

INTEGRATED CANNABIS COMPANY, INC.

(formerly CNRP Mining Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

EIGHT MONTH PERIOD ENDED

JULY 31, 2018

(Expressed in Canadian Dollars)

*Set out below is a review of the activities, results of operations and financial condition of Integrated Cannabis Company, Inc. (the "Company") for the eight-month period ended July 31, 2018. The discussion below should be read in conjunction with the Company's audited consolidated financial statements for the period ended November 30, 2017. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at **November 28, 2018**. The Company is a reporting issuer in the provinces British Columbia, Alberta and Ontario and is listed on the Canadian Securities Exchange as ICAN. Additional information related to the Company, is available on SEDAR at www.sedar.com.*

1. BACKGROUND

Integrated Cannabis Company, Inc. (formerly CNRP Mining Inc.) ("iCannaCo" or the "Company") was incorporated on September 15, 2011 under the laws of the province of British Columbia and is registered extra-provincially under the laws of Ontario. CNRP was a mineral exploration company engaged in the acquisition and exploration of mineral resource properties in Canada. Prior to January 29, 2016 CNRP was 85% owned by Winston Resources Inc. ("Winston" or the "Parent Company"). On January 18, 2016, Winston declared a special dividend to its shareholders by distributing all of its shareholding interest in CNRP. The record date for the dividend is January 29, 2016. Winston no longer has any shareholder interest in the Company. CNRP is a public company whose common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "ICAN". The head office of the Company is located at Suite 810 - 789 West Pender Street, Vancouver, BC V6C 1H2, Canada.

During the eight-month period ended July 31, 2018 iCannaCo completed the acquisition of all of the issued and outstanding shares of 1127466 B.C. Ltd., which through its wholly owned subsidiary XSPRAYS Industries Inc. owns the worldwide exclusive rights to market and sell as dietary supplements for nonmedical use only cannabinoid and cannabis-infused sprays. In addition, the company has a non-exclusive license to market and sell as dietary supplements for non-medical use of non-cannabis infused sprays.

Reverse Takeover

On October 25, 2017, the Company and 1127466 B.C. Ltd. ("1127466BC") signed a share exchange agreement whereby the Company would acquire all of the issued and outstanding shares of the 1127466BC which holds, through a wholly owned subsidiary, a world-wide, exclusive license for X-SPRAYS – a brand of life-enhancement products administered via an optimal oral spray delivery system. Pursuant to the terms of the agreement, Integrated Cannabis issued an aggregate of 16,500,000 common shares in the capital of the Company (the "payment shares"). Also, as part of the transaction, the Company also issued a finder's fee of 1,650,000 common shares in the capital of the Company.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since the Company, CNRP Mining Inc., ("CNRP") was considered as a shell company whose activities, prior to the acquisition, were limited to the management of cash resources and maintenance of its reporting issuer status and did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* ("IFRS 2") whereby 1127466BC is deemed to have issued shares in exchange for the net assets of the Company together with its reporting issuer status at the fair value of the consideration received by 1127466BC. The accounting for this transaction resulted in the following:

- (i) The financial statements of the consolidated entities are considered a continuation of the financial statements of 1127466BC.
- (ii) Since 1127466BC is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the financial statements at their historical carrying values.
- (iii) As part of the completion of the reverse acquisition with CNRP to facilitate the reporting issuer status of 1127466BC, the original shareholders of CNRP retained 17,857,786 common shares and 2,425,230 warrants of the Company. A finders' fee of 1,650,000 common shares were issued to a finder.

Since the share and share-based consideration allocated to the former shareholders of CNRP on closing the reverse acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets of CNRP acquired on closing was expensed in the statement of comprehensive loss as listing expense.

The share-based compensation of \$13,550,387 recorded as listing expense included the fair value of the 17,857,786 common shares retained by the former shareholders of CNRP and 1,650,000 common shares issued to the finders at \$0.76 per share, the fair value of 2,136,457 private placements warrants and 288,733 finders' warrants at a fair value of \$0.507 and \$0.381 per warrant respectively and the net assets acquired. The \$0.76 value for the shares was based on the most recent closing price prior to the reverse acquisition. The fair value of warrants were calculated using Black Scholes option pricing model using the assumptions at the time of the RTO of risk free interest rates of 1.29%, expected life of between 0.32 to 1.04 years, expected volatility of 100%, forfeiture rate of 0% and a dividend rate of 0%.

X-SPRAYSTM

The Company's X-SPRAYS product line consists of eight market ready orally ingested spray products that are highly effective for overall health and well-being as well as general lifestyle. Four products are available infused with hemp-based cannabidiol (CBD) and four products are formulated without a cannabidiol (CBD) infusion. The state-of-the-art formulations are free from artificial flavours, artificial colours, sugar, starch, wheat, soy, gluten, eggs, salt and dairy. The sprays contain natural fruit and/or herbal flavours and are suitable for vegetarians and vegans. The products are highly bioavailable such that the active ingredients in the sprays are already fully dissolved, so the vitamins and minerals do not need to be further broken down once swallowed but are immediately available for use by the body.

The X-SPRAYS product line is packaged in precise, metered dose and convenient spray tubes including a child-resistant version, both of which easily fit into a purse or pocket and are ideal for travel. The container protects the liquid from light and air, ensuring the quality and shelf life of the ingredients.

2. COMPANY HIGHLIGHTS

During the eight-month period ended July 31, 2018 and subsequent:

- The Company completed a market ready Tetrahydrocannabinol (THC)-infused spray product and the required licensure for manufacturing of the product in Colorado. The THC product employs the same nanotechnology used to enhance the CBD-infused X-SPRAYS, resulting in higher bioavailability and faster uptake versus capsules or powder. The Company continues to enhance the flavor profiles in order to find an optimal formula.
- The Company completed a Letter of Intent (LOI) to distribute X-SPRAY products throughout the clinics and doctors' offices of Empower Clinics Inc. The companies have recently engaged with their marketing and distribution teams to streamline the logistics of rolling out new products in the Empower clinics. Integrated Cannabis will distribute all of its CBD-infused X-SPRAY including; CBD, Sleep, Recover, Libido and Energy throughout the Empower ecosystem. Empower is a leading owner and operator of medical cannabis and wellness clinics, as well as a developer of medical products in the US, focused on enabling individuals to improve and protect their health. The company provides treatment solutions through its physician-staffed clinics that are focused on education, data, and efficacy. Empower is a recognized leader and the first choice for patients seeking quality experience and improved health.
- The Company signed a Letter Agreement to collaborate on X-SPRAYS products for the Canadian market with GTEC Holdings Ltd, a Canadian License Producer under Health Canada's Access to Cannabis for Medical Purposes Regulations (ACMPR). The Agreement allows for the co-development and marketing of novel spray products, utilizing proprietary nanotization technology containing both

Cannabidiol (CBD) and/or Tetrahydrocannabinol (THC) for distribution in the Canadian medicinal and recreational markets. The Agreement is subject to the implementation of federal legislation in Canada and corresponding provincial and territorial legislation that permits the distribution and sale of certain formats of cannabis products, including without limitation sprays.

- The Company signed a Letter of Intent (the “LOI”) to acquire all of the issued and outstanding securities of Critical Mass Industries, LLC (“CMI”), a Colorado-based cannabis leader operating successfully for nearly 10-years under the brands Good Meds (www.GoodMeds.com) and BOSM Labs (www.BosmLabs.com). Integrated Cannabis has paid a non-refundable deposit of US\$250,000 upon signing the LOI and, at closing, will pay an additional US\$2,500,000 and issue 2,300,000 Integrated Cannabis common shares to the shareholders of CMI in exchange for the securities being acquired. The LOI sets out certain terms and conditions pursuant to which the Proposed Transaction will be completed. The Proposed Transaction remains subject to certain closing conditions including, without limitation, the (a) completion of customary due diligence, (b) negotiation and execution of a definitive agreement (“**Definitive Agreement**”), (c) receipt of a valuation of CMI (d) the receipt of all required regulatory, board and third-party approvals, and (e) any other conditions to closing contained in the Definitive Agreement. There can be no guarantees that the Proposed Transaction will be completed as contemplated or at all. The Proposed Transaction is anticipated to close in November 2018. Integrated Cannabis anticipates that some of the shares issued pursuant to the Proposed Transaction may be subject to escrow requirements and/or hold periods required by CSE policies and applicable securities laws.

3. SELECTED FINANCIAL INFORMATION

3.1 *Results of Operations for the eight-month period ended July 31, 2018*

- The company incurred listing expense of \$13,550,387 (2017 - \$Nil) which reflects the difference between the estimated fair value of the Company’s shares to the former shareholders of CNRP Mining Inc. less the net fair market value of the assets acquired.
- The Company incurred filing and listing fees of \$10,650 (2017 - \$Nil) due to the company pursuing a fundamental change of business with the CSE.
- The Company incurred \$27,980 (2017 - \$Nil) in legal and professional fees due to the cost of pursuing a fundamental change of business.
- The Company recognized a share-based payment of \$1,989,657 (2017 - \$Nil) to record the value of stock options issued during the period.
- Management and consulting fees for the period totaled \$711,529 (2017 - \$Nil) and was comprised of costs related to the change of business and fees paid for brand development of the X-Sprays product.
- Advertising and promotion expenditures for the period totaled \$49,727 (2017 - \$Nil) as the company incurred costs to create brand awareness for the X-Sprays products.

3.2 *Cash flows for the for the eight-month period ended July 31, 2018*

- The Company incurred cash outflows of \$1,319,131 from operating activities during the period due to the RTO.
- The RTO resulted in a total cash inflow to the Company of \$1,719,569 (2017 - \$Nil).

3.3 Financial position

- The Company had a cash balance of \$1,719,569 at period end (2017 - \$Nil).
- Accounts payable and accrued liabilities for the period were \$28,499.
- The Company had a net loss and comprehensive loss for the period of \$16,330,200 (2017 - \$Nil) due to the RTO listing expense of \$13,550,387 (2017 - \$Nil).

4. LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2018 the Company had working capital of \$2,009,288 including \$1,719,569 of cash.

The Company's continued development is contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to execute its business plan.

5. OFF BALANCE SHEET ARRANGEMENTS

At July 31, 2018, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

6. SUBSEQUENT EVENTS

Subsequent to the period ended July 31, 2018 the Company issued the following shares:

- 10,400 warrants at \$0.40 were exercised for gross proceeds of \$4,160
- 173,666 warrants at \$0.40 were exercised for gross proceeds of \$69,466
- 4,000 warrants at \$0.40 were exercised for gross proceeds of \$1,600
- 88,707 warrants at \$0.40 were exercised for gross proceeds of \$35,483
- 143,749 warrants at \$0.30 were exercised for gross proceeds of \$43,125
- 250,000 warrants at \$0.30 were exercised for gross proceeds of \$75,000

7. RELATED PARTY TRANSACTIONS

As of July 31, 2018, the due to related parties is \$18,009 (2017 - \$Nil). This amount consists of amounts due to a former director of the Company. These amounts were made to provide working capital and are non-interest bearing and without fixed terms of repayment.

During the period ended July 31, 2018, a company controlled by the spouse of the former CEO of the Company charged a total of management fees of \$42,000 and rent expense of \$18,000 to the Company. As at the end of July 31, 2018, a total payable of \$94,500 owing to this company was reversed against consulting fees and the amount owed to this related party was \$Nil.

During the period ended July 31, 2018, a total management fee of \$19,758 was expensed to a former director of the Company. As at the period ended July 31, 2018, the amount owed to this related party was \$Nil.

8. CRITICAL ACCOUNTING ESTIMATES

Financial instruments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company does not hold any available for sale, held to maturity, or derivative financial assets at July 31, 2018.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus directly attributable transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

The Company's financial assets and liabilities are generally classified and measured as follows:

<u>Asset/liability</u>	<u>Category</u>	<u>Measurement</u>
Cash and term deposits	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loan and promissory notes	Other financial liabilities	Amortized cost
Contingent liabilities	Fair value through profit or loss	Fair value

Loans and receivables and other financial liabilities are initially recognized at the fair value and subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. Such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the statement of loss and comprehensive loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated allowance. Impairment is assessed at each reporting date.

Transaction costs incurred in the course of raising debt financing are netted against the carrying value of the liability and then amortized over the expected life of the instrument using the effective interest rate method to expense interest over the period to maturity of the related debt. Other transaction costs incurred are included in the statement and comprehensive loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recorded using the liability method, providing for

temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Significant accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- i. Share-based payments and fair value adjustment to contingent liability are subject to estimation of the value of the award and warrants at the date of grant and measurement date using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.
- ii. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.
- iii. Management reviews the useful lives of depreciable assets including property, plant and equipment and customer contracts at each reporting date based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence.

Critical accounting judgments

- i. The determination that the Company will continue as a going concern for the next year.
- ii. The revenue recognition of sale revenue.
- iii. The determination of related parties.

New standards not yet adopted

IFRS 9 Financial Instruments (Revised)

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company expects the adoption of this new policy will have no impact on the Company's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014, IFRS 15 was released, replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue* and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchasers. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company expects the adoption of this new policy will have no impact on the Company's consolidated financial statements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management, with the Board of Directors oversight, manages financial risks. Where material, these risks will be reviewed and monitored by the Board of Directors. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. Financial Risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is limited to the carrying value amount carried on the statement of financial position. The Company's assets most susceptible to credit risk is its government HST recoverable, which is due from the Canadian government. As such, the risk of loss on these assets is minimal.

Market and Other Risks

Market risk is the risk of uncertainty arising primarily from possible commodity market price movements and their impact on the future economic viability of the Company's projects and ability of the Company to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly.

Liquidity Risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity needs by carefully monitoring cash outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, including 30-day, 180-day and 360-day lookout periods. As at July 31, 2018, the Company has sufficient funds to meet general and administration expenses for the next twelve months.

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration. The Company has designated its cash at FVTPL. The government HST recoverable are classified as loans and receivables whereby they are initially recognized at fair value and then subsequently carried at amortized cost. Amounts payables and other liabilities and due to related parties, are classified as other financial liabilities whereby they are initially recognized at fair value and then measured at amortized cost.

10. RISK FACTORS

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline, and prospective investors may lose part or all of their investment.

Regulatory Risks

The Company will invest in businesses that are directly or indirectly engaged in the medical and adult-use marijuana industry in Canada. The activities of the Company will be subject to intense regulation by governmental authorities. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Competition

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and production and marketing experience than the Company.

Financial Condition, Liquidity, and Requirements Outlook

The Company's cash balance and working capital position are not adequate to sustain the Company's existing operations. If the Company is unable to continue to raise capital from issuances of shares, loans or by other means, its cash and working capital position could be affected.

Industry Growth

There can be no assurance that the market for the Company's existing products will continue to grow or that the Company will be successful in independently establishing markets for its products. If the markets in which the Company's products compete fail to grow or grow more slowly than the Company currently anticipates, or if the Company is unable to establish markets for its new products, the Company's operating results and financial condition could be adversely affected.

Economic Slowdown

From time to time markets have witnessed the weakening of global macro-economic conditions. This weakness could have adverse effects on the investments of the Company's ability to continue as a going concern.s

11. INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.