	18	
Foreign exchange loss	467	(668)	
Total	115,691	51,151	

(refer to relevant notes as noted to above)

## Summary of Selected Highlights for the last Eight Quarters

Description	Jun 30, 2018 Q2 - 2018 \$	Mar 31, 2018 Q1 - 2018 \$	Dec 2017 Q4 - 2017 \$	Sept 30, 2017 Q3 - 2017 \$
Total assets	204,195	281,368	316,091	34,901
Working capital (deficit)	11,950	109,641	79,108	(140,323)
<b>Operations:</b>				
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(115,691)	(642,566)	(112,729)	(71,241)
Basic loss per share	(0.00)	(0.02)	(0.01)	(0.00)

Description	Jun 30, 2017 Q2 - 2017 \$	Mar 31, 2017 Q1 - 2017 \$	Dec 31, 2016 Q4 - 2016 \$	Sept 30, 2016 Q3 - 2016 \$
Total assets	21,597	21,304	5,764	4,701
Working capital (deficit)	(353,381)	(588,065)	(544,932)	(450,875)
<b>Operations:</b>				
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(52,151)	(75,354)	(94,057)	(21,573)
Basic loss per share	(0.00)	(0.00)	(0.01)	(0.00)

## Financing Activities

On March 17, 2017 and April 24, 2017, the Company closed a private placement financing in two tranches in which it issued 2,020,000 units for gross proceeds of \$99,000. Each unit consisted of one common share and one-half warrant. Each whole warrant is exercisable at \$0.10 per share for a period of 12 months from the date of issuance. In conjunction with the closing, the agent received a cash commission of \$8,203 which equals 8% of the gross proceeds raised plus expenses and a total of 158,400 agent warrants valued at \$5,778 representing an amount equal to 8% of the units issued under the financing. Each agent warrant is exercisable into one common share of the Company at an exercise price of \$0.10 per share for a period of one year.

On August 3, 2017, the Company closed a third tranche of a private placement financing in which it has issued 1,000,000 units for gross proceeds of \$50,000. Each unit consisted of one common share and one-half warrant. Each whole warrant is exercisable at \$0.10 per share for a period of 12 months from the date of issuance. In conjunction with the closing, the agent received 80,000 agent warrants valued at \$3,852 representing an amount equal to 8% of the units issued under the financing. Each agent warrant is exercisable into one common share of the Company at an exercise price of \$0.10 per share for a period of one year.

On December 18, 2017, the Company closed a private placement financing in which it issued 5,082,500 units for gross proceeds of \$406,600. Each unit consists of one common share and one-half warrant. Each whole warrant is exercisable at \$0.15 per share for a period of 12 months from the date of issuance. In conjunction with the closing, the Company paid a finder's fee of \$16,250 and issued 150,000 unit warrants valued \$35,432. Each unit warrant consisted of one share and one-half warrant. Each whole warrant is exercisable at \$0.15 per share for a period of 12 months from the date of issuance.

On April 24, 2017, July 19, 2017 and August 3, 2017, the Company issued 7,982,498 common shares at a deemed price of \$0.05 per share to directors and suppliers to settle debt aggregating \$399,125. The Company recognized a gain on settlement of debt of \$13,914 in 2017.

Between January 1, 2018 to August 3, 2018, 1,560,000 share purchase warrants were exercised at a price of \$0.10 per share for gross proceeds of \$156,000.

## ***Liquidity and Solvency***

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The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on private investors as its primary source of operating working capital.

As at June 30, 2018, the Company had cash of \$169,445 and a working capital of \$11,950. It does not have sufficient funds to pay overhead and administrative expenses for the next 12 months and the Company's survival as a going concern may be in doubt if no new funding is secured. The Company is in process of raising capital through private placements.

The Company has incurred losses since inception, and the long term survival of the Company depends on the ability of management to continue raising capital. While management has successfully raised the necessary capital to finance the Company's operations in the past, there is no assurance that it will continue to be able to do so in the future. The Company is focusing to be an operating company in the "medical marijuana" space and is in an advanced stage of entering into a "reverse take-over" transaction as described below.

## ***Reverse take-over transaction***

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On January 23, 2018 the Company entered into a letter of intent (the "LOI") for a non-arm's length business combination transaction (the "Proposed Transaction") with 2590672 Ontario Inc. ("City View Green" or "City View" or "CVG") through the purchase by the Company of 100% of the issued and outstanding common shares of City View (the "Acquisition"). It is acknowledged by the parties that as at the date of May 29, 2018, City View has 11,603,334 common shares and 2,000,000 options issued and outstanding.

The consideration, upon City View and Icon each being satisfied with their respective due diligence reviews, including other requirements outlined in the LOI, at closing of the Acquisition, as consideration for all of the issued and outstanding securities of City View, Icon agrees to issue to the holders of outstanding City View common shares, 10.6 Icon common shares per each one(1) outstanding City View common share held by them; issue to holders of outstanding City View common share warrants, five (5) Icon common share purchase warrants per each one(1) outstanding City View Warrant held by them, with each Icon Warrant being exercisable into one Icon common share at a minimum purchase price of \$0.40/share for a period of 24 months from the date of closing of the Acquisition; and issue to holders of outstanding City View stock options, five (5) Icon stock options per each one(1) outstanding City View Option held by them, with each Icon Option being exercisable into one Icon share option at a minimum purchase price of \$0.25/share for a period of 5 years from the date of closing of the Acquisition.

## ***Off-Balance Sheet Arrangements***

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The Company has not entered into any off-balance sheet arrangements.

## ***Related Party Transactions***

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Key management personnel are persons responsible for the planning, directing and controlling activities of the entity. Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties. The Company incurred charges to directors and officers or to companies associated with these individuals as follows:

	For the six months ended	
	June 30	
	2018	2017
	\$	\$
Administration/accounting	81,000	36,000
Stock-based compensation	544,300	17,423
Interest on short term loans	-	6,848
	625,300	60,271

Related party liabilities included in trade and other payable are as follows:

	June 30, 2018	December 31, 2017
	\$	\$
Amounts due to management	-	40,000

## ***Outstanding Share Capital***

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As at August 27, 2018 the Company's share capital was as follows:

Authorized: Unlimited common shares without par value

Securities	Number
Common shares issued and outstanding	31,941,426
Share purchase options	3,037,734
Share purchase warrants	2,686,250
Fully diluted share capital	37,665,410

## ***Critical Accounting Policies and Estimates***

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The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements are made in particular with regard to the assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year, and the assumptions used in calculating the fair value of warrants and share-based payments.

## ***Risks and uncertainties***

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### **Credit risk**

The Company deposits cash with financial institutions it believes to be creditworthy. In some circumstances, cash balances at these financial institutions may exceed the federally guaranteed amount. The Company's current credit risk is primarily attributable to cash and accounts receivable. Cash is held with a reputable, Tier A Canadian chartered bank and accounts receivable consists of HST recoverable and as such, management believes the risk of loss to be minimal.

### **Liquidity risk**

The Company's ability to remain liquid over the long term depends on its ability to obtain additional financing

As mentioned previously in this MD&A, as at June 30, 2018, the Company had a working capital of \$11,950 (December 31, 2017 - \$79,108). The Company is also seeking additional capital to increase its liquidity over the short and medium to long term. All of the Company's accounts payable and accrual liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company believes that its liquidity risk is minimal as management is confident of raising additional capital.

### **Market risk**

#### **Currency risk**

The Company has no significant foreign currency denominated assets or liabilities. Major purchases are transacted in Canadian dollars and therefore the Company has no material foreign currency exposure at June 30, 2018.

#### **Interest rate risk**

The Company's cash balance is placed in non bearing interest account and is therefore not subject to changes in interest rates.

#### **Equity price risk**

Market risk arises from the possibility that changes in market prices will affect the value of financial instruments of the Company. The Company's financial instruments consist of cash and HST accounts receivable. Price risk is remote.

### **Fair value**

The Company has designated its cash as held-for-trading. Accounts receivable are classified as other financial assets and loan advances and accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equal fair value.

As at June 30, 2018, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

## **CAUTIONARY NOTE**

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding estimates and/or assumptions in respect, of future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. Also refer to the ***Risks and uncertainties*** section of this MD&A.





