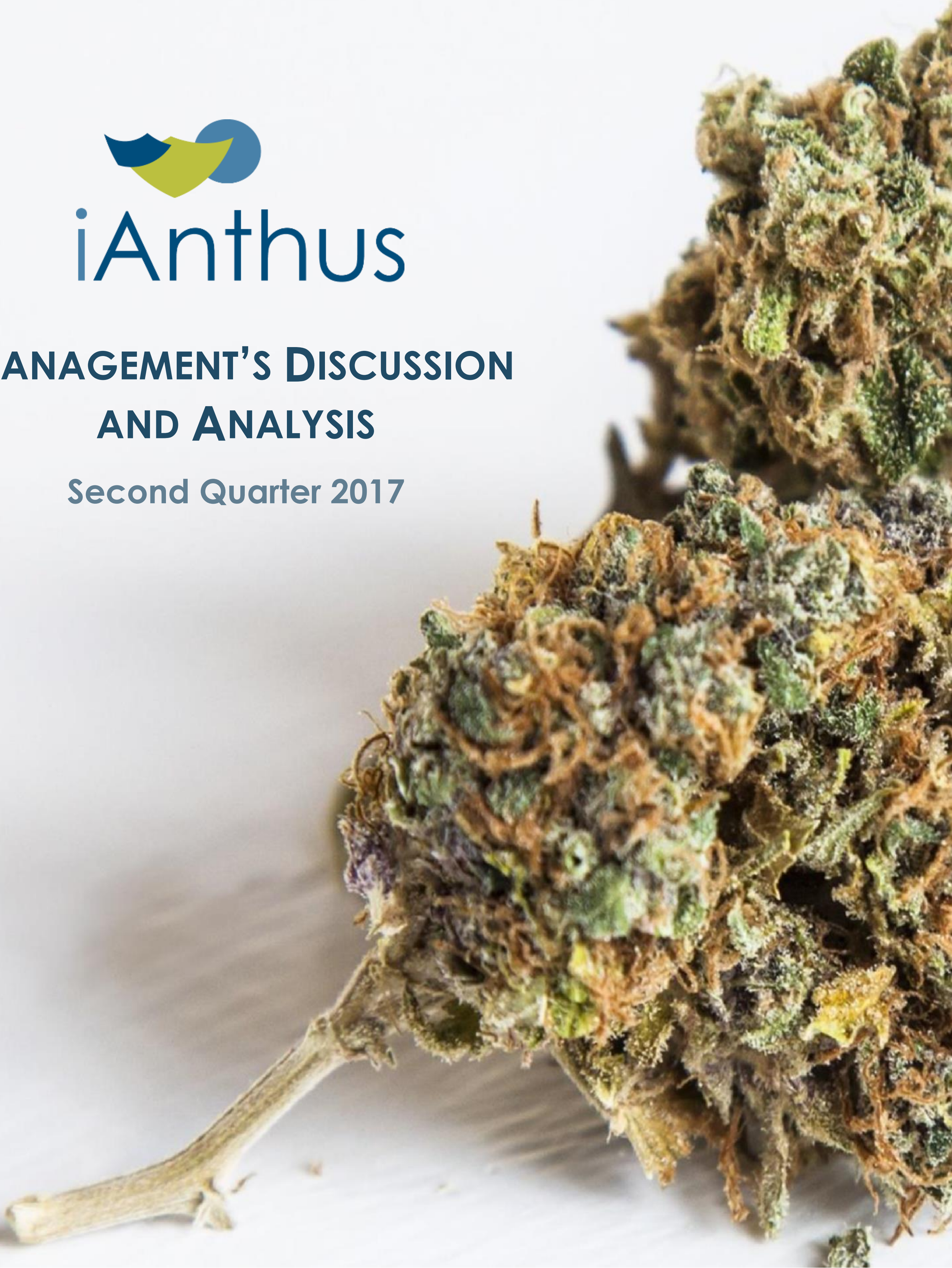
MANAGEMENT'S DISCUSSION AND ANALYSIS

Second Quarter 2017



IANTHUS CAPITAL HOLDINGS, INC.
Management's Discussion and Analysis
For the three and six months ended June 30, 2017 and 2016
(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 August 25, 2017, should be read in conjunction with the unaudited condensed interim consolidated financial statements of iAnthus for the three and six months ended June 30, 2017 and 2016 and accompanying notes thereto. The condensed interim consolidated financial statements are prepared in accordance with IAS 34 *Interim Financial Reporting* and therefore 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 in accordance with 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", "assume", "forecast" 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 implement fully 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 markets and the unique opportunity that exists for providing capital investment and expert management services ("value-added capital") to licensed cultivators, product manufacturers and dispensaries. Twenty-eight 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 $6.6 billion in 2016 and the industry's annual growth rate is expected to accelerate to over 40% in 2018 and 2019 reaching an estimated $22.8 billion in sales in 2020, according to The Cannabis Industry Annual Report: 2017 Legal Marijuana Outlook, published by New Frontier Data, a U.S. based data analytics firm focused on cannabis.

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:

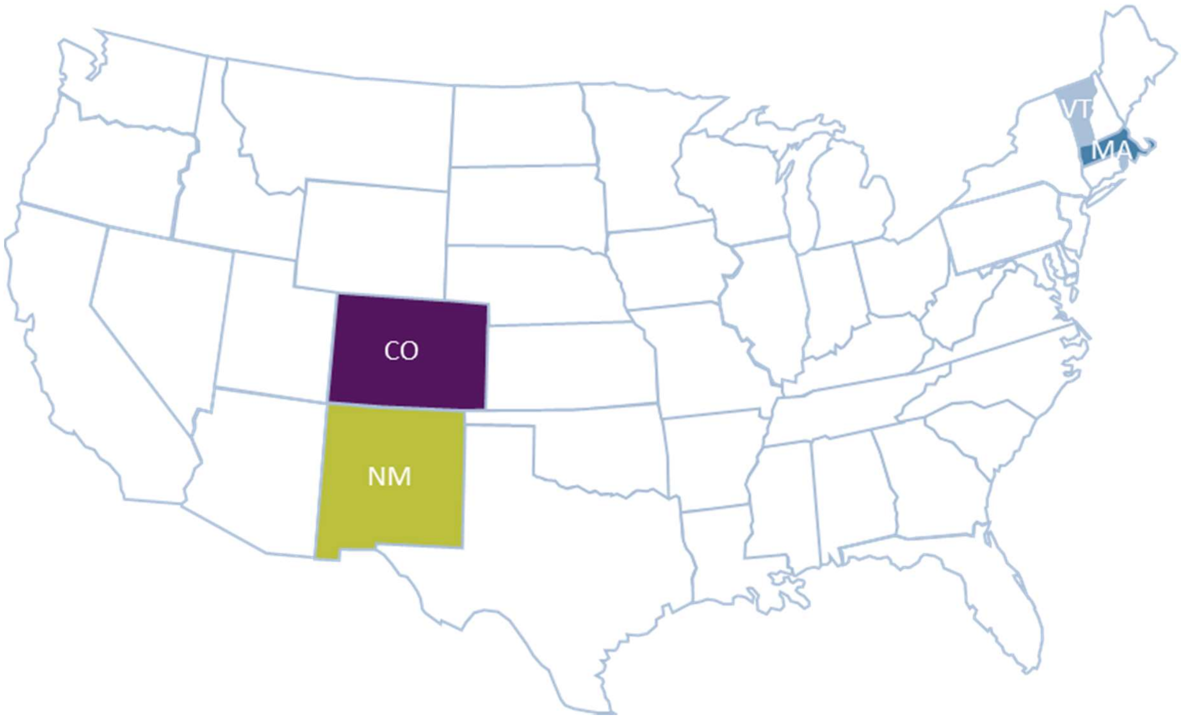
- Massachusetts,
- Vermont,
- New Mexico, and
- Colorado.

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

OVERVIEW OF U.S. STATES WHERE IANTHUS HAS INVESTED

	Massachusetts	Vermont	New Mexico	Colorado
Market Overview				
Population[1]	6,800,000	625,000	2,100,000	5,500,000
Medical Legalization	✓	✓	✓	✓
Adult Use Legalization	✓	X	X	✓
Year of Legalization – Medical	2012	2004	2007	2000
Year of Legalization – Adult Use	2016	N/A	N/A	2012
Annual Sales – 2016[2]	$52.0 Million	$10.2 Million	$46.2 Million	$1.3 Billion
4-Year Compound Annual Growth Rate (Est)	*109%*	*34%*	*13%*	*8%*
License Information				
# of Licenses (Cultivation/Dispensaries)	107	5	35	999/1,448
# of Active Licenses	10	5	35	2,447
# of Unique Licensed Entities	63	5	35	N/A
# of Operating Dispensaries	10	4	58	N/A
Vertical Integrated Licenses Allowed	✓	✓	✓	✓
State Medical Program				
# of Patients (6/30/2017)	41,822	4,438	44,403	83,857
# of Patients (6/30/2016)	33,170	2,800	26,568	105,841
Annual Patient Growth	*26%*	*59%*	*67%*	*(21%)*
Implied Penetration Rate	*0.61%*	*0.71%*	*2.13%*	*1.51%*
Allowable Conditions	**9**	**12**	**20**	**8**
PTSD	X	✓	✓	✓
Chronic Pain	✓	✓	✓	✓
Consumption Forms				
Flower	✓	✓	✓	✓
Edibles	✓	✓	✓	✓
Concentrates	✓	✓	✓	✓

(1) U.S. Census Bureau
(2) *The Cannabis Industry Annual Report; 2017 Legal Marijuana Outlook – New Frontier*


VT
MA
CO
NM

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

SUMMARY OF ASSETS

	Massachusetts	Vermont	New Mexico	Colorado	
	Mayflower Medicinals, Inc.	FWR Inc. d/b/a Grassroots Vermont	Reynold Greenleaf & Associates LLC	Organix, LLC	The Green Solution, LLC
Type of Investment	Loan[1]	Loan[1]	29% Equity Ownership	Note 2	Strategic Partnership and Loan
Investment Amount ($US)	$6.7 million[3]	$0.8 million[1]	$2.4 million	$5.2 million	$7.5 million
Facilities	3 dispensaries 1 cultivation 1 processing	2 dispensaries 1 cultivation 1 processing	6 dispensaries 3 cultivation 1 processing	1 dispensary 1 cultivation	12 dispensaries 3 cultivation 1 processing
2018E Market Share ($US)[4]	~$455.0 million	~$20 million	~$61.0 million	~$1.6 billion	~$1.6 billion
2020E Market Size – Including Recreational Potential ($US)[4]	~$1.0 billion	~$100.0 million	~$74.6 million	~$1.8 billion	~$1.8 billion
Competition[5]	1 of ~35 licenses	1 of 5 licenses	3 of ~35 licenses	1 of 4 local licenses	12 of over 1000

(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 June 30, 2017, the total funds invested through Pilgrim Rock Management, LLC is $6,665,383.*
(4) *The Cannabis Industry Annual Report; 2017 Legal Marijuana Outlook – New Frontier; company estimates*
(5) *State data and company estimates*

Mayflower Medicinals, Inc ("Mayflower")

- 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; and
- The cultivation facility is within a modular industrial complex, which will present future opportunities for expanding capacity beyond the initial 36,000 sq. ft.

Organix, LLC ("OGX")

- 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")

- Twelve current dispensary locations with six new openings in Colorado expected by the end of 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")

- Management of four licenses which encompasses the following:
  - Six dispensaries with plans to add three more by end of 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.

FWR Inc. (dba. Grassroots Vermont) ("FWR")

- One dispensary and 6,900 square foot cultivation and processing facility in Brandon;
- Implemented largest statewide medical marijuana delivery service in Vermont; and
- Serves 577 active registered patients across the state.

FIRST 6 MONTHS UPDATE

Key Highlights

- **MAYFLOWER CULTIVATION CONSTRUCTION ON PACE TO BE COMPLETED IN Q3 2017:**
  Mayflower team broke ground on its 36,000 square foot vertically integrated cultivation facility in Holliston, Massachusetts. The cost incurred for both cultivation facility and dispensaries built-out so far are $6 million

- **GRASSROOTS VERMONT GENERATES RECORD SALES IN THE FIRST HALF OF 2017:**
  GRVT generated over $464,000 in the first six months of 2017, a 60% increase over the same period in 2016.

- **REYNOLD GREENLEAF OPENS SIXTH STORE IN THE STATE OF NEW MEXICO:**
  RGA opened its fifth store in Albuquerque and generated $3.8 million of revenues in the first two quarters of 2017.

- **ORGANIX WELCOMES COLORADO CANNABIS VETERANS TO MANAGEMENT TEAM:**
  Pure CEO and COO to run Breckenridge dispensary and Denver cultivation facility. Pure is a Colorado Cannabis Company, founded in 2009, and currently operate with 50K sq.ft of cultivation and 3 dispensary locations.

- **CITIVA MEDICAL, LLC AND CITIVA, LLC INVESTMENT ("Citiva") TO BE ACQUIRED FOR US$18 MILLION:**
  Management announced its intent to acquire 100% of Citiva, one of ten license holders in the State of New York.

iAnthus has continued to grow and diversify its investments in the first half of 2017

First Six Months at a Glance

In the first half of 2017, iAnthus has expanded its portfolio to include **TGS** in Colorado. iAnthus initiated a strategic partnership with TGS through a $7.5 million loan facility that will be used to further expand the $50 million dollar business in 2017. In addition, TGS has entered into an advisory agreement to provide iAnthus with operational expertise and advice in support of the Company's investments in Massachusetts, Vermont, New Mexico, and Colorado.

In August 2017, iAnthus announced the expansion of its position in the Northeast U.S. with the proposed 100% acquisition of Citiva, which holds one of the ten vertically integrated medical marijuana licenses in New York State and Citiva, the owner of certain regulated cannabis industry assets and intellectual property. Citiva has a highly successful management team, who founded a medical business with over $50 million in annual revenues that includes a long-term care pharmacy, retail pharmacies, and a compounding pharmacy focused on pain management, with four locations in and around New York City. In addition, Citiva NY' s dispensary locations in Brooklyn and Staten Island will provide immediate access to more than 10 million people in the New York City metropolitan area. The management team has developed relationships with more than 800 physicians and a proven track record of delivering specialized prescription medication to patients. The transaction will consist of $3.6 million payable in cash and $14.4 million payable in common shares of iAnthus priced at $2.40 per share.

In March 2017, iAnthus announced that construction had commenced on a state-of-the-art cannabis cultivation and processing facility in Holliston, Massachusetts for the benefit of Mayflower Medicinals, Inc. ("Mayflower"), a Massachusetts non-profit Registered Marijuana Dispensary ("RMD") license holder affiliated with the Company. The 36,000 square foot facility has been fully funded and will cost approximately US$6.0 million. The space is located within an existing warehouse building and the initial interior demolition to prepare for tenant improvements and installation of cultivation and processing equipment has been completed. The facility is within a modular industrial complex, which will present future opportunities for expanding capacity beyond the initial 36,000 square feet. The first crop is expected to be planted in the third quarter of 2017 when construction is complete.

OPERATING ENVIRONMENT

Marijuana[1] remains illegal under U.S. federal law and 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

	Q2 2017	Q1 2017	Q4 2016
Revenue	$ 555,467	$ 330,349	$ 80,479
Working capital	15,196,529	19,695,835	8,354,019
Total invested capital	22,265,881	14,963,934	9,322,158
Cash	8,464,606	16,146,395	9,413,953

NON-IFRS MEASURES – TOTAL INVESTED CAPITAL

The Company has included a non-IFRS measure for "total invested capital" in this MD&A to supplement its financial statements, which are presented in accordance with IFRS. For the three quarters presented, the total invested capital is equal to the Net cash used in investing activities figure from the Condensed Interim Consolidated Statements of Cash Flows for each quarter. 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.

	June 30, 2017	March 31, 2017	December 31, 2016	Total
Total cash used in invested capital	$7,301,947	$ 5,641,776	$ 9,322,158	$ 22,265,881

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.

	June 30, 2017	March 31, 2017	December 31, 2016
Current assets	$ 17,188,742	$ 21,402,180	$ 10,068,883
Less current liabilities	1,992,213	1,706,345	1,714,864
Working capital	**$ 15,196,529**	**$ 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.

The loan facility has a term of one year, with interest on borrowings are payable at the rate of 14% during the first 4 months, escalating to 23% for the remaining 8 months. As of June 30, 2017, the $7,500,000 loan has fully drawn and the total amount, including accrued interest, is $7,892,651. As of August 06, 2017, the total amount, including accrued interest, is $8,047,859.

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 June 30, 2017, the total loan to Mayflower, including accrued interest, is $3,495,725. As of August 25, 2017, there was an additional drawdown of $150,000.

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 June 30, 2017, the Company has invested total of $3,528,965 through Pilgrim. As of August 25, 2017 the Company has invested a total of $6,050,270 through Pilgrim.

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.

Citiva Medical, LLC and Citiva, LLC investment

In August 2017, the Company has signed a letter of intent to acquire Citiva Medical, LLC ("Citiva NY"), which holds one of the ten vertically integrated medical marijuana licenses in New York State and Citiva, LLC ("Citiva USA" and together with "Citiva NY", "Citiva"), the owner of certain regulated cannabis industry assets and intellectual property. Pursuant to the letter of intent, the Company will acquire 100% of Citiva NY and Citiva USA and certain operating subsidiaries for approximately US$18.0 million, which includes US$3.6 million payable in cash and approximately US$14.4 million payable in IAN common shares priced at US$2.40 per share, subject to the terms of a collar.

Further, in August 2017, the Company provided a promissory note of $500,000 to Citiva at 5% interest per annum with a maturity date of August 18, 2018.

(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.

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Revenues	$ 555,467	$ 330,349	$ 80,479	$ 184,277	$ 81,350	$ 45,546	$ 28,126	$ 36,819
Comprehensive loss	(2,645,514)	(1,876,853)	(2,825,984)	(830,175)	(863,987)	(535,585)	(601,625)	(200,539)
Loss per share	(0.10)	(0.07)	(0.18)	(0.05)	(0.05)	(0.05)	(0.05)	(0.02)
Total assets	32,493,567	32,914,248	19,956,998	6,118,317	1,453,765	1,836,259	859,237	1,100,701
Non-current liabilities	14,353,824	13,438,164	735,324	1,097,143	424,642	703,576	-	-

RESULTS OF OPERATIONS

For the three months ended June 30, 2017

Revenues

As the Company continues to expand its portfolio of investments, revenues from interest in the current period are higher than in previous periods.

Management fee increased by $17,686 to $34,337 in the three months ended June 30, 2017 compared to $16,651 in the three months ended June 30, 2016. The increase in management fee income was primarily a result of a significant increase (approximately 60%) in sales at FWR, Inc. ("FWR") from prior period combined with additional drawdowns.

$68,057 was earned from the properties and equipment acquired on December 05, 2016, from and leased back to Organix in the three months ended June 30, 2017 ($Nil - June 30, 2016).

Interest income increased by $397,125 to $453,073 in the three months ended June 30, 2017, compared to $55,948 in the three months ended June 30, 2016. The increases is primarily driven by the Company's new loan to TGS. The Loan Facility has a term of one year, and interest on borrowings are payable at the rate of 14% during the first 4 months, escalating to 23% for the remaining 8 months. and the principal balance outstanding at June 30, 2017 was $7,500,000.

For the six months ended June 30, 2017

Revenues

Total management fees increased by $29,751 to $58,710 compared to $28,959 in the six months ended June 30, 2016. The increase in management fee income was mainly due to an increase in sales at FWR and a higher management fee rate as a result of additional drawdowns.

$133,874 was earned from the properties and equipment acquired on December 05, 2016, from and leased back to Organix (Nil- June 30, 2016).

Total interest income increased by $614,708 to $693,232 in the six months ended June 30, 2017 compared to $78,524 in the six months ended June 30, 2016. The increase is mainly due to the Company's new loan to TGS, and additional loans to Mayflower and FWR.

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

Operating Expenses

As the Company continues to expand its portfolio of investments and look for potential investments opportunities, operating expenses in the current period are higher than in previous periods.

	Three months ended		*Six months ended*	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Operating expenses:				
Depreciation and amortization	$ 86,212	$ -	$ 183,626	$ -
Administrative and other expenses	467,467	163,632	923,269	281,836
Wages and salaries	395,441	-	760,026	-
Share-based compensation	522,411	280,342	850,455	371,186
Legal and professional fees	442,648	166,779	701,831	279,354
Consulting fees	389,943	304,669	807,196	548,036
Total operating expenses	**$ 2,304,122**	**$ 915,422**	**$ 4,226,403**	**$ 1,480,412**

For the three months ended June 30, 2017

The depreciation and amortization expenses on depreciable assets increased by $86,212 in the three months ended June 30, 2017 (June 30, 2016 - $Nil). This was incurred on the Breckenridge dispensary facility acquired on December 5, 2016 from Organix and also on new fixed assets purchased in the current quarter.

Administrative and other expenses for the three months ended June 30, 2017 increased by $303,835 to $467,467 compared to $163,632 for the three months ended June 30, 2016. This was due to increased business activity during the current period. Audit and accounting fees were higher as the Company engaged a new audit firm to conduct a full year audit and quarterly reviews. The Company also engaged two additional external accounting firms to assist the Company in the preparation of tax returns and advise on other complex accounting matters. Transfer and regulatory fees were also incurred as the Company is now publicly listed. Further, increased travel costs were also incurred as a result of increased deal sourcing and analysis throughout the U.S.

For the six months ended June 30, 2017

Increase in depreciation and amortization expenses on depreciable assets in amount of $183,626 in the six months ended June 30, 2017 (June 30, 2016- Nil) were incurred on a dispensary facility acquired from Organix on December 5, 2016, and on new fixed assets acquired during the period.

Administrative and other expenses for the six months ended June 30, 2017 increased by $641,433 to $923,269 compared to $281,836 in the six-month ended June 30, 2016. This was due to increased business activity during the current period. Audit and accounting fees were higher as the Company engaged a new audit firm to conduct a full year audit and quarterly reviews. The Company also engaged two additional external accounting firms to assist the Company in the preparation of tax returns and advise on other complex accounting matters. Transfer and regulatory fees were also incurred as the Company is now publicly listed. Further, increased travel costs were also incurred as a result of increased deal sourcing and analysis throughout the U.S.

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

	Three months ended		*Six months ended*	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Administrative and other expenses:				
Advertising and promotion	$ -	$ -	$ 20,608	$ 36,852
Audit and accounting	278,419	54,143	418,237	81,808
Insurance	3,687	21,489	3,687	44,048
Transfer agent and regulatory	51,032	900	89,878	7,709
Travel and entertainment	53,879	33,063	181,697	62,191
Other	80,450	54,037	209,162	49,228
Total Administrative and other expenses	**$ 467,467**	**$ 163,632**	**$ 923,269**	**$ 281,836**

For the three months ended June 30, 2017

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

Legal and professional fees have also increased during the quarter as a result of increased deal flow (including both contemplated and closed deals).

Consulting fees increased by $85,274 to $389,943 in the three months ended June 30, 2017 compared to $304,669 in the three months ended June 30, 2016. The increased activity of the Company in making acquisitions in new jurisdictions and the costs associated with raising capital have led to an increase in consulting and business development fees. The management fee component of $210,000 to Last Dance Ventures, LLC ("LDV") is consistent with previous periods. 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.

For the six months ended June 30, 2017

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 increased by $259,160 to $807,196 in the six months ended June 30, 2017 compared to $548,036 in the six months ended June 30, 2016. The increased activity of the Company in making acquisitions in new jurisdictions and the costs associated with raising capital have led to an increase in consulting and business development fees. The management fee component of $210,000 to Last Dance Ventures, LLC ("LDV") is consistent with previous periods. 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's Colorado operations.

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

	Three months ended		*Six months ended*	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Consulting fees:				
General	$ -	$ -	$ 772	$ -
Management fee	210,000	210,000	420,000	420,000
Financial consulting	78,744	-	109,551	-
Marketing and promotional	66,113	37,506	168,476	52,506
Other due diligence and closing costs	35,086	57,163	108,397	75,530
Total consulting fees	**$ 389,943**	**$ 304,669**	**$ 807,196**	**$ 548,036**

Other Items

For the three months ended June 30, 2017

Interest expense of $326,879 was accrued in the three months ended June 30, 2017 compared to $9,973 in the three months ended June 30, 2016. The accretion expense was $388,365 in the three months ended June 30, 2017 compared to $78,511 in the three months ended June 30, 2016.

For the six months ended June 30, 2017

Total interest and accretion expenses incurred during the six months ended June 30, 2017 were $1,005,486 compared to $93,963 in the six months ended June 30, 2016. The significant increase was a result of the convertible debentures financing closed in February 2017.

Total Assets

The total assets of the Company have increased significantly during the six months ended June 30, 2017 as compared to December 31, 2016. Notable increases have come from the following accounts.

- Promissory notes receivable have increased by $8,101,202, largely as a result of the $7,500,000 loan made to TGS, with $4,300,00 during Q1, and $3,200,000 during the current quarter;
- Loans receivable have increased by $1,367,145 as a result of drawdowns and accrued interest on the loan outstanding to Mayflower, and loan to Pilgrim in the amount of $3,528,965;
- The balance of property, plant and equipment has increased by $573,402 as a result of the purchase of the Breckenridge dispensary facility; and
- Investment in associate has increased by $122,966 to $2,530,354 as of June 30, 2017 compared to $2,407,388 as of December 31, 2016. This is due to an increase in the Company's pro rata share of RGA's net income which has improved from prior periods.

Non-current Liabilities

Non-current liabilities of the Company have increased by $13,618,500 due to the convertible debentures financing closed in February 2017, resulting in additional long term debt of $13,207,200 and interest payable of $411,300 as at June 30, 2017.

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

LIQUIDITY AND CAPITAL RESOURCES

CASHFLOWS

	Six months ended	
	June 30, 2017	**June 30, 2016**
Net cash generated from (used in):		
Operating activities	$ (2,834,769)	$ (2,067,416)
Investing activities	(12,943,723)	(1,080,000)
Financing activities	14,616,470	5,767,221
Net increase (decrease) in cash	**$ (1,162,022)**	**$ 2,619,805**

Operating Activities

The cash used in operating activities during the six months ended June 30, 2017 was primarily driven by the net loss of $4,443,291 incurred by the Company during the period. Adjustments made for significant non-cash items include $850,455 related to share based compensation for the Company's employees and external consultants, $693,232 interest income earned but not yet received in cash, $1,005,486 non-cash accretion on long-term debt and associated interest expense, a $534,266 increase in accounts payable and accrued liabilities.

Investing Activities

On February 2017, the Company entered into a strategic relationship with TGS. The $7,500,000 loan was fully drawn as of June 30, 2017. Furthermore, during the period, the Company invested $3,528,965 through Pilgrim, additional drawdowns amounting to $1,117,453 for the Company's existing loan to Mayflower, and $225,000 to FWR.. The Company also invested approximately $500,000 in property plant and equipment, in connection with the purchase of the Breckenridge dispensary facility, and $134,646 on new fixed assets. Offset by $62,341 of interest received from loan to FWR.

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

	Balances as at	
	June 30, 2017	**June 30, 2016**
Organix	$ 4,675,000	$ -
RGA	2,371,272	920,000
FWR	775,000	-
Mayflower	3,136,418	714,896
Pilgrim	3,528,965	-
TGS	7,500,000	-
Total capital investments	**$ 21,986,655**	**$ 1,634,896**

Financing Activities

Management expects to raise more capital in the future as the Company continues to execute on its strategic initiatives to acquire licensed dispensaries, processors and cultivators throughout the U.S. During the six months ended June 30, 2017, the Company raised significant capital through the issuance of CAD$20,000,000 in convertible debentures resulting in USD$15,096,000 proceeds to the Company and financing costs of USD$820,845.

WORKING CAPITAL AND FINANCING

Working Capital

As of June 30, 2017, the Company had working capital of $15,196,529 compared to $8,354,019 at December 31, 2016 and cash of $8,464,606 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 its operations.

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 June 30, 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 (USD$15,096,000) aggregate principal amount of unsecured convertible debenture (the "Convertible Debentures") at a price of CAD$1,000 (USD$755) per Convertible Debenture. The Convertible Debentures commenced to bear interest from February 28, 2017 (the "Closing Date") 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 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.

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 estimated to be CAD$17,509,150 (equivalent to USD$13,215,907 at issuance) and the residual of CAD$2,490,850 (equivalent to USD$1,880,093 at issuance) was allocated as the fair value of the conversion feature. The market rate of interest assumed in calculating the fair value was estimated to be 15%. Issuance costs of CAD$1,087,500 were allocated proportionately with CAD$952,060

(USD$718,615) as a debit against the liability component and CAD$135,440 (USD $102,230) as a debit against the equity component.

During the three and six months ended June 30, 2017, interest expense of $302,493 and $402,666, respectively (June 30, 2016 - $Nil and $Nil) and accretion expense of $318,096 and $416,749, respectively (June 30, 2016 - $Nil and $Nil) was recognized. As at June 30, 2017 the debt host liability amounts to $13,071,710 (December 31, 2016 - $Nil).

During second quarter of 2017, the Company issued 48,387 common shares for the conversion of CAD$150,000 (USD$113,310) of the debentures.

Convertible Promissory Loan Notes

In February 2016, the Company issued two unsecured convertible promissory notes (the "Notes") for a total principal amount of $1,300,000. The Notes, which are convertible at prices ranging from $1.00 to $1.65 per share contingent on certain milestones being met, bear interest at 8.0% per annum and have maturity dates that are one to three years from the date of execution of the RTO (Note 5).

The terms of the Notes contain a covenant requiring the Company to 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 June 30, 2017 and December 31, 2016, the Company was in compliance with this covenant.

In conjunction with the issuance of the Notes the Company issued 275,758 three-year warrants. Each warrant gives the holder the right to purchase one Class A common share of the Company at an exercise price of CAD$2.24. The warrants are classified as an equity instrument and recognized at fair value with no subsequent revaluation.

The conversion feature is a derivative liability and is required to be separated from the debt host liability and valued independently. As the conversion feature is designated as fair value through profit or loss it is revalued at each reporting date. For the Black-Scholes calculation as at June 30, 2017, the Company used a volatility of 100.4%, dividend yield of 0% and discount rate of 0.71%. The fair value at June 30, 2017 was calculated to be $951,269 (December 31, 2016 - $889,992). For the three and six months ended June 30, 2017, the Company recognized a change in fair value of $28,109 and $61,277, respectively, in the statement of comprehensive loss. For the three and six months ended June 30, 2016, the Company recognized a change in fair value of $36,879 and $36,879, respectively.

The residual value from the instrument was assigned to the debt host liability which is valued on an amortized cost basis. At June 30, 2017 the debt host liability amounted to $870,814 (December 31, 2016 - $735,324).

During the three and six months ended June 30, 2017, interest expense of $24,386 and $50,581 was accrued, respectively (June 30, 2016 - $9,973 and $15,452). During the three and six months ended June 30, 2017, accretion expense of $388,365 and $552,239 was accrued, respectively (June 30, 2016 - $78,511 and $78,511).

On September 23, 2016, the Company issued 15,956 common shares in satisfaction of accrued interest due on the convertible promissory note of $19,945. On December 6, 2016, the Company issued 15,477 common shares in satisfaction $25,000 of principal and $526 of accrued interest. On June 19, 2017, the Company issued 9,845 common shares in satisfaction $20,165 of accrued interest.

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

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 capital 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 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 period.

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 June 30, 2017, the Company used a volatility of 100.4%, dividend yield of 0% and discount rate of 0.71%. The fair value at June 30, 2017 was calculated to be $868,069 (December 31, 2016 - $889,992). The movement in fair value of $55,091 and $21,923 were recognized in the condensed interim consolidated statement of comprehensive loss for the three and month periods ended June 30, 2017 and June 30, 2016, respectively.

OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company has entered into certain contractual obligations as follows:

	<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	196,780	202,191	621,813	1,020,784
North 6th Agency, Inc.	100,000	10,000	-	110,000
Kanan Corbin Schupak & Aronow, Inc.	24,000	-	-	24,000
Blue Chip Public Relations, Inc.	4,000	-	-	4,000
Total USD - denominated	**$ 426,780**	**$ 1,538,191**	**$ 621,813**	**$ 2,586,784**
CAD - denominated				
Convertible Debentures	$ 1,600,000	$ 20,650,000	-	$ 22,250,000
Baron Global Financial Canada, Ltd.	96,000	-	-	96,000
KRC Canada Corp.	60,000	50,000	-	110,000
Total CAD - denominated	**$ 1,756,000**	**$ 20,700,000**	**$ -**	**$ 22,456,000**

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

At June 30, 2017, the Company had leases for office spaces with KRC Canada Corp., expiring April 29, 2019 and SLG Graybar Mesne Lease LLC, expiring May 31, 2022.

The Company has a commitment to continue engaging with Baron Global Financial Canada Ltd. To provide advisory and corporate finance services until February 2018.

The Company has commitments to continue its relationship for three months to a year from June 30, 2017 with the marketing firms North 6th Agency, Inc., Kanan Corbin Schupak & Aronow, Inc. (dba. KCSA Strategic Communications), and Blue Chip Public Relations, Inc., for investor public relations services.

RELATED PARTY BALANCES AND TRANSACTIONS

Related party balances are as follows:

	June 30, 2017	June 30, 2016
Due from RGA	$ 30,000	$ -
Due from director	125,000	-
Due from FWR, owned by a family member related to an officer to ICM	891,178	140,102
Due from LDV, owned by officers of ICM	1,905	-
Due from Pilgrim, owned by officers of ICM	3,528,965	714,896
Due from Mayflower, controlled by an officer of ICM	3,495,725	929,579
Total due from related parties	**$ 8,072,773**	**$ 1,784,577**
Due to LDV, owned by officers of ICM	7,939	-
Total due to related parties	**$ 7,939**	**$ -**

RGA

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 June 30, 2017, the reimbursement due from the RGA loan conversion was $30,000.

LDV

The Company utilizes the services and office space of Last Dance Ventures, LLC ("LDV"), a related party owned by the Company's officers, Hadley Ford and Randy Maslow. The rental costs were $33,321 and $60,984 for the three and six months ended June 30, 2017, respectively (June 30, 2016 - $27,170 and $52,815).

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 three and six months ended June 30, 2017, the Company incurred administrative management fees of $210,000 and $420,000, respectively (June 30, 2016 - $210,000 and $420,000). As of June 30, 2017, and December 31, 2016, the amount due to LDV is $7,939 and $318,194 respectively and amount due from LDV is $1,905 and $317,726 respectively.

FWR

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 $34,337 and $58,710 for the three and six months ended June 30, 2017, respectively (June 30, 2016 - $16,651 and $28,959). As of June 30, 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 for the three and six months ended June 30 2017, and $10,662 and $19,413 for the three and six months ended June 30, 2016, respectively, and this is presented as a reduction in administrative management fee. As of June 30, 2017, the reimbursement receivable from FWR was $48,297 (December 31, 2016 - $48,297), and is expected to be repaid within 12 months, and therefore, is classified as current.

Pilgrim

As of June 30, 2017, the Company has provided $3,528,965 (December 31, 2016 - $Nil) to Pilgrim Rock Management, LLC ("Pilgrim"), a related party owned by an officer of the Company. 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. Due to the nature of the transaction, there no terms for interest, repayment or security on the balance have been formalized.

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.

At June 30, 2017, the total principal amount advanced under the loan was $3,136,418 with accrued interest receivable of $359,307. At December 31, 2016, principal outstanding was $2,018,965 and accrued interest receivable was $121,872. 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 $113,935 and $237,325 for the three and six-month periods ended June 30, 2017, respectively. Interest income on the note amounted to $4,362 and $5,946 for the three and six-month periods ended June 30, 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 monthly. 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

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

Company have extended the forbearance of the principal payments. As of the issuance date of these condensed interim consolidated financial statements, the principal payments are due to commence on September 15, 2017.

As of June 30, 2017, the total amount advanced under the secured promissory note was $775,000 of which $115,035 was classified as current and $659,965 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.

Loan Due from TGS

On February 6, 2017, ICM entered into a strategic relationship with TGS and certain of its affiliated Colorado entities (collectively, "TGS"). TGS is a leading cultivator and dispenser of marijuana and marijuana-infused products in Colorado. The strategic relationship includes an initial financing, by the Company to TGS, consisting of a $7,500,000 loan facility. The Loan Facility has a term of one year, and interest on borrowings are payable at the rate of 14% during the first 4 months, escalating to 23% for the remaining 8 months. At June 30, 2017, the loan receivable balance was $7,500,000 and the loan facility was fully drawn. Interest earned during the three and six months ended June 30, 2017 was $288,785 and $392,652, respectively.

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.

Other

As of December 31, 2016, the Company had a receivable due from a director of $30,000 and the balance was received in full during the three months ended June 30, 2017.

As of June 30, 2017, the Company had a loan due from a director with a balance of CAD$125,000 (USD$96,324). The loan accrues 2.5% interest due upon the maturity of the loan. The loan is repayable on demand and is expected to be repaid within the next 12 months, therefore the Company has classified the balance as current and it is presented in the statements as a related party receivable. Subsequent to June 30, 2017, there was an additional drawdown for CAD$75,000 (USD$59,978). No director loan existed at December 31, 2016.

SHARE CAPITAL

The following share capital data is as of August 25, 2017.

	Balance
Common shares issued and outstanding	16,538,977
Class A common shares issued and outstanding	11,255,000
Options	2,526,000
Warrants	5,888,773
Debentures	6,212,905
Convertible promissory notes	772,727
Fully diluted shares outstanding	43,194,382
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 period.

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 Financial Instruments: Recognition and Measurement to IFRS 9 Financial Instruments ("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 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 ("IAS 17") 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. 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. IFRS 16 will be applied prospectively for annual periods beginning on January 1, 2019. Based on the Company's current leasing arrangements, this standard is expected to have an effect on the financial reporting and the Company is currently assessing the implications of the new standard.