A copy of this preliminary prospectus has been filed with the securities regulatory authorities in the provinces of Alberta, British Columbia and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell those securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**"), or any applicable state securities laws. Accordingly, the securities offered hereby may not be offered or sold within the United States in the absence of an exemption from the registration requirements of the 1933 Act and applicable state securities laws. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".*

PRELIMINARY PROSPECTUS

Initial Public Offering May 30, 2019

A minimum of CAD500,000.04 and a maximum of CAD1,000,000.08
A minimum of 2,777,778 and a maximum of 5,555,556 Units

This preliminary prospectus qualifies the initial public offering (the "**Offering**") of a minimum of 2,777,778 (the "**Minimum Offering**") and a maximum of 5,555,556 (the "**Maximum Offering**") units (the "**Units**") of InnoCan Pharma Corporation ("**we**", "**us**", "**InnoCan**" or the "**Corporation**") at a price of CAD0.18 per Unit (the "**Offering Price**"). Each Unit consists of one common share in the capital of the Corporation (each, a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Corporation (each, a "**Warrant Share**") at an exercise price of CAD0.30 for a period of 24 months following the Closing Date (as defined herein). If, following the closing of the Offering, the closing price of the common shares in the capital of the Corporation (the "**Common Shares**") on the Canadian Securities Exchange (the "**CSE**"), or such other stock exchange on which the Common Shares are listed is equal to or greater than CAD0.35 for any 20 consecutive trading days, the Corporation may, upon providing written notice to the holders of Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The Warrants will be transferable but will not be listed or quoted on any stock exchange or market. The Units are issued pursuant to an agency agreement dated [•], 2019 (the "**Agency Agreement**"), between the Corporation and Leede Jones Gable Inc. (the "**Agent**"). The Units and underlying Unit Shares, Warrants and Warrant Shares qualified hereunder are referred to herein as the "**Offered Securities**".

Price: CAD0.18 per Unit

	Price to Public[(1)]	Agent's Commission[(2)]	Net Proceeds to the Corporation[(3)]
Per Unit	CAD0.18	CAD0.018	CAD0.162
Minimum Offering	CAD500,000.04	CAD50,000	CAD450,000
Maximum Offering	CAD1,000,000.08	CAD100,000	CAD900,000

(1) The Offering Price was determined through negotiation between the Corporation and the Agent. See "Plan of Distribution".

(2) Pursuant to the Agency Agreement, the Agent has agreed to act as the agent of the Corporation in connection with the Offering, and will receive a cash commission of 10% of the gross proceeds of the Offering (the "**Agent's Commission**"), being a minimum of CAD 50,000 and a maximum of CAD100,000. In addition, the Agent has received a corporate finance fee of CAD25,000 (the "**Corporate Finance Fee**"), plus GST, which is non-refundable, and will be reimbursed for certain of its expenses, including legal fees, incurred pursuant to this Offering. The Corporation will also grant to the Agent upon completion of the Offering, non-transferable Common Share purchase options (the "**Compensation Options**") entitling the Agent to purchase such number of Common Shares (the "**Option Shares**") as is equal to 10% of the total number of Units sold by the Agent pursuant to the Offering. Each Compensation Option will entitle the Agent to acquire one Option Share at an exercise price of CAD0.18 per Option Share during the twenty-four (24) month period following the Closing Date (as defined herein). This prospectus also qualifies the distribution of the Compensation Options. See "Plan of Distribution".

(3) Before deducting the following expenses: (i) the Agent's expenses; and (ii) the other expenses of the Offering, together estimated to be CAD235,000 (USD175,073) under the Minimum Offering and CAD285,000 (USD212,322) under the Maximum Offering excluding the Corporate Finance Fee and CDN25,000 deposit towards the Agent's expenses, which will be paid from the gross proceeds of the Offering.

Agent's Position	Minimum Offering	Maximum Offering	Exercise Period	Exercise Price
Compensation Options	277,778	555,556	Twenty-four (24) month period following the Closing Date	CAD0.18

There is no market through which the Offered Securities may be sold and purchasers may not be able to resell the Offered Securities purchased under this prospectus. This may affect the pricing of the Offered Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Offered Securities, and the extent of issuer regulation. See "Risk Factors".

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.).

The Corporation has applied to the CSE for the listing of its Common Shares. The CSE has not approved the listing of the Common Shares. Listing is subject to the Corporation fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares.

The Offering is not underwritten or guaranteed by any person. Pursuant to the terms of the Agency Agreement, the Agent conditionally offers the Units, on a commercially reasonable agency basis, if, as and when issued by the Corporation in accordance with the Agency Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Burnet, Duckworth & Palmer LLP and on behalf of the Agent by Burstall LLP. See "Plan of Distribution".

The completion of the sale of securities pursuant to the Offering (the "**Closing**") will take place on such day or days as the Agent and the Corporation may mutually agree upon (each referred to herein as a "**Closing Date**"). It is expected that the first Closing Date will occur on or about [•], 2019 or such later date as the Corporation and the Agent may agree. If the Minimum Offering is not completed within ninety (90) days of the issuance of a receipt for the final prospectus, or if a receipt has been issued for an amendment to the final prospectus, within ninety (90) days of the issuance of such receipt and in any event not later than one hundred and eighty (180) days from the date of receipt for

the final prospectus, the Offering will cease. The Unit Shares and Warrants, other than in certain limited circumstances, will be deposited with CDS Clearing and Depository Services Inc. ("**CDS**") in electronic form on the Closing Date through the non-certificated inventory system administered by CDS. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased. See "Plan of Distribution".

Until such time as the Closing has occurred, all subscription funds received by the Agent will be held in trust, pending closing of the Minimum Offering. If the Minimum Offering has not been subscribed for within the distribution period of the Units, the Agent shall promptly return the proceeds of the subscription to the subscribers without interest or deduction, unless the subscribers have otherwise instructed the Agent.

An investment in the Units is highly speculative due to various factors, including the nature and stage of development of the business of the Corporation. An investment in these securities should only be made by persons who can afford the total loss of their investment. See "Risk Factors".

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GLOSSARY

The following is a glossary of certain general terms used in this prospectus, including the summary hereof. Terms and abbreviations used in the financial statements and management's discussion and analysis included in, or appended to this prospectus are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**ACMPR**" means the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230;

"**Affiliate**" of any person means another person that would be considered to be an affiliate of such first mentioned Person for the purposes of the CBCA;

"**Agency Agreement**" means the agency agreement entered into between the Corporation and the Agent dated [•], 2019, with respect to the Offering;

"**Agent**" means Leede Jones Gable Inc.;

"**Agent's Commission**" means the fee equal to 10% of the gross proceeds of the Offering;

"**Aloni Haft Agreement**" means the engagement letter, dated November 10, 2017, as amended, between InnoCan Israel and Aloni Haft Investment Banking Ltd.;

"**Audit Committee**" means the audit committee of the Board of Directors;

"**Board**" or "**Board of Directors**" means the board of directors of the Corporation;

"**Business Day**" means any day, other than a Saturday, Sunday or Canadian federal or Alberta provincial holiday, on which banks are open for business in Calgary, Alberta;

"**Cannabis**" has the meaning given to the term "Cannabis" in the ACMPR;

"**Cannabinoids**" means the naturally occurring compounds found in the Cannabis plant;

"**CBCA**" means the *Business Corporations Act* (Canada), as amended, together with all regulations promulgated thereto;

"**CBD**" means cannabidiol;

"**Common Shares**" means the common shares in the capital of the Corporation;

"**Compensation Options**" means the options to be issued to the Agent to purchase that number of Common Shares equal to 10% of the aggregate number of Units sold pursuant to the Offering at a price of CAD0.18 per Common Share until the date that is 24 months after the Closing Date;

"**Convertible Note**" means the notes issued by the Corporation, due and payable on August 31, 2019, convertible to Common Shares at CAD0.12 per Common Share at any time by the holders thereof or by the Corporation following Closing and on or prior to August 31, 2019 in the aggregate amount of CAD398,070. Convertible Notes bear interest after, but not before, August 31, 2019, at a rate of 7% per annum;

"**Cooperation Agreement**" means the agreement entered into as of April 15, 2019 between InnoCan Israel and Solsken addressing certain matters with respect to development, licensing and manufacture of Solsken-branded products, use and marketing of existing and future developed InnoCan's intellectual property in pharmaceutical and cosmetics product market, supply and purchase cooperation regarding cannabis products;

"**Corporate Finance Fee**" means the non-refundable fee of CAD25,000 (plus GST) paid by the Corporation to the Agent upon execution of the Agency Agreement;

"**Corporation**" or "**InnoCan**" means InnoCan Pharma Corporation, a company incorporated under the CBCA;

"**Cosmetic Products**" means any product, substance or mixture intended to be placed in contact with the various external parts of the human body (including but not exclusively: epidermis, hair system, nails and lips) with a view to cleansing, perfuming, changing appearance, correcting body odors, protection and/or keeping them in good condition, across all delivery systems infused and/or otherwise combined with cannabinoids (CBD or other) or other components of the Cannabis plant as an active ingredient;

"**Crowdfunding Private Placement**" means the brokered private placement resulting in gross proceeds of approximately NIS 3 million (approximately USD0.8 million based on September 30, 2018 exchange rate) completed by InnoCan Israel on August 26 2018;

"**Escrow Agent**" means Odyssey;

"**Escrow Agreement**" means the escrow agreement to be entered into on or prior to the Closing among the Corporation, the Escrow Agent and certain current shareholders of the Corporation (including all of the directors and officers of the Corporation);

"**Exchange**" or "**CSE**" means the Canadian Securities Exchange;

"**Expiry Date**" means the date in which the Warrants expire, being the date that is 24 months following the Closing, subject to the Warrant Acceleration;

"**Expiry Time**" means the time in which the Warrants expire, being 5:00 p.m. (Calgary time) on the date that is 24 months following the Closing, subject to the Warrant Acceleration;

"**FDA**" means the Unites States Food and Drug Administration, or any successor agency thereto;

"**GMP**" means good manufacturing practice guidelines for manufacturing, testing and producing specific products in the applicable jurisdiction;

"**GST**" means goods and services tax as defined in the *Excise Tax Act,* R.S.C. 1985, c. E-15 and any regulations promulgated thereunder;

"**Industrial Hemp**" means as any part of the *Cannabis sativa L.* plant, whether growing or not, with a delta-9 THC concentration of not more than 0.3% on a dry weight basis, lawfully cultivated in compliance with, agricultural programs which sanction such activity;

"**InnoCan A Warrant**" means a warrant entitling the holder thereof to acquire one Common Share at a price of USD0.09435102 for the same period as a Solsken A Warrant, subject to acceleration of the April 15, 2021 expiry date which will apply after the expiration of a lock in period of 12 months from the date of the issuance, if the Common Shares (following this Offering) trade for a 30 day consecutive period in excess of CAD0.25 in which event expiry shall occur 30 days after that period;

"**InnoCan B Warrant**" means a warrant entitling the holder thereof to acquire one Common Share at a price of USD0.125 for the same period as a Solsken B Warrant, subject to acceleration of the April 15, 2021 expiry date which will apply after the expiration of a lock in period of 15 months from the date of the issuance, if the Common Shares (following this Offering) trade for a 30 day consecutive period in excess of CAD0.335 in which event expiry shall occur 30 days after that period;

"**InnoCan Israel**" means InnoCan Pharma Ltd., a company incorporated under the laws of the State of Israel;

"**InnoCan Israel Shares**" means the ordinary shares in the capital of InnoCan Israel;

"**InnoCan Israel Warrants**" means warrants entitling the holder thereof to acquire one (1) InnoCan Israel Share at a price equal to CAD0.075 for a period of eighteen (18) months from the date of the closing of the Offering. The warrants are exercisable during the period commencing June 1, 2018 and ending on the earlier of: (i) 18 month period following June 1, 2018; (ii) Corporation's liquidation; or (iii) an investment that will be made in the Corporation during the warrant term at a company valuation which is at least USD20,000,000;

"**marijuana**" has the meaning given to the term "marihuana" in the ACMPR;

"**Market Standard Terms**" means, as used in the Cooperation Agreement, the customary sale terms of Cannabis product between a willing bona fide buyer and willing seller, both being fully informed, within a reasonable time to effect the sale;

"**Notes**" means, collectively, the Convertible Notes and the Solsken Note;

"**Odyssey**" means Odyssey Trust Company;

"**Offering**" means the Corporation's initial public offering of Units at a price of CAD0.18 per Unit for gross proceeds of a minimum of CAD500,000.04 and a maximum of CAD1,000,000.08 to be conducted by the Agent;

"**Option Plan**" means the incentive stock option plan of the Corporation as approved by the directors of the Corporation on November 27, 2018 which allows for the granting of Options to purchase Common Shares to directors, officers, employees, advisory board and consultants of the Corporation or its subsidiaries;

"**Options**" means stock options of the Corporation issued pursuant to the Option Plan;

"**OTC**" means over-the-counter;

"**OTC Products**" means pharmaceutical products manufactured based on formulas approved for sale over the counter for specific ailments across all delivery systems, by the FDA or such other similar regulatory authority, as applicable, infused and/or otherwise combined with cannabinoids (CBD or other) or other components of the Cannabis plant as an additional active ingredient;

"**NI-52-110**" means National Instrument 52-110 – *Audit Committees*;

"**NSAID**" means Nonsteroidal anti-inflammatory drugs;

"**Production Facility Cooperation Agreement**" means the agreement entered into as of April 15, 2019 between Solsken and InnoCan Israel with respect to the establishment of facilities for the cultivating and growing of Cannabis plants and processing, extracting and of parts and extracts thereupon;

"**Related Person**" means has the same meaning as defined in section 3.2 of CSE Policy 1 – *Interpretation and General Provisions*;

"**SEA Supplement**" means the supplement to the Share Exchange Agreement dated April 15, 2019 among Solsken, InnoCan and InnoCan Israel;

"**SEDAR**" means the System for Electronic Analysis and Retrieval;

"**Share Exchange**" means the share exchange transaction completed pursuant to Share Exchange Agreement, under which the Corporation will acquire, immediately prior to the Closing, no less than 80% of the issued and outstanding InnoCan Israel Shares;

"**Share Exchange Agreement**" means the share exchange agreement, among the Corporation, InnoCan Israel and certain shareholders of InnoCan Israel, effective October 4, 2018;

"**Shareholders**" means holders of Common Shares;

"**Solsken**" means Solsken Limited, a private limited company incorporated in Gibraltar;

"**Solsken A Warrant**" means a warrant to purchase one (1) InnoCan Israel Share at an exercise price of USD91.875 on or before April 15, 2021 subject to acceleration of the expiry date which will apply after the expiration of a lock in period of 12 months from the date of issuance if the Common Shares (following this Offering) trade for a 30 day consecutive period in excess of USD138.696 in which event expiry shall occur 30 days after that period;

"**Solsken B Warrant**" means a warrant to purchase one (1) InnoCan Israel Share at an exercise price of USD128.63 on or before August 15, 2021 subject to acceleration of the expiry date which will apply after the expiration of a lock in period of 15 months from the date of issuance if the Common Shares (following this Offering) trade for a 30 day consecutive period in excess of USD183.75 in which event expiry shall occur 30 days after that period;

"**Solsken Framework Agreement**" means an agreement made as of April 15, 2019 between the Corporation and Solsken relating to certain capitalization matters of the Corporation and pre-emptive securities purchase rights granted to Solsken;

"**Solsken InnoCan Israel Securities**" means 28,840 InnoCan Israel Shares, 19,023 Solsken A Warrants and 2,721 Solsken B Warrants;

"**Solsken Note**" means the unsecured note issued by the Corporation to Solsken representing the principal amount of USD500,000, due and payable on August 31, 2019, convertible to Common Shares at USD0.09435 per Common Share at any time by the holder thereof or by the Corporation following Closing and on or prior to August 31, 2019, for an aggregate total of 5,299,417 Common Shares (assuming no interest will have accrued at the time of conversion). The Solsken Note bears interest after, but not before, August 31, 2019, at a rate of 7% per annum.

"**Solsken Private Placement Agreement**" means the private placement subscription agreement tendered by Solsken with the Corporation and accepted April 15, 2019 pursuant to which Solsken agreed to purchase 4,000,000 Common Shares at USD0.125 per Common Share (aggregate USD500,000) following the Share Exchange and prior to listing of the Common Shares;

"**Solsken SPA**" means an agreement dated April 15, 2019 between InnoCan Israel and Solsken pursuant to which, *inter alia*, Solsken purchased the Solsken InnoCan Israel Securities;

"**Solsken Warrant Exchange Agreements**" means the agreements pursuant to which Solsken has agreed with the Corporation to exchange its Solsken A Warrants and Solsken B Warrants for InnoCan A Warrants and InnoCan B Warrants, respectively;

"**TASE**" means Tel Aviv Stock Exchange;

"**Tax Act**" means the *Income Tax Act* (Canada), together with any amendments thereto and where applicable, includes all regulations promulgated thereunder;

"**Tekkfund Agreement**" means the consulting agreement made as of October 15, 2018 between InnoCan and Tekkfund Capital Corp. with respect to business transactions and activities regarding a proposed public offering and public market communications advice for the term thereafter;

"**THC**" means Tetrahydrocannabinol;

"**Trigger Event**" means if weighted average trading price of the Common Shares on the CSE or such other exchange or market as the Common Shares then currently trade during the 20 consecutive trading days immediately prior to the date on which such calculation is made is greater than CAD0.35;

"**United States**" or "**U.S.**" means the United States of America, its territories or its possessions, any state of the United States or the District of Columbia;

"**Units**" means units of the Corporation comprised of one Unit Share and one half of one Warrant;

"**Unit Shares**" means the Common Shares forming part of the Units;

"**Warrant**" means a common share purchase warrant of the Corporation forming part of the Units, each whole Warrant entitling the holder thereof to purchase a Common Share at a price of CAD0.30 for a period of 24 months from the date of issuance, subject to Warrant Acceleration pursuant to the terms thereof;

"**Warrant Acceleration**" means following a Trigger Event, the option of the Corporation to accelerate the Expiry Date to the date that is 30 days from the Trigger Event;

"**Warrant Agent**" means Odyssey;

"**Warrantholder**" means a holder of a Warrant from time to time;

"**Warrant Indenture**" means the agreement between the Corporation and the Warrant Agent governing the Warrants;

"**Warrant Shares**" means the Common Shares issued pursuant to the exercise of Warrants;

"**Yissum**" means Yissum Research and Development Company of the Hebrew University of Jerusalem Ltd. located in Jerusalem, Israel; and

"**Yissum Agreement**" means the research and option agreement between InnoCan Israel and Yissum, dated August 26, 2018.

ADDITIONAL INFORMATION

Unless otherwise noted or the context indicates otherwise "we", "us", "our", "InnoCan" or the "Corporation" refers to InnoCan Pharma Corporation.

The Corporation presents its consolidated financial statements in U.S. dollars. In this prospectus, unless otherwise specified or the context otherwise requires, all references to $, US$ or USD are to U.S. dollars and CAD are to Canadian dollars.

The following table sets out the exchange rates for Canadian dollars per U.S, dollar (denoted as USD) in effect at the end of the following periods based on the Bank of Canada spot rate of exchange.[1]

USD	Year Ended December 31, 2017	Year Ended December 31, 2018	Quarter Ended March 31, 2019
Closing	1.0904	1.3641	1.3363
High	1.1251	1.4135	1.3642
Low	1.0237	1.2528	1.2288
Average	1.0733	1.2957	1.3024

On April 30, 2019, the closing spot rate for U.S. dollars reported by the Bank of Canada was USD 1.00 = CAD 1.3423. For the convenience of the reader, the reported CAD dollars amounts have been translated into USD, at the representative rate of exchange on April 30, 2019 (USD 1.00 = CAD 1.3423).

The following table sets out the exchange rates for U.S. dollars per Israeli New Shekel (denoted as ₪ or NIS) in effect at the end of the following periods based on the Bank of Israel spot rate of exchange.[2]

NIS	Year Ended December 31, 2017	Year Ended December 31, 2018	Quarter Ended March 31, 2019
Closing	3.4670	3.7480	3.6322
High	3.8600	3.7810	3.7460
Low	3.4670	3.3880	3.6000
Average	3.5997	3.5970	3.6458

On April 30, 2019, the closing spot rate for NIS reported by the Bank of Israel was USD 1.00 = NIS 3.6080. For the convenience of the reader, the reported NIS amounts have been translated into USD, at the representative rate of exchange on April 30, 2018 (USD 1.00 = NIS 3.6080).

Prospective purchasers should rely only on the information contained in this prospectus. We have not, and the Agent has not, authorized any other person to provide prospective purchasers with additional or different information. If anyone provides prospective purchasers with additional or different or inconsistent information, including information or statements in media articles about the Corporation, prospective purchasers should not rely on it. The Corporation is not, and the Agent is not, making an offer to sell or seeking offers to buy Units in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing in this prospectus is accurate only as at its date, regardless of its time of delivery or of any sale of Units. The Corporation's business, financial conditions, results of operations and prospects may have changed since that date.

[1] As reported by the Bank of Canada, obtained from: https://www.bankofcanada.ca
[2] As reported by the Bank of Israel, obtained from: http://www.boi.org.il

FORWARD-LOOKING STATEMENTS

This prospectus contains statements and information that, to the extent that they are not historical fact, may constitute "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumption underlying any of the foregoing. This prospectus uses words such as "may", "would", "could", "will", "likely", "except", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook", "propose" and other similar expressions to identify forward-looking information. Examples of such statements include, but are not limited to, statements with respect to:

- the successful completion of this Offering, and the timing thereof;
- general market conditions
- the Corporation's expectations regarding its revenue, expenses and operations;
- the performance of the Corporation's business and operations;
- the Corporation's anticipated cash needs, its needs for additional financing, changes to its dividend policies and the use of the net proceeds from this Offering;
- the Corporation's intention to grow the business and its operations;
- the Corporation's intention to build a pharmaceutical CBD-integrated product line focussed on addressing specific needs of patients and the medical community;
- the expected growth in the number of people using the Corporation's products and the number of physicians recommending the Corporation's products;
- medical benefits, viability, safety, efficacy and dosing of CBD;
- expectations with respect to future production costs and capacity;
- market reception of the Corporation's products and other new delivery mechanisms produced by the Corporation;
- expectations with respect to the future growth of its products, including formulation development, and services, including third party use of the Corporation's product development services;
- procurement of patent protection;
- clearance of product through appropriate pharmaceutical regulatory authorities in various national jurisdictions;
- the Corporation's competitive position and the regulatory environment in which the Corporation operates;
- laws and any amendments thereto applicable to the Corporation's products and services;
- the Corporation's plans with respect to the payment of dividends;
- the identity of the NEOs of the Corporation and the expected compensation payable to them;
- the adoption of the Option Plan and the expected grants to be made thereunder; and

- corporate governance matters, including the adoption of Board committee mandates, the membership of such committees and the adoption of various corporate policies.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The material factors and assumptions used to develop the forward-looking statements contained in this prospectus include, but is not limited to:

- the Corporation's ability to obtain listing approval from the CSE;
- compliance with regulatory requirements relating to the Corporation's business;
- changes in laws, regulations and guidelines relating to the Corporation's business;
- limited operating history;
- political aspects related to the fact that InnoCan is operating in Israel, which is located in the Middle East, an unstable area;
- reliance on management and contracted experts and facilities;
- competition in the Corporation's industry;
- unfavorable publicity or consumer perception of the industry, the Corporation or the opportunities in the jurisdiction in which the Corporation's assets are located;
- operating risk and insurance coverage; particularly, product liability insurance;
- conflicts of interest of the Corporation's officers, directors and consultants;
- volatility in the market price for the securities of the Corporation;
- no dividends for the foreseeable future;
- future sales of Common Shares or other securities by existing shareholders causing the market price for the securities to fall;
- the issuance of Common Shares or other securities in the future causing dilution; and
- the Corporation's ability to secure new financing.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Corporation to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information, including risks relating to the future business plans of the Corporation. Accordingly, readers should not place undue reliance on any such forward-looking information. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Corporation's management to predict all of such factors and to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Corporation does not undertake any obligation to update any forward-looking information to reflect information or events after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws.

This prospectus contains future oriented financial information and financial outlook information (collectively, "**FOFI**") about the Corporation's prospective results of operations and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this prospectus was made as of the date of this prospectus and was provided for the purpose of describing the anticipated effects of the Offering on the Corporation's business operations. The Corporation disclaims any intention or obligation to update or revise any FOFI contained in this prospectus, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this prospectus should not be used for purposes other than for which it is disclosed herein.

For a more detailed discussion of certain of these risk factors, see "Risk Factors".

Non-GAAP Measures

This prospectus contains the term "working capital". The Corporation believes that, in addition to conventional measures prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**"), InnoCan and certain investors use this information to evaluate the Corporation's performance and ability to generate cash, profits and meet financial commitments. These Non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These Non-GAAP measures do not have any standardized meaning under International Financial Reporting Standards and therefore may not be comparable to similar measures presented by other issuers.

For information regarding the Non-GAAP financial measures used by the Corporation, see "Non-GAAP Measures" in InnoCan's management's discussion and analysis for the period from May 31, 2018 to December 31, 2018 which is incorporated by reference herein.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Certain of our directors reside outside of Canada. The persons named below have appointed the following agent for service of process:

Name of Person	Name and Address of Agent
Iris Bincovich	Burnet, Duckworth & Palmer LLP, 2400 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1
Yoram Drucker	Burnet, Duckworth & Palmer LLP, 2400 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1
Ron Mayron	Burnet, Duckworth & Palmer LLP, 2400 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1
Ralph C.L. Bossino	Burnet, Duckworth & Palmer LLP, 2400 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1
Eyal Flom	Burnet, Duckworth & Palmer LLP, 2400 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

MARKETING MATERIALS

Any "template version" of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that are utilized by the Agent in connection with the Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus. Any template version of any marketing materials that has been, or will be, filed on SEDAR before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to the Corporation, based on the current provisions of the Tax Act and the regulations thereunder, in force as of the date hereof, the Common Shares and Warrants, if issued on the date hereof, would be qualified investments for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account (collectively referred to as "**Registered Plans**"), provided that:

(i) in the case of Common Shares, the Common Shares are listed on a designated stock exchange in Canada for the purposes of the Tax Act (which currently includes the CSE) or the Corporation qualifies as a "public corporation" (as defined in the Tax Act); and

(ii) in the case of the Warrants, the Common Shares are qualified investments as described in (i) above and the Corporation is not, and deals at arm's length with each person who is, an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Registered Plan.

Notwithstanding the foregoing, the holder of, or annuitant under, a Registered Plan (the "**Controlling Individual**") will be subject to a penalty tax in respect of Common Shares or Warrants held in the Registered Plan if such securities are a prohibited investment for the particular Registered Plan. A Common Share or Warrant generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with the Corporation for the purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in subsection 207.01(4) the Tax Act) in the Corporation. **Controlling Individuals should consult their own tax advisors as to whether the Units, Common Shares, or Warrants will be a prohibited investment in their particular circumstances.**

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Purchasers should carefully consider, among other things, the matters discussed under "Risk Factors".

Issuer: InnoCan Pharma Corporation

Business of the Corporation: The Corporation's business can be described as three distinct operating segments relating to the incorporation in products of CBD in their formulation: (i) research, development, marketing, distribution and sales of InnoCan-branded OTC pharmaceutical products; (ii) research and development of non-pharmaceutical products for third parties in exchange for fees and/or royalties; and (iii) research and development of hydrogels containing liposomes intended for licensing or sale to third party pharmaceutical corporations for manufacturing, distribution and sales.

Offering: A Minimum Offering of 2,777,778 Units raising gross proceeds of CAD500,000.04 (USD372,495) and a Maximum Offering of 5,555,556 Units raising gross proceeds of CAD1,000,000.08 (USD744,990).

Issue Price: CAD0.18

Available Funds and Use of Proceeds: The net cash proceeds to the Corporation from the Offering, after the payment of all expenses in connection with the Offering (estimated to be CAD235,000 (USD175,073) under the Minimum Offering and CAD285,000 (USD212,322) under the Maximum Offering, including the Agent's Commission but excluding the Corporate Finance Fee and CDN25,000 deposit towards the Agent's expenses, are estimated to be USD197,422 for the Minimum Offering and USD532,668 for the Maximum Offering. The net funds expected to be available to the Corporation upon completion of the Offering are described below:

Available Funds	Funds Available - Minimum Offering - USD	Funds Available - Maximum Offering - USD
Estimated Net Cash Proceeds from the Offering	197,422	532,668
Consolidated Working Capital as of April 30, 2019	3,919,000	3,919,000
Total Available Funds	**4,116,422**	**4,451,668**

Use of Proceeds	Amounts to be Expended (Minimum Offerng) - USD	Amounts to be Expended (Maximum Offering) - USD
Operating Expense	227,000	227,000

Research and Product Development	1,209,000	1,209,000
Sales and Marketing Expenses	1,326,000	1,326,000
General and Administrative Expenses	1,208,000	1,208,000
Unallocated funds	146,422	481,668
Total	**4,116,422**	**4,451,668**

Directors and Officers of the Corporation:

On Closing, the Board of Directors of the Corporation will consist of Ron Mayron (Executive Chairman), Iris Bincovich, Ralph C.L. Bossino, Yoram Drucker, Eyal Flom, Daryl S. Fridhandler, Joshua A. Lintern and William C. Macdonald.

On Closing the officers of the Corporation will be Iris Bincovich (Chief Executive Officer) and Yoram Drucker (Executive Vice President, Business Development), Nir Avram (Chief Technology Officer) and Nelson Halpern (Chief Financial Officer).

See "Directors and Executive Officers".

Selected Financial Information:

The following table sets out selected financial information for the periods or as at the dates indicated. The audited financial information presented as at December 31, 2018 have been derived from the audited financial statements of the Corporation for the period from the date of its incorporation to December 31, 2018 together with the notes thereto. The selected financial information should be read in conjunction with the financial statements together with the accompanying notes which are included elsewhere in this prospectus.

	As at December 31, 2018 USD (Audited)		**As at December 31, 2018 USD**
	InnoCan Israel	**InnoCan**	**InnoCan (on a pro forma basis)**
Cash and cash equivalents	214,000	-	214,000
Other accounts receivable	443,000	30,000	473,000
Research and development expenses	534,000	-	534,000
Sales and Marking expenses	180,000	-	180,000
General and administrative expenses	428,000	195,000	623,000
Total Assets	660,000	30,000	690,000
Total Liabilities	509,000	-	509,000
Shareholders' equity	151,000	30,000	181,000

Risk Factors:

Due to the nature of the Corporation's business and the present stage of development of its business, the Corporation is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to, limited operating history, timing and ability to clear the Corporation's products through regulatory

authorities for OTC products, the extent and timing of development of the business, additional capital requirements and competition. For a detailed description of these and other risks see "Risk Factors".

CORPORATE STRUCTURE

The Corporation was incorporated under the CBCA on May 31, 2018 under the name "InnoCan Pharma Corporation". The head office of the Corporation is 10 Hamenofim Street, Herzliya, Israel, 4672561, and the registered and records office of the Corporation is 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1.

InnoCan Israel is organized pursuant to the laws of Israel, and is anticipated to be the initial operating arm of the Corporation following completion of the Share Exchange.

SHARE EXCHANGE & RELATED TRANSACTIONS

On September 4, 2018, the shareholders of InnoCan approved the Share Exchange and effective October 4, 2018 the Corporation and InnoCan Israel entered into the Share Exchange Agreement. The Share Exchange will be carried out pursuant to the Share Exchange Agreement, it is a condition to the Share Exchange Agreement that no less than 80% of the holders of shares of InnoCan Israel agree to exchange their InnoCan Israel Shares for Common Shares. The Share Exchange Agreement will be filed under the Corporation's profile on the SEDAR website at www.sedar.com.

At an extraordinary meeting of shareholders of InnoCan Israel held on March 31, 2019, the InnoCan Israel shareholders ratified the Share Exchange and approved the finalization of negotiation and execution of arrangements with Solsken with respect to, *inter alia*, a USD3,000,000 investment in InnoCan Israel and InnoCan. See "General Development of the Business – Recent Transactions – Solsken Arrangements".

Pursuant to the Share Exchange, the InnoCan Israel shareholders will receive Common Shares in exchange for their InnoCan Israel common shares, on the basis of 735 Common Shares for each one (1) InnoCan Israel common share. As a result, the holders of InnoCan Israel common shares will receive, assuming 100% of the InnoCan Israel Shares are tendered to the Share Exchange, an aggregate of 99,690,990 Common Shares (not including 21,197,400 Common Shares to be issued to Solsken pursuant to the SEA Supplement).

Pursuant to the Share Exchange Agreement, the completion of the Share Exchange is conditional on InnoCan receiving all exchange, regulatory and third party approvals, consents and authorizations to close the Offering.

The holders of 97.59% (132,360 of the 135,634) of the outstanding InnoCan Israel Shares have either executed the Share Exchange Agreement or executed share transfer deeds and provided same to InnoCan Israel. The above calculation does not include the Solsken Note which are included in the SEA Supplement.

If less than 100% of the InnoCan Israel shareholders either executed the Share Exchange Agreement or executed share transfer deeds and provided same to InnoCan Israel, the Corporation is entitled to acquire the remaining shares that are not voluntarily transferred by virtue of certain provisions of the Israel *Companies Law 5759-1999* (Section 299(3) and/or 341(b)). In this regard, at a meeting of shareholders, holders of InnoCan Israel Shares approved the Share Exchange, while declaring that "the final status will be that all of the Israeli shareholders will hold Canadian shares and all the Israeli shares will be held by the Canadian company" and those shareholders have been advised, in writing by InnoCan Israel, that the InnoCan Israel Shares of those not signing share transfer deeds, based on that meeting decision of shareholders, will be transferred in accordance with the meeting determination of the Share Exchange Agreement.

In the event the Corporation does not acquire all of the issued and outstanding InnoCan Israel Shares, it will nevertheless control InnoCan Israel. InnoCan will be entitled to appoint all of the nominees to the board of directors of InnoCan Israel and therefore, indirectly, control InnoCan Israel operations, but will remain subject to generally applicable corporate laws and obligated to, amongst other matters, hold an annual shareholders meeting to receive and consider annual financial reports and the appointment of directors and the auditor.

All of the InnoCan Israel Warrants, by agreement among InnoCan, InnoCan Israel and each InnoCan Warrant holder, will become warrants of InnoCan and will be exercisable for Common Shares following the closing of the Offering at a price equal to CAD0.075 for a period of eighteen (18) months from the date of the closing of the Offering.

Pursuant to the SEA Supplement, Solsken has agreed to be bound by the terms and conditions of the Share Exchange Agreement and to transfer the Solsken's InnoCan Israel Securities to InnoCan in accordance with the terms thereof. As a consequence, in connection with the Share Exchange, the specific warrant exchange agreements and the transfer of Solsken's Solsken InnoCan Israel Securities, Solsken will acquire 21,197,400 Common Shares, 13,981,916 InnoCan A Warrants and 2,000,000 InnoCan B Warrants.

Israeli Tax Pre-Ruling

In connection with the Share Exchange, InnoCan Israel and its shareholders have obtained a pre-ruling from the Israeli Tax Authority (the "**ITA**") (the "**Israeli Tax Pre-Ruling**") with respect to a tax deferral on capital gains and other Israeli tax considerations that apply to InnoCan Israel securityholders and transaction implications to the Corporation.

The significance of the Israeli Tax Pre-Ruling is mainly that it provides for a tax deferral with respect to the proposed Share Exchange until the securities received by InnoCan Israel shareholders are ultimately disposed of, subject to the following limitations and restrictions which must be observed:

a) the Corporation must hold the InnoCan Israel Shares for at least two years from the date the Share Exchange is completed and, subject to certain exceptions, must not cause a dilution of its interest in InnoCan Israel;

b) immediately following completion of the Share Exchange, former InnoCan Israel shareholders or warrantholders who receive Common Shares, as the case may be, must continue to hold not less than 25% of the outstanding Common Shares (excluding the Common Shares acquired in the Share Exchange by persons who acquired their Common Shares under the Crowdfunding Private Placement; - 522 persons holding 10,281,915 Common Shares) (the "**Basic Shareholdings**") for the two (2) years following completion of the Share Exchange); and

c) InnoCan Israel must continue to operate its business as presently conducted (i.e., its main economic activity) for at least two (2) years from the date of completion of the Share Exchange and will not at any time be permitted to sell its intellectual property rights and assets outside Israel without ITA consent.

If, and whenever the Corporation disposes of the InnoCan Israel Shares that it owns, the Corporation will be subject to full tax in Israel (without any credit or deduction or offset of losses), in accordance with the portion of the InnoCan Israel Shares that were previously owned by Israeli shareholders prior to the closing of the Share Exchange (anticipated to be 100%).

All Common Shares, including Common Shares on exercise of exchanged warrants issued to former shareholders and warrantholders of InnoCan Israel, as part of the Share Exchange, will be deposited with and held by a trustee, IBI Trust Company ("**IBI**"), a company located in Israel acceptable to the ITA. IBI will hold the Common Shares and InnoCan Israel Shares until they are sold by the former InnoCan Israel. The IBI trusteeship does not itself restrict the ability to sell securities; rather, it is in place to ensure withholding and remittance of requisite tax to the ITA.

A gain or loss arising from the sale of InnoCan Israel Shares by the Corporation may not be offset in the tax year in which the Share Exchange occurs and the following two (2) years, against a loss or gain in the Corporation. In the five (5) years following the completion of the Share Exchange, a gain or loss arising from the sale of InnoCan Israel Shares by the Corporation may not be offset against gain or loss arising from the sale of the Corporation's assets whose acquisition date preceded the date of completion of the Share Exchange. Additionally, the Corporation will not be permitted to pledge its InnoCan Israel Shares while subject to escrow and those InnoCan Israel Shares will only be released on sale and payment of applicable capital gains tax.

GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation

The Corporation was incorporated under the CBCA on May 31, 2018 and prior to the Share Exchange did not carry on any active business or operations.

InnoCan Israel

Roughly two (2) years ago, a group of like-minded individuals, Iris Bincovich, Nir Avram, Yoram Drucker and Ron Mayron (see below for biographies of these individuals), were brought together by the aforementioned idea of leveraging the OTC Monograph System (as described below) process to swiftly bring CBD-integrated pharmaceutical products to market, and to create a solid foundation for delivering new, long cycle drugs (i.e., that go through the standard FDA drug approval process) as well as additional OTC Monograph System drugs for a variety of medical conditions. The founders contracted a group of professionals with experience in the pharmaceutical industry, bio-tech, technology start-ups and international business and, on October 18, 2017, they formed InnoCan Israel as a pharmaceutical company focusing on developing, manufacturing, licensing, marketing and selling CBD integrated pharmaceuticals.

Description of the Corporation's Principal Businesses and Operations

The Corporation following the Share Exchange, through its subsidiary, InnoCan Israel, will be a pharma-tech company whose operations, research and development are currently based in Israel. The Corporation will focus on the development and sale of CBD-integrated pharmaceuticals, including, but not limited to, topical treatments for relief of psoriasis symptoms as well as the treatment of muscle pain and rheumatic pain. All references to the Corporation's business and objectives herein refer to the Corporation following to the Share Exchange.

The Corporation's business can be described as three distinct operating segments relating to the incorporation in products of CBD in their formulation:

(i) InnoCan Branded Products

These topical treatments will include cannabinoid profiles, alongside existing, FDA proven active ingredients[3] and, in certain patents, a cream, lotion or gel based "smart delivery" system which releases the active ingredients when they are needed. In addition to expected higher potency than most market products with limited to no side effects, these topical treatments may enable InnoCan to design these topical drugs to be affordable to consumers (as compared to their other OTC topical competitors' products), through optimal/minimal use of expensive cannabinoid components.[4]

In both the psoriasis and pain relief markets there are a number of topical pharmaceuticals and medications with varying degrees of effectiveness, and a large portion of the more effective pharmaceuticals include steroids and/or other ingredients with known potential undesirable side effects which are unfavourably viewed in the market. Perhaps the most noticeable trait in this market, especially as pertains to pain relief is that while advances are being made developments of such pharmaceuticals has been slow going in part because scientist do not fully understand the mechanics of how chronic pain works.[5]

Despite scientific evidence of the effectiveness of Cannabis extracts in general, and of Cannabinoids, in particular, CBD integrated drugs are still in their infancy, if not in terms of product development, than in terms of market acceptance. Initially, this was due to the negative perception of drug manufactures and consumers shying away from the "drug" marijuana. However, with the shift in regulations and public perspective, this is changing, such that the main barriers to a major uptake in sales of CBD integrated drugs in general, and CBD integrated pain and psoriasis

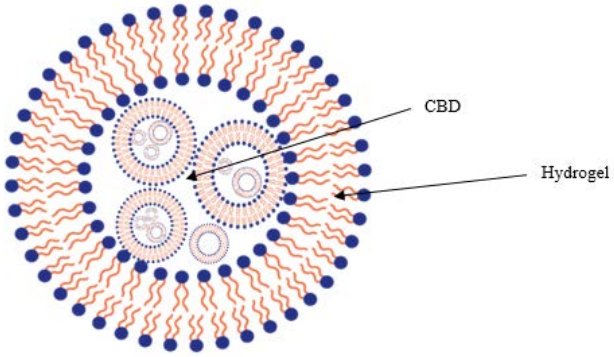
[3] FDA website https://www.fda.gov/downloads/AboutFDA/CentersOffices/CDER/UCM135691.pdf
[4] https://www.psoriasis.org/about-psoriasis/treatments/topicals/steroids
[5] https://www.webmd.com/special-reports/opioids-pain/20180314/opioid-alternatives

drugs, in particular are: (i) the reluctance and slow momentum of the larger players in adopting the "cannabis" drug paradigm; and (ii) the lengthy time to market of new cannabinoid integrated drugs owing to the purveyors of said drugs following the standard FDA new drug application process.[6]

The Corporation intends to leverage the FDA OTC Drug Monograph System, which allows for the fast-tracking of finished OTC products into the U.S. market as well as in Canada through the Natural and Non-prescription Health Product ("**NNHPD**") and regulations and in Europe under the CE mark system (which ensures compliance with relevant European health, safety and environmental protection legislation).

(ii) Yissum Joint Research and Development

InnoCan Israel has also entered into a research and option agreement with Yissum in respect of the design, preparation, characterization and evaluation of hydrogels containing CBD (or other Cannabinoids) loaded liposomes and steroid loaded liposomes. See "Recent Transactions" for more information.



The above diagram illustrates a hydrogel liposome (liposomes being spherical vesicles composed of one or more layers of lipids that can carry drugs through the vascular system). The above liposome illustration contains CBD for delivery through injection into the blood stream of an animal (including humans) to targeted sites of the body.

(iii) Third Party Research, Development and Licensing Services

The Corporation also intends to offer its expertise and services to third parties in support of research and development of CBD integrated non-pharmaceutical products for manufacturing and distribution by those third parties in various national jurisdictions where the legal framework permits such distribution. The Corporation intends to enter into specific research and development and product development agreements with third parties, supported by the Corporation's current subcontract arrangements and broader network of CBD and topical professions. The third parties will be provided with the Corporation's resultant technical files for production, for the third party's own account and under the third party's own product brands. This service by the Corporation will require limited expenditure and oversight while at the same time potentially generating positive net revenues for the Corporation earlier than the Corporation's own product development or Yissum led research and development. These third party arrangements are expected to be on a cost for service and royalty basis.

Regulatory Landscape

US Regulations

In 1972, the FDA established the "OTC Review", the process by which the FDA reviews "the safety and efficacy of OTC ingredients, doses, formulations, and labeling used in medicines available to consumers without a prescription."[7] Part of the OTC Review team's charge was (and is today) to develop "monographs", which "establish the conditions

[6] https://www.fda.gov/newsevents/newsroom/pressannouncements/ucm611046.htm
[7] https://www.chpa.org/FAQsOTCReview.aspx

under which certain OTC drug products are generally recognized as safe and effective. Products containing active ingredients or indications that are non-monograph require an approved New Drug Application for marketing."[8]

The OTC Monograph System provides regulatory guidelines for evaluating the safety and effectiveness of OTC drug products marketed in the United States. It serves as a "rule book" of sorts, providing conditions for each therapeutic category and covering acceptable ingredients, uses (indications), doses, formulations, labeling, and testing. Instead of reviewing each individual drug component, in the case of drugs approved for review under the Monograph System, the FDA suffices with reviewing the active ingredients and labeling.

The Corporation views the OTC Monograph system as a regulatory pathway that may enable the Corporation, in a relatively short time period for pharmaceuticals, to develop and market CBD-integrated products.

Drugs in the scope of the FDA OTC Drug Monograph System, can be marketed without a New Drug Application. In such cases, the FDA reviews all active ingredients and labeling of the OTC products, rather than inspecting the products themselves. Consequently, providing the proper labeling for OTC Drug Monograph products is vital to ensuring compliance with federal standards.[9]

Canadian Regulations

To commercialize a product under the NNHPD regulations, a Corporation has to submit a Product License Application ("**PLA**"). Health Canada implemented a three Class review system to provide a faster path to the market for lower risk products. The PLA first undergoes a screening review process before being accepted for review. Class I and II products will be rejected (Refusal Letter) if found to be deficient during this review. Class I products are formulations that are entirely based on a Health Canada monograph. Class II products include those that are based on traditional medicine or a combination of more than one (1) compendial ingredient (ingredient that fulfills the definition of a Health Canada monograph or labelling standard). Health Canada review policy dictates a 10-business day and 30-calendar day review period for Class I and II products, respectively. In the case of a Class III, the PLA will be accepted into the assessment queue and reviewed for the safety and efficacy requirements if the application contains all of the required information. Once all requirements are met, a product license will be issued within one hundred and eighty (180) calendar days from the end of the screening period.

Overall, Health Canada's Compendium of Monographs can help speed the evaluation of the safety and efficacy of medicinal ingredients commonly used in natural health products. Further, the Natural Health Products Directorate's product licensing system allows applicants to reference Health Canada's monographs in support of the safety and efficacy of a product, rather than providing evidence for ingredients that are already known to be safe and efficacious when used under the conditions specified in the monographs.

EU Regulations

The European Commission oversees the regulation of medicinal products throughout the EU. In order to gain marketing approval of drug products in the EU, an application similar to the one prepared for an American new drug application is submitted to the relevant authority. Generally, such applications are made under one of two routes.

Submissions for therapeutics prepared through biotechnology must be made through a "centralized procedure", which involves the submission of a single marketing authorization application to the European Medicines Agency. Under this procedure, the applicant is given a rapporteur and a co-rapporteur who provide two parallel assessment reports and who are the coordinators for the evaluation of the application for marketing authorization. An evaluation is carried out through the Committee for Medicinal Products for Human Use, which consists of delegates from every Member State in the EU. If the Committee concludes that quality, safety and efficacy of the medicinal product is sufficiently

[8] FDA website: https://www.fda.gov/drugs/developmentapprovalprocess/howdrugsaredevelopedandapproved/ucm317137.htm
[9] https://www.fda.gov/downloads/aboutfda/centersoffices/cder/ucm148055.pdf

proven, it adopts a positive opinion. This opinion is sent to the European Commission to be transformed into a single market authorization valid for the whole of the EU.[10]

The second common route to obtain marketing authorization in the EU is the "mutual recognition procedure". The mutual recognition procedure must be used when a product is already authorized in at least one Member State on a national basis and the Marketing Authorization Holder wishes to obtain a marketing authorization for the same product in at least one other Member State. The Member State that has already authorized the product is known as the Reference Member State (the "**RMS**"). The RMS submits their evaluation of the product to other Member State(s), known as Concerned Member States ("**CMS**"). The CMS is asked to mutually recognize the marketing authorization of the RMS. If the applicant is successful, the CMS will then issue a marketing authorization for that product permitting the marketing of that product in their country.[11]

A national marketing authorization is initially valid for five years from the date of first authorization. At the end of the five year period it will be subject to renewal, which is a mechanism for reviewing the product to ensure the benefits to risks balance remains favourable. This review takes into consideration any further information obtained about the product from the experience gained of its use since it was first authorized. Following this review the marketing authorization will be valid indefinitely, or the Marketing Authorization Holder will be asked to submit another renewal in a further five year's time.

Three-Year History

InnoCan Israel was established in October 2017, following two (2) years of intensive research and study of the medical Cannabis activity in Israel and worldwide. As a result of their research, InnoCan Israel's founders, decided to establish a pharmaceutical company that initially focuses on combining Cannabinoids with OTC drugs, with dermatology as the targeted product line.

Research and Development

	Year Ended December 31, 2018 (USD)
Research expenses	419,000
Payroll and related expenses	74,000
Materials	15,000
Patents	13,000
Share based payments	11,000
Other	2,000
Total:	**534,000**

Recent Transactions

InnoCan Israel has begun the development of a number of products for the relief of psoriasis symptoms as well as the treatment of muscle pain and rheumatic pain. The Corporation anticipates launching its CBD integrated pharmaceuticals into the U.S. market by the first quarter of 2020 and into Canadian market by the fourth quarter of 2020.

The Corporation's products are anticipated to be manufactured in Canada by one or more sub-contractors based on the development files prepared by InnoCan Israel. The production will take place at a GMP facility, approved for production of topical drugs in Canada and the USA. The Corporation intends to distribute its products, subject to regulatory requirements, through drug stores and doctors as well as by way of online sales.

Between May and June 2018, InnoCan Israel completed a non-brokered private placement of an aggregate of 1,826 units of InnoCan Israel (the "**InnoCan Israel Units**") at prices between NIS 217 (USD58.04) and NIS 246

[10] https://www.jpsr.pharmainfo.in/Documents/Volumes/vol7Issue04/jpsr07041508.pdf
[11] https://ec.europa.eu/health/authorisation-procedures-national_en

(USD65.71) per InnoCan Israel Unit for gross proceeds of NIS448,800 (USD120,036). Each InnoCan Israel Unit was comprised of one (1) InnoCan Israel Share and one (1) InnoCan Israel Warrant.

In June 2018, InnoCan Israel submitted a U.S. provisional patent application for a new formulation for a pain relief drug, (US provisional, 62/696,341). In due course, the Corporation anticipates that if such patent is approved, it will provide InnoCan Israel with a significant advantage towards on a novel pain formulation addressed in the application. The approval process for the patent application is expected to take several years. The Corporation plans to submit the patent in the relevant jurisdictions where the subject product will be sold (Canada, USA, and EU). The potential expiry date of the patent, if obtained, will be in 2039. The patent expiration date may be extended according to the laws of the jurisdictions in which it is registered.

On August 26 2018, InnoCan Israel completed the Crowdfunding Private Placement. The Crowdfunding Private Placement involved the sale of 12,133 InnoCan Israel Shares (equivalent to 8,917,755 Common Shares following the Share Exchange) at a price of NIS 244 (approximately USD65) per share. As part of the Crowdfunding Private Placement, InnoCan Israel paid commissions of approximately NIS 0.38 million (USD0.1 million).

In August and September 2018, InnoCan Israel issued 2,345 ordinary shares of NIS 0.01 par value to different investors for a total consideration of NIS 0.57 million (approximately USD0.152 million) on the same terms as the Crowdfunding Private Placement with no intermediary broker.

During October and November 2018, InnoCan Israel issued 2,149 ordinary shares of NIS 0.01 par value to different investors for a total consideration of NIS 0.524 million (approximately USD0.140 million) on the same terms as the Crowdfunding Private Placement with no intermediary broker.

During December 2018 through March 2019, InnoCan Israel issued 2,081 ordinary shares of NIS 0.01 par value to different investors for a total consideration of NIS 0.507 million (approximately USD0.137 million) on the same terms as the Crowdfunding Private Placement with no intermediary broker.

On August 26, 2018, InnoCan Israel entered into the Yissum Agreement. The Yissum Agreement allows InnoCan Israel to receive the research results of Yissum in respect of the development, design, preparation, characterization and evaluation of hydrogels containing CBD (or other cannabinoid) loaded liposomes and steroid (MPS) loaded liposomes (the "**Research**") and grants InnoCan Israel an exclusive option, exclusive in the sole discretion of InnoCan Israel, to enter into an agreement to license, on a worldwide basis, the results of the Research (the "**Yissum Option**"). This project with Yissum could lead to a breakthrough technology platform that enables the delivery of Cannabinoids by control injection of Cannabinoids (such as CBD) to the blood stream or to a specific organ or body part.

Under the Yissum Agreement, InnoCan Israel agreed to finance the Research (to an amount of not less than USD310,000 (exclusive of 35% overhead and value added tax if applicable and of which USD240,000 plus related overhead and value added tax has been paid) in exchange for the Yissum Option.

InnoCan Israel may exercise the Yissum Option at any time from August 26, 2018 until the date that is sixty (60) days from the Corporation's receipt of the final report in respect of the Research (which is due March, 2020) (the "**Option Exercise Period**"), by notifying Yissum in writing of its exercise (the "**Option Exercise Notice**"). Upon the date of Yissum's receipt of the Option Exercise Notice, Yissum and InnoCan Israel will then negotiate in good faith the terms and conditions of a license agreement during a period of up to 120 days according to the key terms stipulated in the Yissum Agreement, being:

i. initial license fee due at execution of the license agreement: USD50,000;

ii. annual license maintenance fee: USD35,000;

iii. Royalty fee of:

    a. between 3-5% of net sales (depending on sale volumes); or

b. if sublicensed, 15% of the non-sales related consideration;

iv. milestone payments of between USD75,000 and USD150,000 (to be defined in the license agreement based on the commercialization strategy) upon achieving each of the following:

a. pre-clinical trial in animals as a proof of concept;

b. completion of Phase I/IIa;

c. commencement of Phase III; and

d. upon achieving the first commercial sale in each Territory (with "**Territory**" defined as: North America, South America, European Union (including UK), China and remainder of Far East (including Australia).

All rights in the Research, including in any patent applications in connection with the Research that may be filed, shall be owned by Yissum unless an employee of InnoCan Israel is properly considered an inventor of any patentable subject matter, in which event such patent application shall be owned jointly by Yissum and InnoCan Israel. See "Yissum Agreement".

On October 18, 2018, InnoCan entered into the Tekkfund Agreement under which Tekkfund Capital Corp. ("**Tekkfund**") was retained to provide advice, assistance and other services related to the Offering and post-Offering public market communications in exchange for a monthly fee of CAD5,000 for an initial term of 36 months. InnoCan also agreed to grant Tekkfund 1,500,000 non-transferable Common Share purchase warrants (the "**Tekkfund Warrants**"), each Tekkfund Warrant entitling Tekkfund to acquire one Common Share, with 500,000 Tekkfund Warrants exercisable at CAD0.15 vesting on Closing, 500,000 Tekkfund Warrants vesting 12 months later and exercisable at CAD0.18 per Tekkfund Warrant and 500,000 Tekkfund Warrants exercisable at CAD0.216 per Tekkfund Warrant, all premised on completion of the Offering and continuation of the Tekkfund Agreement. The Tekkfund Warrants expire 3 years after the date of issue. The Tekkfund Agreement may be terminated by InnoCan upon thirty (30) days written notice at any time 14 months after the Common Shares are listed for trading of the Exchange and by Tekkfund upon sixty (60) days prior written notice.

On December 30, 2018 the Corporation authorized the private placement and issuance of the Convertible Notes for total proceed of up to USD1,000,000 (the "**Convertible Note Private Placement**"). The Convertible Note Private Placement closed on January 14, 2019 and January 29, 2019 with CAD398,070 of aggregate proceeds. Funds with respect to the CAD398,070 aggregate principal amount of Convertible Notes are held in escrow by the Corporation's legal counsel and committed to repayment of the Convertible Notes on or after August 31, 2019, if the Convertible Notes are not on or at that date, converted to Common Shares. It is the intention of the Corporation, concurrent with the Closing, to convert all of the Convertible Notes to Common Shares at a conversion price of CAD0.12 per Common Share which would entail the issuance of an additional Common Shares, reduce the "Debt" amount to nil and the amount of Common Shares outstanding after giving effect to the Share Exchange and the Minimum Offering of CAD500,000.04 and after giving effect to the Share Exchange and the Maximum Offering of CAD1,000,000.08.

Solsken Arrangements

Effective April 15, 2019 the Corporation and InnoCan Israel entered into a number of arrangements with Solsken, the results of which are to provide InnoCan, subject to Closing, a USD3,000,000 equity investment (including USD2,000,000 received on April 16, 2019 by InnoCan Israel), to set a framework for various potential product development, Solsken-branding, and marketing initiatives based on InnoCan intellectual property, and to address possible cooperation in the field of cannabis cultivation and processing facilities by InnoCan Israel and Solsken through one or more special purpose vehicles.

InnoCan/Solsken

The various arrangements between InnoCan and Solsken are as follows:

(a) Solsken Private Placement Agreement – pursuant to which Solsken agreed to purchase 4,000,000 Common Shares at USD0.125 per Common Share (aggregate USD500,000 (CAD671,150)). Completion of this private placement will occur following the Share Exchange, not sooner than three (3) Business Days prior to a listing of Common Shares on the CSE and upon at least five (5) Business Days notice to Solsken;

(b) Solsken Note – pursuant to which Solsken purchased a USD500,000 non-interest bearing convertible note from InnoCan, convertible to Common Shares at a price of USD.09435 per Common Share by Solsken at anytime and by the Corporation following Closing and prior to maturity, for an aggregate total of 5,299,417 Common Shares (assuming no interested will have accrued at the time of conversion). The Solsken Note matures and is repayable after, but not before, August 30, 2019 and the subscription amount for the note is held in escrow to be released to the Corporation on conversion to Common Shares or on maturity in repayment of the note to Solsken if the note is not converted prior to that time. The Solsken Note bears interest after, but not before, August 31, 2019, at a rate of 7% per annum;

(c) Framework Agreement – pursuant to which, *inter alia*, InnoCan:

(i) agrees not to incur debt or liabilities (outside of ordinary trade payable not exceeding CAD30,000 excluding legal fees or issue additional securities without the consent of Solsken other than pursuant to this prospectus or share compensation arrangements prior to obtaining a conditional listing approval on a stock exchange or termination of the Share Exchange Agreement;

(ii) grants Solsken a pre-emptive right to participate, pro-rata, in any cash equity issuances for so long as Solsken holds at least 5% of the issued and outstanding Common Shares; and

(iii) agrees to pursue an exchange listing on the terms represented by this Offering.

(d) Nomination Rights Agreement – pursuant to which, the Corporation has agreed to include as directors, and amongst future nominees for election as directors up to two (2) nominees of Solsken if Common Shares beneficially owned or controlled by Solsken are equal to or greater than 10% of the issued and outstanding Common Shares and one (1) nominee if greater or equal to 5% of the issued and outstanding Common Shares, but less than 10%. In addition, certain holders of InnoCan Israel Shares holding in aggregate 50.65% of the Common Shares on a post-Share Exchange and pre-Offering basis have agreed at each shareholders meeting appointing directors to vote the Common Shares owned or controlled by them in favour of the Solsken nominees. For the proposed Solsken nominees, see "Directors and Executive Officers".

InnoCan Israel/Solsken

The various Solsken arrangements with InnoCan Israel are as follows:

(a) Solsken SPA – pursuant to which Solsken agreed for a purchase price of USD2,000,000 to purchase 28,840 InnoCan Israel Shares (at a price of USD69.348) together with the issuance by InnoCan Israel to Solsken of (i) 19,023 Solsken A Warrants exercisable at USD91.875 per InnoCan Israel Share for a period of 24 months from April 15, 2019, subject to an accelerated exercise expiry at any time following April 15, 2020, should the weighted average volume trading price over a consecutive 30 day period exceed USD138.696 or CAD0.25 in Common Shares following the Closing; and (ii) 2,721 Solsken B Warrants exercisable at USD91.875 per InnoCan Israel Share for a period of 28 months from April 15, 2019, subject to an accelerated exercise expiry following July 31, 2020, should the weighted volume trading price over a consecutive 30 day period exceed USD183.75 or CAD0.335 in Common Shares following Closing.

Additionally, InnoCan Israel has made certain covenants to Solsken including to use the subscription funds to continue the development of InnoCan Israel's technology, knowhow, sales and marketing programs and to provide general working capital in accordance with the InnoCan Israel's budget. InnoCan Israel and Solsken agreed that: (i) the maximum number of directors of InnoCan Israel from time to time shall be seven (7), (ii) Solsken shall be entitled to appoint (a) two (2) directors on its behalf as long as it holds, collectively with its affiliates, at least 10% of the allocated share capital of InnoCan Israel, or (b) one director on its behalf as long as it holds, collectively with its affiliates, at

least 5% of the allocated share capital of InnoCan Israel, (iii) the maximum board size and director appointment right shall not be amended without the written consent of Solsken.

(b) Cooperation Agreement – pursuant to which:

InnoCan will lead on product development, retain all intellectual property ownership and provide Solsken with worldwide non-exclusive, non-transferrable, irrevocable licenses for: (a) Solsken-branded products to be produced, marketed and sold by Solsken with respect to InnoCan Israel's OTC Products; (b) "Solsken" branded Cosmetic Products incorporating CBD to be developed by InnoCan Israel; and (c) at the request of Solsken, to consider the development of specific additional OTC Products or Cosmetic Products and develop particulars jointly with Solsken in statements of work agreed upon with respect to any such additional products, when the development is paid by Solsken and the resulting intellectual property is owned by InnoCan.

The Cooperation Agreement prescribes royalties payable by Solsken to InnoCan Israel, to be reviewed from time to time but not to be varied more often than once every 24 months:

(i) OTC Products – annual royalty equal to the lower of: (i) a stipulated fixed rate; or (ii) Market Standard Terms, calculated and payable on a quarterly basis; and

(ii) Cosmetic Products – annual royalty equal to the lower of: (i) a stipulated fixed rate; or (ii) Market Standard Terms, calculated and payable on a quarterly basis.

The Cooperation Agreement further provides for:

(i) Solsken to have priority to United Kingdom and Gibraltar markets for Solsken-branded products over InnoCan Israel-branded products;

(ii) InnoCan Israel ability to provide a license for one or more OTC Products to a global pharmaceutical company over then existing Solsken-branded product exists, subject to using efforts on a good faith basis to preserve the non-exclusive license to Solsken for Solsken-branded OTC product, but Solsken will terminate its production and marketing of the said product if a necessary part of any such commercial transaction;

(iii) new OTC products or cosmetic products developed or acquired by InnoCan Israel to be made subject to Solsken's non-exclusive license rights for Solsken-branded products;

(iv) Solsken's full responsibility for regulatory and registration requirements, including expenses, in order to market Solsken-branded products;

(v) rights of first refusal of InnoCan Israel over Solsken Cannabis products (any Cannabis flower, trim, parts of plants or extracts, oils and isolated active ingredients therefrom) and supply rights in favour of Solsken with respect to InnoCan Israel Cannabis product requirements;

(vi) right of first refusal in favour of Solsken with respect to the sale of intellectual property by InnoCan Israel; and

(vii) an initial term of ten (10) years, terminable by either party on at least 12 calendar months prior notice, provided that the agreement will automatically renew for five (5) years if royalties payable and paid to InnoCan during the 12 calendar months prior to the end of the initial term exceed a stipulated amount.

(c) Production Facility Cooperation Agreement – pursuant to which it is agreed that if InnoCan Israel is willing and able to advance arrangements for the establishment of one or more facilities to develop and operate: (i) a cannabis cultivation facility; (ii) cannabis extraction facility; and (iii) vegetative cultivation for cannabis plants, such a facility will be established in a special purpose vehicle for such a facility on an equal basis

(costs and ownership), subject to an Israeli landowner's minimum 26% holding in the special purpose vehicle if the facility is in Israel. In the event additional contributions are required and InnoCan Israel or Solsken are unwilling or unable to make the required additional contributions the other party shall be entitled to take over any contribution and associated rights and if that party does not wish to take over the entire non-contributing party's interest the parties shall seek a third party investor and failing the addition of a third party, such facility shall be discarded. The requirements applicable to this agreement further provide that the relationship of InnoCan Israel and Solsken in the establishment of Cannabis facilities under the terms set forth in this agreement shall continue until the cultivation/growing space of facilities is equal to or exceeds 50,000 m^2 and extraction facility annual production exceeds 12 tonnes. The agreement may not be assigned except by Solsken to an Affiliate.

(d) Articles Agreement – pursuant to which the articles of InnoCan Israel are to be amended in the event the Share Exchange is completed on or prior to June 30, 2019 by the call of a shareholders meeting at the earliest date available following the Share Exchange at which time the amendment and restatement of the articles will be recommended**,** which InnoCan Israel amended and restated articles include the following items:

(i) the board of directors of InnoCan Israel shall consist of an uneven number of directors, which shall not exceed seven (7) directors. The directors shall not be appointed by all shareholders, except as provided below:

(A) each shareholder shall be entitled to appoint one director (1) out of the seven (7) for each 20% of the allocated share capital of InnoCan Israel on an issued and outstanding basis held thereby;

(B) notwithstanding the foregoing, it is agreed that Yoram Drucker shall be entitled to appoint one (1) director on his behalf as long as he holds at least 5% of the allocated share capital of InnoCan Israel on an issued and outstanding basis;

(C) notwithstanding the foregoing, it is agreed that Solsken shall be entitled to appoint: (i) two (2) directors on its behalf as long as it holds, collectively with its affiliates, directly or indirectly, at least 10% of the allocated share capital of InnoCan Israel on an issued and outstanding basis, or (ii) one (1) director on its behalf as long as it holds, collectively with its affiliates directly or indirectly, at least 5% of the allocated share capital of InnoCan Israel on an issued and outstanding basis; and

(D) the maximum size of the board of directors of InnoCan Israel, and item (d)(i)(C), above, shall not be amended without the written consent of Solsken.

(ii) each board of director member of InnoCan Israel shall be entitled to appoint an alternate for themselves for any meeting and/or appoint a proxy for any meeting, provided that such alternate shall not serve for a period of more than one (1) month;

(iii) the quorum for a board of director's meeting of InnoCan Israel shall be at least two (2) directors present;

(iv) the following matters shall require approval of 75% of the board of directors of InnoCan Israel:

(A) any resolution outside the normal course of business of InnoCan Israel or unrelated to the normal course of business of InnoCan Israel (whether of a kind formerly performed by InnoCan Israel or not) or a transaction that is considered to be a material transaction;

(B) any resolution as to raising additional funds for the activity of InnoCan Israel, requiring a change in the ownership of shares by shareholders in InnoCan Israel;

(C) any resolution to allocate shares or options in InnoCan Israel or perform another act in respect of its share capital;

(D) any transaction of InnoCan Israel with a stakeholder or his relative or a transaction in which a stakeholder in InnoCan Israel has an interest;

(E) any resolution to enter into a new field of activity;

(F) any resolution as to dividend distribution that exceeds the dividend policy of InnoCan Israel;

(G) change of the signature rights in InnoCan Israel;

(H) change in the compensation of any director or senior employee of InnoCan Israel; or

(I) any resolution as to appoint or removal, determination of wage terms or change of wage terms, of the following employees: general manager, deputy general manager, financial manager or technical/development manager.

(v) As long as Solsken holds, collectively with its affiliates directly or indirectly, at least 5% of the issued and outstanding shares of InnoCan Israel, the following matters shall require approval of at least 75% of the board of directors of InnoCan Israel:

(A) approve or make any material change to or material deviation from InnoCan Israel's annual budget and operating plan (as in effect from time to time);

(B) approve any capital expenditure or commitment in excess of USD750,000;

(C) approve any material transaction, including but not exclusively, the creation of any mortgage, pledge or granting any other security interest in any of InnoCan Israel's material assets and extending any loans or guarantees, other than to employees in the ordinary course of business;

(D) any decision or resolution to liquidate, dissolve or wind up the affairs of InnoCan Israel, or effect or declare any deemed liquidation or distribution; or

(E) the approval of an acquisition of any entity.

OTHER BUSINESS INFORMATION

Employees

The Corporation currently has two (2) full time employees (the Chief Executive Officer and Chief Financial Officer), three (3) part time employees (including the Chief Technology Officer) and intends to rely on contractors to provide lab and regulatory services.

Reorganizations

The Corporation has not completed any reorganizations and does not anticipate any reorganizations other than the Share Exchange.

Trademarks

On February 2, 2019 the Corporation received two (2) filing receipts from the Canadian Intellectual Property Office ("**CIPO**") in connection with pending trademark application No: 1946816 ("**Application 816**") and trademark

application No. 1946817 ("**Application 817**" and together with Application 816, the "**Canadian Trademark Applications**") made by the Corporation.

Application 816 describes the Corporation's name "INNOCAN PHARMA" to be used in connection with the Corporation's products and services. Application 817 describes an InnoCan "design mark" of the Corporation to be used in connection with the Corporation's products and services. The proposed use of the Canadian Trademark Applications is within Canada.

On May 28, 2019 the Corporation received a filing receipt from the U.S. Patent and Trademark Office ("**USPTO**") in connection with pending trademark application for the "INNOCAN PHARMA" "word mark" application, with serial number: 884488181946816 ("**US Application**").

The trademark review process is a lengthy process and there is no guarantee that CIPO or USPTO will approve the Canadian Trademark Applications or US Application, respectively.

InnoCan Products

For the development of its products, InnoCan has contracted with a third party pharmaceutical research and development company, pursuant to a development agreement dated August 12, 2018, that is engaged in development of innovative topical drug products. InnoCan's contractor(s) currently are, and are expected in the future to be, called upon to provide a range of research and development services to issue research and development dossier: composition, manufacturing process, specifications, methods, stability studies, complete quality by design based pharmaceutical development report and support in submission. Their FDA-inspected laboratories are equipped with necessary analytical instruments and managed under good laboratory practice rules.

As for the product production, InnoCan expects it will produce via third party manufacturers in good manufacturing practice approved facilities under Geometric Mean Ratio (GMR) 210 and Code of Federal Regulations (CFR) 211 conditions. Any manufacturer must be registered with the FDA and hold a valid FDA registration number as a manufacturer. The production will be done locally (per national territory) based on the local regulations in regions around the world in which product is to be distributed.

InnoCan Pharma Branded Products

1. PsoroCan – An innovative formulated, psoriasis cream with CBD and other active ingredients combined to provide synergistic results.

InnoCan is developing an Industrial Hemp CBD-derived infused topical cream for treatment of psoriasis. The cream is to be formulated with the goal to provide relief to most of the plaque psoriasis symptoms, including itching, irritation, redness, scaling and inflammation.

The proposed product's principal active ingredient is salicylic acid which, if included in a product, permits the product to be marketed as providing psoriasis relief according to an FDA monograph[12]. Salicylic acid is classified as a keratolytic, or peeling agent, and works by causing the outer layer of skin to shed. It is a common and effective treatment for a wide variety of skin problems. As a psoriasis treatment, it acts as a scale lifter, helping to soften and remove psoriasis scales.

Other ingredients include:

1. Cannabinoid complex, which elicits an anti-inflammatory response to reduce redness, flaky patches associated with psoriasis;

2. anti-inflammatory ingredients, to assist in reduces swelling, itching and pain associated with psoriasis;

[12] http://www.fda.gov/downloads/AboutFDA/CentersOffices/CDER/UCM135691.pdf

3. an emollient, a skin softening ingredient, to improve dry or scaly skin and increase the skin's barrier function; and

4. other moisturizing agents and soothing agents.

The formulation for the pain relief product was completed and is now in the stabilization stage, which can last between 2 and 3 months. Following successful completion of the stabilization stage, a pain relief production pilot will take place. The production pilot is an internal process which the Corporation, together with the designated factory, performed small scale production of the products to verify that all components, formulation parameters and analytical results meet product specifications. The pain relief production stage can take place within 3 to 6 months from initiating the process. The expected process cost is USD95,000 with little to no further research and development required following the pain relief production pilot.

Management expects that the Corporation's PsoroCan product will be safe, effective and easy to use, free from coal tar and steroids, and will be non-drying and non-irritating.[13]

Psorasis Competitive Landscape

The psoriasis OTC market in the US is valued at $5 billion and is of a similar size in the balance of the western world.[14] In the United States, psoriasis patients pay on average $2,528 each year on basic care.[15] In addition, the National Psoriasis Foundation has shown that depression is the number 1 comorbidity of psoriasis, with psoriasis victims being twice as likely as the general population to suffer from depression (20% of psoriasis victims).[16] The added cost of treating depression in psoriasis patients increases psoriasis the sufferer's direct expenses and the general overall costs to the health care system.

The vast majority of current psoriasis treatments are readily accessible, with over half found in general bricks & mortar retailers (US) and virtually all such treatments available online, including on Amazon. People requiring psoriasis treatments are turning increasingly to the online e-commerce, but still with a lower than average uptake of OTC products.[17] Globally, the e-commerce market for OTC drugs was $2.5 billion in 2017, just 2% of the total OTC market[18]. The OTC market is expected to grow and management believes that for psoriasis, with its many OTC treatments, that the internet is a rapidly emerging channel for patients to discover treatments for their psoriasis conditions.

The prescription psoriasis topical market is dominated by a number of large players, including, Leo Pharma A/S (Leo's psoriasis division itself sold roughly $600M in 2017) (Enstilar®, Daivobet®, Daivonex®, Kyntheum®), Johnson & Johnson (STELARA®, TREMFYA®) and AbbVie (Risankizumab).[19]

The Corporation believes there is a gap in the topical psoriasis market, of effective OTC drugs providing satisfactory relief. Psoriasis patients are required to turn to prescription drugs, often with steroids, to help ease their symptoms, despite a strong preference to not have to resort to these options. Management believes that coupling the desire to move away from steroid based treatments with the emotional impact of the disease which is typically more distressing to sufferers, yields a consumer base that is willing to pay a premium price if the treatment value (effective relief from symptoms) is delivered.

In the psoriasis markets management has observed that a large portion of the more effective drugs include steroids and / or products including ingredients, which on long term regiment are known to cause side effects.. As described,

[13] https://www.everydayhealth.com/drugs/coal-tar-topical
[14] Kalorama information. The Value of OTC Medicine to the United States - CHPA.
[15] Langley RGB, Krueger GG, Griffiths CEM Psoriasis: epidemiology, clinical features, and quality of life Annals of the Rheumatic Diseases 2005;64:ii18-ii23
[16] https://www.psoriasis.org/life-with-psoriasis/depression
[17] "Internet Retailing in the US", Euromonitor International, 2017
[18] https://blog.euromonitor.com/otcs-e-commerce
[19] Psoriasis Drugs Market Analysis Report by Therapeutic Class, Grandview Research, https://www.grandviewresearch.com/industry-analysis/psoriasis-drugs-market

"at some point in the future, these advances could eventually lead to a truly effective psoriasis cure. But as important and impressive as they are, they still fall short. They carry potential side effects. They don't work for everyone. They might work at first but then lose effectiveness over time. They need to be taken regularly to continue to work effectively. Besides, many of the new treatments carry expensive price tags".[20]

Another group of psoriasis treatments that are gaining momentum are the biotech solutions, which involve new antibodies with pinpointed effects. While they are prescription drugs, they exclude potentially harmful ingredients (e.g. steroids). In this, the biotech's have the potential to fill, at least partially, the gap between the less effective OTC drugs and the more aggressive prescription medications.

All of this said, management believes there is a commercial market for an improved OTC product such as the Corporation's PsoroCan.

2. CanaRelief

InnoCan Israel has formulated a patent pending CBD-derived from Industrial Hemp integrated topical pain product. In June 2018, InnoCan Israel submitted a U.S. provisional patent application for the new formulation; CanaRelief; for a pain relief drug, (US provisional, 62/696,341). CanaRelief is designed with the intention to provide relief from minor arthritis pain, backaches or muscle and joint pain and include the following features:

1. Novel pain relief cream with CBD;

2. For relief of pain originating from joint pain, rheumatism and muscle pain;

3. Non-greasy texture works as an on-the-go solution;

4. "Release on demand";

5. Active ingredients: menthol and methyl salicylate combined with CBD from industrial oil and magnesium oil; and

6. Topical, analgesic pain relief cream, synergistic effect with CBD complex.

The formulation for the pain relief product was completed and is now in the stabilization stage, which can last between 2 and 3 months. Following successful completion of the stabilization stage, a pain relief production pilot will take place. The production pilot is an internal process which the Corporation, together with the designated factory, performed small scale production of the products to verify that all components, formulation parameters and analytical results meet product specifications. The pain relief production stage can take place within 3 to 6 months from initiating the process. The expected process cost is USD95,000 with little to no further research and development required following the pain relief production pilot.

In addition, InnoCan Israel filed a U.S. provisional patent application on March 24, 2019 titled "Pain Relieving Otic Compositions" (US provisional 62/822,890). This provisional patent claims a respiratory pharmaceutical composition comprising a cannabinoid and an additional analgesic agent. The additional agent may be an analgesic or an anesthetic and the composition may comprise a glycerin carrier, an oil such as olive oil and an emulsifier.

Pain relief composes one of the largest OTC drug markets and is flooded with a wide variety of products.[21] According to the American Pain Society, pain is the most common symptom that prompts people to seek medical care, with 50% of doctors' visits being pain related.[22] Globally, 1.5 billion people are affected by pain[23], where the vast majority seek

[20] https://www.everydayhealth.com/columns/howard-chang-the-itch-to-beat-psoriasis/holding-on-hope-psoriasis-cure/
[21] https://www.prnewswire.com/news-releases/global-over-the-counter-drug-markets-hit-802-billion-in-2017-report-300588867.html
[22] (Institute of Medicine Report from the Committee on Advancing Pain Research, Care, and Education: Relieving Pain in America, A Blueprint for Transforming Prevention, Care, Education and Research. The National Academies Press, 2011.)
[23] http://www.painmed.org/patientcenter/facts_on_pain.aspx

relief from OTC medications, and amongst those, patients are increasingly seeking topical treatment options over oral medicines.[24, 25]

Despite the numerous products, it is management's view that effective pain management products remain inadequate, particularly for those suffering from chronic pain. Current pain remedies include:

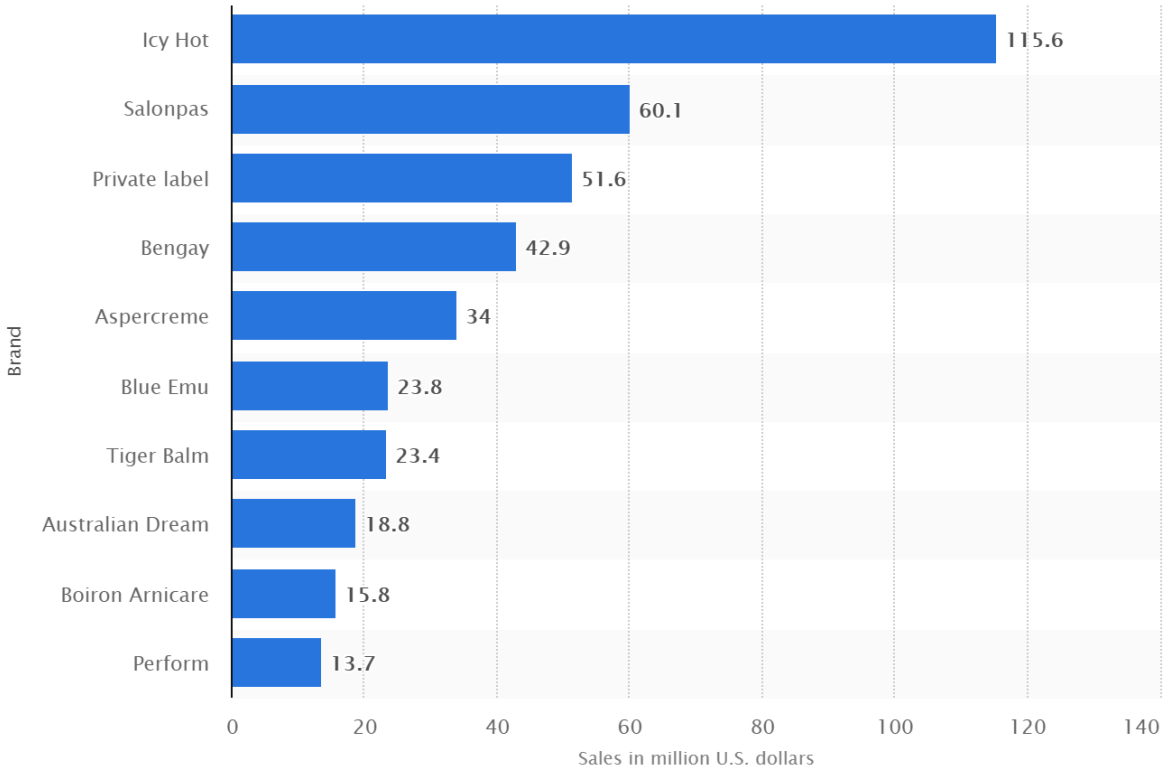
1. NSAIDs for mild to moderate pain (by far the most common type of pain drug). These are only mildly effective and are nearly useless for more severe pain.[26]

2. Cox-2 inhibitors, an important class of NSAIDs. Have been shown to have severe side effects and have been banned in many locations.[27]

3. Opioids, such as morphine, for moderate to severe and chronic pain. Opioids are notoriously associated with tolerance and dependence (i.e. are addictive), and, although, they require prescriptions, they are often abused with catastrophic consequences.[28]

4. Outside the US, Voltarol® / Voltaren® gel is the current market leader of the topical pain treatment market and Futura Medical's (UK) popular pain relief products, TPR100 and TIB200 (topically delivered NSAIDs), are believed to be set to make an impact when they become available as OTC products in all various territories around the world, save for the USA, where all topical NSAIDs are currently available only with a doctor's prescription. Topical pain treatments in the US are led by other players as depicted in the following chart (2015):[29]

[24] American Pain Society: http://americanpainsociety.org/
[25] https://blog.euromonitor.com/2017/04/analgesics-part-1-global-trends.html
[26] Pharmacologic Therapy for Acute Pain. American Family Physician https://www.aafp.org/afp/2013/0601/p766.html>
[27] Pharmacologic Therapy for Acute Pain. American Family Physician https://www.aafp.org/afp/2013/0601/p766.html>
[28] Pharmacologic Therapy for Acute Pain. American Family Physician https://www.aafp.org/afp/2013/0601/p766.html>
[29] Statista - Sales of the leading external analgesic rubs brands in the United States in 2015 (in million U.S. dollars)



Manufacturers of the above products include, Chattem Inc. (Icy Hot, Aspercreme), Hisamitsu Pharmaceutical Co., Inc. (Salonpas), Johnson & Johnson (Bengay), NFI Products Inc. (Blue Emu), and Haw Paw Healthcare Limited (Tiger Balm).

Future Potential Product Lines

InnoCan anticipates that as it develops its brand, gains experience in the market, and grows its network of business partners it will have developed the basis to approach a number of OTC and prescription drug markets that can substantially benefit from incorporating Cannabinoids, including: (i) oral hygiene, (ii) eczema and itching, (iii) post-chemotherapy skin treatment; and (iv) women's hygiene products.

InnoCan Israel filed a US provisional patent on March 28, 2019 titled "Antipruritic Compositions" (US provisional, 62/825,316). This US provisional claim is for a topical pharmaceutical composition comprising a cannabinoid and an antihistamine to relieve pruritis. Such composition may be in the form of a liquid, solution, suspension, gel, cream, foam, or ointment. The claims are directed to a formulation that contains various antihistamines, skin protectants and corticosteroids.

InnoCan R&D Services (non Pharma products)

InnoCan plans to be a provider of outsourced product development (OPD) to third parties for non-pharmaceutical products to be produced under the third party's brand. InnoCan will be responsible for development of the formulae and finished dosage form of the product, transfer of the technology and assisting in the transfer to production stage.

The third party shall be responsible for all subsequent development and commercialization, and will pay all the costs thereof, including but not limited to: (a) scaling up; (b) production; (c) obtaining all required permits and approvals for production and marketing of the product; and (d) the production and commercialization of the product, after its approval.

Payment to InnoCan for an OPD is expected to include development fees and future royalties.

The scope of OPD products are expected to include products targeting hair loss, pain relief, and wound healing products, but InnoCan intends to be generally responsive to market inquiries and considers service arrangements within it's and its contractors' scope of expertise. For the development of the non-pharma products, InnoCan collaborates with a third party research and development company that is engaged in development of innovative topical products [30] and InnoCan intends to own all intellectual property and rights of any developed compositions.

Yissum Agreement

InnoCan Israel has also entered into the Yissum Agreement with Yissum in respect of the design, preparation, characterization and evaluation of hydrogels containing CBD (or other Cannabinoids) loaded liposomes and steroid loaded liposomes. Liposomes are spherical vesicles composed of one or more layers of lipids that can carry drugs through the human vascular system. Liposomes are one of the most important and most successful delivery systems to date commercialized. There are currently approximately 15 FDA-approved liposomal drugs and many more are known to be in clinical trials. Liposomes are biocompatible and non-toxic and can improve the drug performances: the drug can stay longer in the bloodstream (more availability), the distribution to target organs is improved and the formulation is safer.[31]

The controlled release of CBD from the liposomes allows a continuous exposure of the patient to the drug and decreases the variations of CBD concentration in the blood caused by food intake or other physiological conditions. Moreover a greater portion of intact CBD can reach its target site, decreasing the total amount of CBD needed to achieve the desired therapeutic effect.[32]

The goal of the research project with Yissum is to develop a new delivery system to allow injection of CBD to the blood stream for targeted delivery. The use of the technology is versatile and can be tailored to the development of different drugs, Cannabinoids or Cannabinoids in combination with other ingredients.

It is well known that use of CBD in conjunction of steroids, can reduce the amount of steroids and still maintain efficacy.[33] The approach of Professor Yechezkel (Chezy) Barenholz (Hebrew University) is to use this platform to develop a drug (injection) to treat Parkinson's, epilepsy and rheumatic pain reducing dramatically the steroid amount below the toxic level.

Professor Barenholz is the head researcher and supervisor under the Yissum Agreement. He may not be removed or replaced without the consent of InnoCan. Professor Barenholz serves as the Head of the Laboratory of Membrane and Liposome Research at the Department of Biochemistry of the Hebrew University–Hadassah Medical School, Jerusalem, Israel. Professor Barenholz is the founder of several prominent startup companies, including Moebius Medical Ltd. Professor Barenholz has 46 years of experience in research and development. He is the Executive Editor of Progress in Lipid Research. Professor Barenholz is the author of over 350 publications and is a co-inventor of over 30 patent families, two of which underlie Doxil® for the treatment of breast and ovarian cancer (a doxorubicin remote-loaded sterically-stabilized ~100 nm liposome for treatment of cancer marketed by Johnson and Johnson). Professor Barenholz has been granted various awards for excellent contributions to the field of liposome science. He is a renowned specialist in biochemistry, biophysics, nanotechnology and cancer. He received B.Sc., M.Sc. (cum laude) and Ph.D. degrees, all in Biochemistry, from the Hebrew University of Jerusalem, Israel.

In basic research, Professor Barenholz's laboratory focuses on biochemistry and biophysics of lipids and membranes — on the relationships between membrane lipid composition, structure (e.g., rafts), and function; on lipid mediated signal transduction; and on apoptosis. One of the main biological topics studied is the relevance of the above to aging processes. In applied research, Professor Barenholz's main interests are in amphiphile-based drug carriers, especially liposomes: from basic aspects of design of the drug carriers through animal studies and clinical trials, and finally, FDA-approved drugs.

30 https://www.peerpharm.com/
31 Barenholz Y. 2012. Doxil®--The first FDA-approved nano-drug: Lessons learned. J Control Release 160:117–34
32 F. G, Grotenhermen F. 2003. Pharmacokinetics and pharmacodynamics of cannabinoids. Clin Pharmacokinet 42:327–360
33 Petrosino S, Verde R, Vaia M, Allarà M, Iuvone T, Di Marzo V. 2018. Anti-inflammatory Properties of Cannabidiol, a Nonpsychotropic Cannabinoid, in Experimental Allergic Contact Dermatitis. J Pharmacol Exp Ther 365:652–663

The material terms of the Yissum Agreement are:

InnoCan will finance the research program in accordance with the Research Program, in the amounts of: (i) USD120,000 payable within 15 days following execution of the Yissum Agreement; (ii) USD120,000 payable six months thereafter, (both of which payments have been satisfied); and (iii) USD70,000 payable 12 months after execution of the Yissum Agreement, all of which payments are exclusive of 35% overhead charge and VAT.

Yissum grants InnoCan Israel an exclusive Yissum Option to receive an exclusive worldwide royalty-bearing license to Yissum's interest in the Research results (the "**License**"), upon the commercial and other terms conditions to be negotiated in good faith and set forth in a license agreement to be negotiated between the Parties (the "**License Agreement**"). A non-comprehensive, preliminary list describing commercial terms as discussed between the parties to potentially serve in such negotiations includes:

i. initial license fee due at execution of the license agreement: USD50,000;

ii. annual license maintenance fee: USD35,000;

iii. Royalty fee of:

    a. between 3-5% of net sales (depending on sale volumes); or

    b. if sublicensed, 15% of the non-sales related consideration;

iv. milestone payments of between USD75,000 and USD150,000 (to be defined in the license agreement based on the commercialization strategy) upon achieving each of the following:

    a. pre-clinical trial in animals as a proof of concept;

    b. completion of Phase I/IIa;

    c. commencement of Phase III; and

    d. upon achieving the first commercial sale in each Territory (with "**Territory**" defined as: North America, South America, European Union (including UK), China and remainder of Far East (including Australia).

InnoCan Israel may exercise the Yissum Option during the Option Exercise Period by way of the Option Exercise Notice. Upon Yissum's receipt of the Option Exercise Notice within the Option Exercise Period, Yissum and InnoCan Israel shall negotiate the terms and conditions of the License Agreement in good faith during a period of up to 120 days according to the terms included in the Yissum Agreement. If InnoCan Israel does not exercise the Option during the Option Exercise Period or the parties fail to negotiate the terms of the License Agreement within 120 days following the Option Exercise period, neither Yissum nor Professor Barenholz will have any further obligations toward InnoCan Israel with respect to the Research results, and InnoCan Israel agrees to take all reasonably necessary actions to assign its interest in any joint patent to Yissum. Thereafter, Yissum is entitled to commercialize or otherwise license the Research results and if Yissum were to subsequently license the Research results to a third party, it would be required to repay InnoCan Israel, at a rate of 20% of net proceeds it receives, up to a total amount that will reimburse InnoCan Israel the amount of the research fee actually paid to Yissum.

InnoCan's business strategy for the Yissum Agreement is to sub-licence - per specific indication/drug - to various well-established pharmaceutical companies. The pharmaceutical sub-licensee are expected to contain terms to pass through to sub-licensees the responsibility for subsequent Yissum payments and for obtaining all required regulatory approvals.

The regulatory pathways of the potential Yissum liposome developed product is anticipated to be one of the following:

(i) 505b2 (US) - a regulation allowing relatively short approval process (5-7 years), based on the fact that active pharmaceutical ingredients (API) are well known; or

(ii) Full FDA-IND path - that might take 7-10 years, including safety studies and Phase 1/2/3 full studies. This path is more expensive than the 505b2 approach;

but in any event, the approved approach will be part of negotiations with any sub-licensee of InnoCan.

Regulatory Environment

Israel is one of the leading countries in Cannabis/Cannabinoids research. As such, under the law for medicinal Cannabis, Israel has an advanced system to approve research related to the Cannabinoids.

Yissum currently has a license to conduct research development with Cannabinoids and the university has various departments focusing on the research of different Cannabinoids.

InnoCan Israel presently uses directed sub-contractor services for the research and development of its topical products. InnoCan Israel's sub-contractor has applied for the requisite licenses from the Israeli health ministry to perform its services.

InnoCan Israel intends to apply for a license under its name, immediately following the closing of the Offering. It would not need such a license unless or until it conducts its own research or begins production of CBD products. Relative to commercialization of its products, Israel is not seen by management to be an early target market requiring OTC product approval.

In the European Union (the "**EU**"), although member states are permitted to set their own national drug policies, all member states are parties to the United Nations 1961 Single Convention on Narcotic Drugs (the "**UN Convention**"), which defines THC as a Schedule IV illicit drug. During the Special Session of the United Nations General Assembly on the World Drug Problem (April 19-21, 2016), however, a growing number of government representatives advocated for changes to the treatment of Cannabis, citing new evidence and changing attitudes regarding its medicinal use. In addition, there are some EU member states which, despite the UN Convention are moving toward making medical Cannabis available to their citizens. For instance, doctors in the Netherlands have been able to prescribe medical Cannabis for over 10 years. In 2013, Italy authorized the use of Cannabis for patient prescriptions. Similarly, in Germany the Federal Institute for Drugs and Medical Devices has allowed the medical use of Cannabis in special cases. Spain, while lagging behind the Netherlands, Italy and Germany with respect to access to Cannabis for medical use, has decriminalized Cannabis. In all, the future of medical Cannabis in EU member states remains uncertain at this time, but Management believes that the trend exhibited at the national level by EU member states and at the international level through the United Nations suggests a shift towards greater accessibility to medical Cannabis.[34]

Similarly, the legalization of CBD by many EU member states has also shifted towards greater accessibility. In many EU member states CBD oil is now legal since CBD is not psychotropic and therefore is not covered by the *UN Convection of Psychotropic Substances* (1971). These unrestricted member states include Austria and Estonia. Further, many other EU member states have legalized CBD oil if the CBD oil contains less than a prescribed percentage of THC. The prescribed percentage varies from state to state, but generally falls in the range of 0.2% to 1%. Member states that have a prescribed percentage limiting THC include France (0.2%), Czech Republic (0.3%), Italy (0.6%) and Switzerland (1.0%).[35]

As with Canada, the U.S. baby boomer generation is expected to have a considerable impact on the American population. Baby boomers began turning 65 in 2011 and are now accelerating growth at the older ages of the American population. According to the U.S. Census Bureau, 89 million Americans are aged 55 years and older, representing 29% of the population in the U.S. In 2014, the U.S. Census Bureau reported that by 2029 – when all baby boomers will be 65 years and over – more than 20% of the U.S. population will be over the age of 65, up from 14% in 2012.

[34] http://www.emcdda.europa.eu/system/files/publications/4135/TD0217210ENN.pdf
[35] https://www.daiba.uk/blog/is-cbd-legal-in-my-country-europe/

The impact of an aging population is expected to also have a significant impact on the population of the EU. As of January 2015, Eurostat estimated the EU population at 508.5 million, with a median age of the 42.4 years and 161 million people aged 55 years and older. By 2080, Eurostat projects that persons aged 65 and older will account for approximately 29% of the EU population. [36] [37]

With aging populations in both the United States and the EU, the incidence of chronic pain is increasing. Prescription opiates are medications most often used to treat chronic pain. Medicare data released in 2014 showed that 8.5 million Americans aged 65 or older were prescribed opiates from their physicians. According to the National Centre for Health Statistics, the rate of drug overdose deaths involving natural and semisynthetic opioids increased from 1.0 in 1999 to 4.4 in 2016. The rate increased on average by 13% per year from 1999 to 2009 and by 3% per year from 2009 to 2016. The US Centre for Disease Control and Prevention have declared the current conditions an "epidemic" of overdoses (US Centre for Disease Control and Prevention, *CDC Grand Rounds: Prescription Drug Overdoses – A U.S. Epidemic*, Morbidity Mortality Weekly Report, vol. 61(1) (2012)). [38] [39]

USE OF PROCEEDS

The Corporation will receive net cash proceeds of USD197,422 from the Minimum Offering and net proceeds of USD532,668 from the Maximum Offering after deduction of the Agent's Commission and the Offering expenses estimated to be USD175,073 for the Minimum Offering and USD212,322 for the Maximum Offering, excluding the Corporate Finance Fee and CDN25,000 deposit towards the Agent's expenses. Adding these net proceeds to the estimated working capital of the Corporation as at April 30, 2019, of USD3,919,000, results in a minimum of USD4,116,422 and a maximum of USD4,451,668 in available funds on a pro forma basis. The Corporation intends to use the available funds as follows:

Principal Purpose	Minimum Offering - USD	Maximum Offering - USD
Operating Expenses	227,000	227,000
Research and Product Development	1,209,000	1,209,000
Marketing and Selling Expenses	1,326,000	1,326,000
General and Administrative Expenses	1,208,000	1,208,000
Unallocated funds	146,422	481,668
Total:	**4,116,422**	**4,451,668**

Notes:

(1) Total estimated costs of the Offering are CAD285,000 under the Minimum Offering and CAD335,000 under the Maximum Offering. The Corporation has paid CAD50,000 towards Offering expenses: CAD25,000 (plus GST) has been paid to the Agent as payment of the Corporate Finance Fee, and CAD25,000 has been deposited against expenses to be incurred by the Agent.

(2) The estimated working capital includes proceeds raised under the Convertible Note Private Placement. For more details see "Recent Transactions".

(3) The Corporation is expected to start marketing activities 4 to 6 months before sales commence. The Corporation's marketing activities will include branding, public relations, sample production and distribution, advertising and other promotional activities. The

36 https://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/
37 https://fivethirtyeight.com/features/what-baby-boomers-retirement-means-for-the-u-s-economy/
38 https://www.cdc.gov/mmwr/volumes/67/wr/mm6736a2.htm
39 http://www.todaysgeriatricmedicine.com/archive/MA18p18.shtml

Corporation's operation expenses will include the production and related cost of manufacturing of samples and first production to be sold during the period.

A breakdown of the estimated general and administration expenses for the 12 months following the Corporation becoming a public company in a Minimum Offering scenario is set out below:

12 Month General & Administrative Expenses	Monthly - USD	Annual - USD
Accounting	3,947	47,000
Audit	4,917	59,000
Legal	6,875	82,500
Salary and benefits	27,157	326,000 (1)
Insurance	5,000	60,000
Facilities, communication and others	8,931	107,000
Investors relationship	3,500	42,000
Regulatory Fees	9,721	117,000
T&A	2,917	35,000
Advisory Board	2,083	25,000
Other	3,808	45,500
Total:	**78,856**	**946,000 (2)**

Notes:

(1) This figure is composed of the Corporation's CEO, CFO, Corporate Secretary, Chairman of the Board of Directors and consultants.

(2) This figure is based on a 12 month projection for the "Use of Proceeds". The allocation of USD1,208,000 under the "Use of Proceeds" sections representations projected general and administrative expenses for a period of 14 months.

Upon completion of the Offering, the Corporation's working capital available to fund ongoing operations will be sufficient to meet research and development, sales and marketing and general administrative costs for at least 12 months. The Corporation has had negative cash flow from its operating activities since its incorporation and expects to continue to have negative cash flow from its operating activities in the near future. The Corporation's source of funds since incorporation has been from the sale of equity capital and the Corporation expects that equity capital will continue to be its source of funds in the future. See "Risk Factors" for further disclosure of the risk of negative cash flow from its operating activities.

Business Objectives and Milestones

The Corporation's business objectives, and the significant events that must occur for each such business objective to be accomplished, are as follows:

A. Research and Development

Business Objective	Milestone	Estimated Costs Related to Business Objectives (Minimum Offering) - USD	Estimated Costs Related to Business Objectives (Maximum Offering) - USD	Time Period
I. Branded Products				
Psoriasis and pain relief branded Products	Product development and formulation[(1)]	214,000	214,000	Q2-Q3/19
	Post marketing study[(2)]	555,000	555,000	Q3-Q4/19
II. Yissum Agreement				
	Liposome technology proof of concept[(3)]	256,500 [(5)]	256,500	Q2-Q4/19
III. Third Party Services				
	Research and development Personnel and consulting[(4)]	183,500	183,500	Q3-Q4/19
	Total:	**1,209,000**	**1,209,000**	

Notes:

(1) This will include all relevant tests for the formulations and completing a product full production instruction file. The Corporation will pursue the development of fewer products (per indication) in the event the Maximum Offering is not achieved. It is expected that the Minimum Offering would allow the Corporation to advance one to two product files and the Maximum Offering would cover five to six product files.

(2) The US OTC monograph approval will allow InnoCan to commence the manufacture and sale of the products at the US market in all relevant distribution channels and to promote the products under the OTC monograph guidelines.

(3) The Liposome technology has a potential to be a significant development in the pharmaceutical Cannabinoids market. On achieving a proof of concept of the research, InnoCan will have the basis to initiate dialog with pharmaceutical companies in respect of the licensing of the technology for the development of different pharmaceutical applications.

(4) Costs associated with the promotion of InnoCan's service expertise and coordination with its personnel, current sub-contractors and additional sub-contractors for same.

(5) Two payments of USD162,000 (exclusive of VAT) have been paid under the Yissum Agreement to date. However, the figure represented above only includes the first payment of USD162,000 (exclusive of VAT) based on the Corporation's payment schedule. The outstanding balance owed under the Yissum Agreement is USD94,500 (exclusive of VAT).

The formulation for the pain relief and the psoriasis products was completed and is now at the stabilization stage, which can take 2-3 month. Following successful stabilization, a production pilot will take place (assuming a successful transfer, which can last between 2 and 3 months). The production pilot is an internal process which the Corporation, together with the designated factory, performed small scale production of the products to verify that all components, formulation parameters and analytical results meet product specifications. Following successful completion of the stabilization stage, a pain relief and psoriasis production pilot will take place. The pain relief and psoriasis production stage can take place within 3 to 6 months from initiating the process. The expected cost is USD418,500 (out of which USD161,000 was paid during 2018) and no further research and development is required following the production pilot.

For the development of InnoCan branded products, InnoCan plans on collaborating with a third party pharmaceutical research and development company that is engaged in development of innovative topical drug products. For the development of the non pharma products, InnoCan plans on collaborating with a third party research and development company that is engaged in development of innovative topical products.

B. Sales, Marketing and Business Development

The expenses addressed below are to be incurred to broadly develop general brand recognition of InnoCan and its branded products in a number of jurisdictions; principally, the United States, Canada and various European countries. These costs also relate to development of relationships with potential third party distributors, licensees and wholesalers at the production and distribution end of the product chain, developing relationships with third parties potentially utilizing InnoCan services, and promoting product awareness and product attributes with medical, pharmaceutical and other healthcare individuals and enterprises, as well as consumers.

Business Objective	Estimated Cost Related to Business Objectives (Minimum Offering)(USD)	Estimated Cost Related to Business Objectives (Maximum Offering)(USD)	Time Period
Brand and reputation awareness	875,000	875,000	Q4 2019 – Q2 2020
Personnel	338,250	338,250	Q4 2019 – Q2 2020
Public relations	65,000	65,000	Q4 2019 – Q2 2020
Business development	48,000	48,000	Q4 2019 – Q2 2020
Total:	1,326,250	1,326,250	

DIVIDEND POLICY

The Corporation has never declared or paid any dividends on the Common Shares, the non-voting shares, the first preferred shares or the second preferred shares.

There are no restrictions in the Corporation's articles or elsewhere, other than customary general solvency requirements, which would prevent the Corporation from paying dividends. All of the Common Shares, the non-voting shares, the first preferred shares and the second preferred shares are entitled to any dividends declared and paid on such common shares, non-voting shares, first preferred shares and second preferred shares.

It is anticipated that all available funds will be invested to finance the growth of the Corporation's business and accordingly it is not contemplated that any dividends will be paid on the common shares, non-voting shares, first preferred shares or second preferred shares in the immediate or foreseeable future.

The directors of the Corporation will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Corporation's financial position at the relevant time.

MANAGEMENT'S DISCUSSION & ANALYSIS

Management's discussion and analysis of the Corporation for the period year ended December 31, 2018 is included in this prospectus in Appendix "FS – Financial Statements and Management's Discussion & Analysis".

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

Authorized and Issued Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of non-voting shares, an unlimited number of first preferred shares, issuable in series, and an unlimited number of second preferred shares, issuable in series.

As of the date hereof, there are 4,250,000 Common Shares issued and outstanding and there are no non-voting shares, first preferred shares, or second preferred shares issued. This figure does not include Common Shares issuable pursuant to the Share Exchange Agreement or Convertible Notes.

The following is a description of the rights, privileges, restrictions and conditions attaching to the Corporation's share capital.

Common Shares

The holders of Common Shares are entitled to receive notice of, and to vote at every meeting of the InnoCan shareholders and have one vote for each Common Share held. Subject to the rights, privileges, restrictions and conditions attaching to any preferred shares of the Corporation, the holders of Common Shares are entitled to receive such dividends as the directors of InnoCan from time to time, by resolution, declare. Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Corporation, in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs, holders of Common Shares shall be entitled, subject to the preferences accorded to holders of the first preferred shares, second preferred shares and any other shares of the Corporation ranking senior to the Common Shares from time to time with respect to payment on a liquidation, dissolution or winding up, to share rateably, share for share, with the non-voting shares (to the maximum amount specified for the non-voting shares) in the remaining property of the Corporation.

Non-Voting Shares

The holders of non-voting shares are entitled to receive notice of, and attend every meeting of the InnoCan shareholders. Holders of non-voting shares are not entitled to vote except at class meetings of non-voting shares at which holders are entitled to one vote for each non-voting share. Subject to the rights, privileges, restrictions and conditions attaching to any preferred shares of the Corporation, the holders of non-voting shares are entitled to receive such dividends as the directors of InnoCan from time to time, by resolution, declare. Subject to the rights, privileges, restrictions and conditions attached to any preferred shares of the Corporation, in the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of its assets among its shareholders for the purpose of winding up its affairs, holders of non-voting shares shall be entitled, subject to the preferences accorded to holders of the first preferred shares, second preferred shares and any other shares of the Corporation ranking senior to the non-voting shares from time to time with respect to payment on a liquidation, dissolution or winding up, to share rateably, share for share, with the Common Shares and any other class of shares ranking equally with the non-voting shares in the remaining property of the Corporation Shares to the maximum of the aggregate capital contribution attributable to the non-voting shares.

First Preferred Shares

Subject to the filing of articles of amendment, as approved by the Board, the Corporation is also authorized to issue an unlimited number of first preferred shares without nominal or par value, of which, as at the date hereof, none have been issued. The first preferred shares of InnoCan may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The first preferred shares of InnoCan have priority over the Common Shares, second preferred shares and any other shares of the Corporation ranking junior to the first preferred shares. The first preferred shares are also entitled to a priority over the Common Shares, non-voting shares, second preferred

shares and any other class of shares ranking junior to the first preferred shares of the Corporation with respect to the payment of dividends and the distribution of assets upon the liquidation of the Corporation.

Second Preferred Shares

Subject to the filing of articles of amendment, as approved by the Board, the Corporation is also authorized to issue an unlimited number of second preferred shares without nominal or par value, of which, as at the date hereof, none have been issued. The second preferred shares of InnoCan may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. The second preferred shares rank junior to the first preferred shares of InnoCan, but have priority over the Common Shares, non-voting shares and any other shares of the Corporation ranking junior to the second preferred shares. The second preferred shares are also entitled, subject to the preference accorded to holders of the Corporation's first preferred shares, but in priority over the Common Shares, non-voting shares and any other class of shares ranking junior to the first preferred shares of the Corporation, to the payment of dividends and the distribution of assets upon the liquidation of the Corporation.

Warrants

The Warrants will be created and issued pursuant to the terms of the Warrant Indenture. Each Warrant will be transferable and will entitle the Warrantholder to purchase one Common Share at a price of CAD0.30 per Common Share at any time up to the Expiry Time.

The Corporation will appoint the Warrant Agent at its principal offices in Calgary, Alberta as the location at which the Warrants may be surrendered for exercise, transfer or exchange. Warrants may be exercised upon surrender of the certificates representing the Warrants on or before the Expiry Time to the Warrant Agent along with the completed and executed notice of Warrant exercise form and accompanied by payment of the exercise price for the number of Common Shares for which the Warrants are being exercised.

Notwithstanding the Expiry Time, in the case of a Trigger Event, the Corporation may, in its sole discretion, by written resolution of the Board, accelerate the Expiry Date to the date that is 30 days from the Trigger Event.

The Warrant Indenture will provide for adjustment in the number of Common Shares issuable upon the exercise of the Warrants and/or the exercise price per Common Share upon the occurrence of certain events, including:

(a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares by way of a stock dividend or other distribution;

(b) the subdivision, re-division or change of the Common Shares into a greater number of shares;

(c) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;

(d) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price" for the Common Shares on such record date; or

(e) the issuance or distribution to all or substantially all of the holders of the Common Shares of securities of the Corporation including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets and including evidences of indebtedness, or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

(f) reclassification, re-designation or other change of the Common Shares;

(g) consolidations, amalgamations, arrangements, mergers, or transfer of the undertaking or assets of the Corporation, as an entirety or substantially as an entirety with or into any other corporation or other entity; or

(h) the sale, lease, exchange or transfer of the undertaking or assets of the Corporation in their entirety or substantially in their entirety to another corporation or entity other than to a direct or indirect wholly-owned subsidiary.

No adjustment in the exercise price or the number of Common Shares issuable upon exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Common Shares purchasable upon exercise by at least one-one hundredth of a Common Share, as the case may be.

The Corporation will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to Warrantholders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Common Shares issuable upon exercise of the Warrants, at least [•] days prior to the record date or effective date, as the case may be, of such event. With respect to any Warrants held, Warrantholders will not have any voting or pre-emptive rights, or any other rights which a holder of Common Shares may have.

Under the Warrant Indenture, the Corporation may from time to time, subject to applicable law, purchase, by invitation for tender, in the open market, by private contract on any stock exchange or otherwise, any of the Warrants then outstanding, and any Warrants so purchased will be cancelled.

The Warrant Indenture will provide that, from time to time, the Corporation and Odyssey, without the consent of the Warrantholders, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not prejudice the rights of any Warrantholder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the Warrantholders may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the Warrantholders at which there are Warrantholders present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to a lack of quorum, at which adjourned meeting the Warrantholders present in person or by proxy shall form a quorum) and passed by the affirmative vote of Warrantholders representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (ii) adopted by an instrument in writing signed by the Warrantholders representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants.

The foregoing is a summary of the material provisions of the Warrant Indenture, but is not, and does not purport to be, a complete summary and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at the dates indicated before and after giving effect to the Minimum Offering and Maximum Offering. This table should be read in conjunction with the financial statements of the Corporation (including the notes thereto) contained in this Prospectus.

Description	Outstanding as at March 31, 2019	Outstanding after giving effect to Share Exchange	Outstanding after giving effect to the Minimum Offering, Share Exchange, Notes conversion and Solsken Private Placement Agreement	Outstanding after giving effect to the Maximum Offering, Share Exchange, Notes conversion and Solsken Private Placement Agreement
Common Shares	USD [●] (4,250,000)	USD [●][(1)] (125,138,390)	USD [●] (140,532,835)	USD [●] (143,310,632)
Warrants[(2)]	Nil	Nil	Nil	Nil
InnoCan Israel Warrants	Nil	1,342,110	1,342,110	1,342,110
InnoCan A Warrants	Nil	13,981,916	13,981,916	13,981,916
InnoCan B Warrants	Nil	2,000,000	2,000,000	2,000,000
Warrants	Nil	Nil	1,388,889	2,777,778
Long-term debt	Nil	Nil	Nil	Nil

Notes:

(1) After giving effect to the Share Exchange on a 735 Common Shares for 1 InnoCan Israel Share basis and assuming that 100% of the InnoCan Israel Shares are tendered to the Share Exchange (99,690,990 Common Shares + Solsken 21,197,400 Common Shares = 120,888,390 Common Shares) + outstanding on March 31, 2019 (4,250,000 Common Shares), but excluding conversion of the Convertible Notes (3,317,250 Common Shares), Solsken Note (5,299,417 Common Shares) or completion of the Solsken Private Placement Agreement (4,000,000 Common Shares).

(2) 1,342,110 InnoCan Israel Warrants, which will be convertible into InnoCan Common Share purchase warrants following the closing of the Offering exercisable at a price of $0.075 per Common Share. In addition, Solsken will hold 13,981,916 InnoCan A Warrants exercisable for Common Shares at USD0.189 per Common Share and InnoCan B Warrants 2,000,000, each exercisable for a Common Share on payment of USD0.25.

Stock Option Plan

The Corporation has adopted an Option Plan which provides eligible directors, officers, employees, advisory board and consultants with the opportunity to acquire an ownership interest in the Corporation and is the basis for the Corporation's long-term incentive scheme. The key features of the Option Plan are as follows:

- the maximum number of Common Shares issuable under the Option Plan shall not exceed 10% of the number of Common Shares issued and outstanding as of each award date, inclusive of all Common Shares reserved for issuance pursuant to previously granted Options;
- the options have a maximum term of five years from the date of issue;
- Options vest as the Board of Directors may determine upon the award of the Options;
- the exercise price of Options granted under the Option Plan will be determined by the board of directors, but will not be less that the greater of the closing market price of the Common Shares on the CSE on (i) the trading day prior to the date of grant of the Options; and (ii) the date of grant of the Options; and
- the expiry date of an Option shall be the earlier of the date fixed by the Board of Directors on the award date, and:

(i) in the event of the death of the option holder while he or she is a director or employee (other than an employee performing investor relations activities), 12 months from the date of death of the option holder, or while he or she is a consultant or an employee performing investor relations activities, 30 days from the date of death of the Option holder;

(ii) in the event that the option holder holds his or her option as a director and such option holder ceases to be a director of the Corporation other than by reason of death, 90 days following the date the option holder ceases to be a director (provided however that if the option holder continues to be engaged by the Corporation as an employee or consultant, the expiry date shall remain unchanged), unless the option holder ceases to be a director as a result of ceasing to meet the qualifications set forth in section 105 of the CBCA or an ordinary resolution is passed by the shareholders of the Corporation pursuant to section 109 of the CBCA, in which case the expiry date will be the date that the option holder ceases to be a director of the Corporation;

(iii) in the event that the option holder holds his or her Options as an employee or consultant of the Corporation (other than an employee or consultant performing investor relations activities) and such option holder ceases to be an employee or consultant of the Corporation other than by reason of death, 30 days following the date the option holder ceases to be an employee or consultant, unless the option holder ceases to be such as a result of termination for cause or an order of the Alberta Securities Commission, the CSE or any regulatory body having jurisdiction to so order, in which case the expiry date shall be the date the option holder ceases to be an employee or consultant of the Corporation; and

(iv) in the event that the option holder holds his or her Options as an employee or consultant of the Corporation who provides investor relations activities on behalf of the Corporation, and such option holder ceases to be an employee or consultant of the Corporation other than by reason of death, the expiry date shall be the date the option holder ceases to be an employee or consultant of the Corporation.

The Option Plan may be terminated at any time by resolution of the Board of Directors, but any such termination will not affect or prejudice rights of participants holding Options at that time. If the Option Plan is terminated, outstanding Options will continue to be governed by the provisions of the Option Plan.

Outstanding Options

As of the date of this prospectus, there are 1,300,000 Options, each exercisable for one Common Share in the capital of the Corporation for CAD0.18, issued and outstanding to certain directors of the Corporation as follows:

Name	Number of Common Shares under Option	Exercise Price per Common Share (CAD)	Expiry Date
Daryl S. Fridhandler	500,000	0.18	February 28, 2024
William C. MacDonald	500,000	0.18	February 28, 2024
Nelson Halpern	300,000	0.18	February 20, 2022
Total:	1,300,000		

Note:

(1) As a group, all directors of the Corporation who are not also executive officers, namely Daryl S. Fridhandler and William C. MacDonald, hold an aggregate of 1,000,000 Options.

The Corporation has agreed to issue an aggregate of 8,176,477 upon approval of the Option Plan by the Israel Tax Authority and following Closing to the following Israel resident directors and officers of the Corporation or InnoCan Israel:

Name	Number of Common Shares under Option	Exercise Price per Common Share	Expiry Date
Iris Bincovich	3,095,250	CAD0.18	Five (5) years from date of grant

Ron Mayron	1,750,000	CAD0.18	Five (5) years from date of grant
Yoram Drucker	1,750,000	CAD0.18	Five (5) years from date of grant
Nir Avram	772,458	CAD0.18	Five (5) years from date of grant
Moshe Hukaylo	558,769	CAD0.18	Five (5) years from date of grant
Eyal Flom	300,000	CAD0.18	Five (5) years from date of grant
Total:	8,226,477		

Each Option holder is and will be a director and/or an executive officer of the Corporation or InnoCan Israel, then as a subsidiary.

PRIOR SALES

InnoCan Israel

The following table summarizes the issuances of InnoCan Israel Shares or securities convertible into InnoCan Israel Shares in the 12 month period prior to the date hereof.

Date of Issuance	Description of Transaction	Number and Type of Security	Price Per Security(USD[(2)]) (NIS)
June 14, 2018	Private Placement	1,332 InnoCan Israel Shares (979,020 Common Shares) [(1)]	68.9 (NIS 258)
June 14, 2018	Private Placement	494 InnoCan Israel Shares (363,090 Common Shares) [(1)]	60.8 (NIS 227)
August 28, 2018	Private Placement	12,133 InnoCan Israel Shares (8,917,755 Common Shares) [(1)]	67.2 (NIS 251)
August to March 19, 2018	Private Placement	6,575 InnoCan Israel Shares (4,832,625 Common Shares) [(1)]	67.2 (NIS 251)
September 6, 2018	Private Placement	2,100 InnoCan Israel Shares [(3)] (1,543,500 Common Shares) [(1)]	0.1 (NIS 0.37)
April 15, 2019	Private Placement[(4)]	28,840 InnoCan Israel Shares (21,197,400 Common Shares) [(1)]	67.2 (NIS 251)

Notes:

(1) Shows the number of Common Shares issuable pursuant to Share Exchange Agreement in exchange for such number of InnoCan Israel Shares, assuming all such InnoCan Israel Shares are tendered to the Share Exchange.

(2) Based on exchange rate of 3.7480 NIS per U.S. dollar as at December 31, 2018.

(3) Issued for past services to Iris Bincovich (850 InnoCan Israel Shares) and Global Close A. Holding Limited (HK) Limited ("**CGA**") an arms-length person who introduced InnoCan Israel to Yissum and assisted with negotiation of the Yissum Agreement (1,250 InnoCan Israel Shares).

(4) The Solsken SPA included the issuance to Solsken of 19,023 Solsken A Warrants (exchangeable for 13,981,916 InnoCan A Warrants) and 2,721 Solsken B Warrants (exchangeable for 2,000,000 InnoCan B Warrants).

The Corporation

The following table summarizes the issuances of Common Shares or securities convertible into Common Shares in the 12 month period prior to the date hereof.

Date of Issuance	Description of Transaction	Number and Type of Security	Price Per Security [(1)] (CAD (USD))
August 8, 2018	Services	2,250,000 Common Shares	0.02 (USD0.0145)
September 30, 2018	Private Placement	1,500,000 Common Shares	0.02 (USD0.0145)
December 21, 2018	Private Placement	500,000 Common Shares	0.02 (USD0.0145)
January 14, 2019	Private Placement	CAD265,380 Convertible Note	0.12 (USD0.0880)
January 29, 2019	Private Placement	CAD132,690 Convertible Note	0.12 (USD0.0880)
April 15, 2019	Private Placement	USD500,000 Solsken Note	0.13 (USD0.095) [(3)]

Notes:

(1) Based on exchange rate of 1.3641 CAD per U.S. dollar as at December 31, 2018.

(2) The Corporation has contracted to issue 1,500,000 warrants to Tekkfund in connection with the Tekkfund Agreement conditional upon a listing of the Common Shares on the CSE. The initial 500,000 warrants vest on listing at a price of CAD0.15. The second 500,000 warrants vest 12 months later and are exercisable at a price of CAD0.18, and the last tranche of 500,000 warrants vest 24 months following the initial listing of Common Shares exercisable at a price equal to CAD0.216. The aforesaid warrants expire three (3) years following listing of the Common Shares and vest as scheduled only if the Tekkfund Agreement has not terminated.

(3) The Corporation has entered into a private placement agreement with Solsken for the issuance of 4,000,000 Common Shares at USD0.125 per Common Share, with completion to occur following closing of the Share Exchange and prior to listing of the Common Shares on the CSE.

ESCROWED SECURITIES

In accordance with the Canadian Securities Administrators Policy 46-201 *Escrow for Initial Public Offerings* (the "**Policy**"), the Principals (as defined below) of the Corporation are required to deposit into escrow equity securities and any securities that are convertible into equity securities of the Corporation, that are owned or controlled by the Principals. "Principals" include all persons or companies that will, on the completion of the Offering, fall into at least one of the following categories: (i) directors and/or senior officers of the Corporation and any of the Corporation's operating subsidiaries; (ii) promoters of the Corporation; (iii) those who own and/or control more than 10% of the voting securities of the Corporation immediately after the completion of the Offering if they also have appointed or have the right to appoint one or more of the directors or senior officers of the Corporation; (iv) those who own and/or control more than 20% of the voting securities of the Corporation immediately after the completion of the Offering; and (v) associates and affiliates of any of the above.

Pursuant to the Escrow Agreement, the Principals will deposit into escrow with the Escrow Agent their Common Shares (the "**Escrowed Securities**") which will be subject to escrow. Pursuant to the terms of the Escrow Agreement, 10% of the Escrowed Securities will be released from escrow upon receipt of notice from the CSE confirming the listing of the Common Shares on the CSE. The remaining 90% of the Escrowed Securities will be released from escrow in 15% tranches at six (6) month intervals over a 36 month period following receipt of such notice. The above escrow release schedule is subject to acceleration in accordance with the Policy and the policies of the CSE if the Corporation subsequently meets certain listing requirements.

Summary of Escrow Restrictions on Transfer

The following table sets out the number and percentage of securities of the Corporation which will be subject to escrow or subject to contractual restrictions on transfer on the date of Closing pursuant to the requirements of the Canadian Securities Administrators and the CSE.

Name	Designation of Class	Number of Securities held in Escrow and Percentage of Class (Assuming Completion of the Minimum Offering Only)[1]	Number of Securities held in Escrow and Percentage of Class (Assuming Completion of the Maximum Offering Only)[2]
Iris Bincovich	Common Shares	2,859,750 2.04%	2,859,750 2.00%
Yoram Drucker	Common Shares	12,201,000 8.68%	12,201,000 8.52%
Ron Mayron	Common Shares	5,160,000 3.67%	5,160,000 3.60%
Eyal Flom	Common Shares	1,837,500 1.31%	1,837,500 1.28%
Nir Avram	Common Shares	3,822,000 2.72%	3,822,000 2.67%
Daryl S. Fridhandler	Common Shares	750,000 0.53%	750,000 0.52%
William C. MacDonald	Common Shares	750,000 0.53%	750,000 0.52%
Nelson Halpern	Common Shares	500,000 0.36%	500,000 0.35%
Solsken	Common Shares	30,460,558 21.68%	30,460,558 21.26%
Total:	**Common Shares**	**58,340,800 41.52%**	**58,340,800 40.72%**

Based on 140,496,576 Common Shares expected to be issued and outstanding upon completion of the Minimum Offering, and assuming that these shareholders do not purchase any Units under the Offering.

Based on 143,274,354 Common Shares expected to be issued and outstanding upon completion of the Maximum Offering, and assuming that these shareholders do not purchase any Units under the Offering.

PRINCIPAL SHAREHOLDERS

As of the date of this prospectus, to the knowledge of the directors and officers of the Corporation, no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares except for the following:

	Prior to the Offering	After giving effect to the Minimum Offering and Share Exchange

Name	Number of Common Shares Beneficially Owned Directly or Indirectly	Percentage of Common Shares Held	Number of Common Shares Beneficially Owned Directly or Indirectly	Percentage of Common Shares Held
Solsken [(1)]	Nil	Nil	30,460,558 [(2)]	21.68%

Notes:

(1) Solsken is controlled by Ruth Parasol, a resident of the United Kingdom.

(2) Includes 5,263,158 to be acquired on conversion of its Solsken Note and 4,000,000 Common Shares to be acquired under the Solsken Private Placement Agreement.

DIRECTORS & EXECUTIVE OFFICERS

Summary Information

The following table sets forth certain summary information in respect of the Corporation's directors and executive officers as at the date of this prospectus as well as the individuals that are expected to serve as directors following the completion of the Offering.

Name, Province and Country of Residence	Position Held	Principal Occupation for the Last Five Years	Directors Since	Common Share Ownership[(2)]
Ron Mayron (Israel)	Chairman, Director	Independent Businessman and Corporate Director Since June, 2014; prior thereto, VP of Israel and Africa and CEO of Teva Israel Ltd., a wholly owned subsidiary of Teva Pharmaceutical Industries Ltd. (a public pharmaceutical corporation)	Closing of the Offering	5,160,000
Iris Bincovich (Israel)	Director and Chief Executive Officer	CEO, InnoCan Pharma since January, 2018; VP Global Marketing & Sales, Kamedis Ltd, (Private company) Tel Aviv, Israel (October, 2015 to December, 2017); prior thereto, VP Business Development, Starlet Derma Ltd,(Private company) Caesarea, Israel (January, 2014 to September 2015); prior thereto, Business Unit Manager, Pollogen Ltd, (Private company) Tel Aviv, Israel	Closing of the Offering	2,859,750
Yoram Drucker [(1)] (Israel)	Director and Executive Vice President, Business Development	Executive VP, Business Development, InnoCan Pharma, since October 2017; prior thereto independent businessman and consultant	Closing of the Offering	12,201,000
Daryl S. Fridhandler Q.C., LLM, ICD.D [(1)] (Alberta, Canada)	Director	Partner, Burnet, Duckworth & Palmer LLP, a law firm in Calgary, Alberta	May 31, 2018	750,000

Name, Province and Country of Residence	Position Held	Principal Occupation for the Last Five Years	Directors Since	Common Share Ownership[2]
William C. Macdonald [1] (Alberta, Canada)	Director	President of Bilmac Resources Ltd., an oil and gas consulting firm, since June 1995	August 1, 2018	750,000
Eyal Flom, LLM, MBA (Israel)	Director	Independent lawyer	Closing of the Offering	1,837,500
Ralph C.L Bossino (Gibraltar)[3]	Director	Director, a private real estate investment and asset management company headquartered in Gibraltar since February 2016; Independent Barrister At-Law since October 2014; prior thereto, Associate, Hassans International Law Firm, Gibraltar	Closing of the Offering	Nil
Joshua A. Lintern (Ontario, Canada)[3]	Director	Director, Risk and Insurance, Dream Unlimited Corp.	Closing of the Offering	Nil
Nir Avram (Israel)	Chief Technology Officer	Vice President, Research and Development, Emilia Cosmetics Ltd. (a private Israeli company)	N/A	3,822,000
Nelson Halpern FCPA, FCA, TEP (Alberta, Canada)	Chief Financial Officer	Partner, Kahn Halpern Marshall Chartered Accountants, an accounting firm in Calgary, Alberta	N/A	500,000

Notes:

(1) Member of the Audit Committee

(2) Assuming completion of the Offering and Share Exchange

(3) Nominees of Solsken pursuant to the Nomination Rights Agreement. See "General Development of the Business – Solsken Arrangements, Nomination Rights Agreement". Solsken will hold 30,460,558 Common Shares following the Share Exchange, conversion of its USD500,000 Solsken Note and completion of the Solsken Private Placement Agreement.

All of the Corporation's directors' terms of office will expire at the earliest of their resignation, the close of the next annual shareholders meeting called for the election of directors, or on such other date as they may be removed according to the CBCA. Each director will devote the amount of time as is required to fulfill his obligations to the Corporation.

The Corporation's officers are appointed by and serve at the discretion of the Board of Directors.

Biographies

The following are brief profiles of our executive officers and directors, including a description of each individual's principal occupation within the past five years.

Ron Mayron – Chairman and a Director

Ron Mayron, age 55, was a senior executive in Teva Pharmaceuticals Industries Ltd. until 2014 and has since been a consultant and board member to several public and private healthcare companies. Since 2014, Mr. Mayron served as CEO of Ron Med Ltd., a private consulting firm, while also acting as a board member to several healthcare companies,

including Biolight Ltd. and Icecure Ltd. (both traded on the TASE). Between 2009 and 2013 Mr. Mayron was Vice President – Israel & Africa and CEO of Teva Israel Ltd. at Teva Pharmaceutical Industries Ltd. Mr. Mayron has a B.Sc. in Industrial & Management Engineering from Ben-Gurion University of the Negev in Israel and an M.B.A from Tel Aviv University.

Mr. Mayron is a part-time employee of the Corporation, and expects to devote on average one day per week to the business of the Corporation, and his contract includes non-competition and non-disclosure provisions.

Iris Bincovich – Chief Executive Officer and a Director

Iris Bincovich, age 51, has over 20 year of experience as a sales and marketing executive in pharmaceutical and medical device companies with an emphasis on dermatology products. Between 2015 and 2017 Mrs. Bincovich was Global VP Marketing and Sales for Kamedis Ltd., an Israeli manufacturer of OTC skin care solutions. Between 2014 and 2015 Mrs. Bincovich was VP Business Development, at Starlet Derma Ltd., an Israeli manufacturer of all-natural topical drug/topical delivery technology. Between 2012 and 2014 Mrs. Bincovich was the Business Unit Manager at Pollogen Ltd., an Israeli provider of technologies of non-invasive anti-aging facial and body contouring treatment platforms. Between 2009 and 2012 Mrs. Bincovich was an independent consultant to several Israeli start-up companies involved in dermatology fields. Mrs. Bincovich has a BSc. in chemistry in from the Haifa Technion, Israel's Institute of Technology.

Mrs. Bincovich is a full-time employee of InnoCan, and her employment contract includes non-competition and non-disclosure provisions.

Yoram Drucker – Executive Vice President, Business Development and a Director

Yoram Drucker, age 54, has been for the last 20 years a serial entrepreneur in the Israeli biotech industry founding several companies. Mr. Drucker presently serves as the CEO of ViruCure Ltd., an Israeli start-up developing a biological cancer treatment. Between 2011 and 2014 Mr. Drucker served as founder, CEO and Chairman of the board of Cellsource Ltd., an Israeli company listed on the OTC developing cell therapy to treat transplant rejection and cancer. Mr. Drucker was a member of the Cellsource Ltd. board until April 2019. Between 2008 and 2011 Mr. Drucker was the co-founder and CEO of Rainbow Energy Limited, an Israeli renewable energy company. Mr. Drucker is an honors graduate from the Abudi College of Advertising and Marketing in Tel Aviv, Israel.

Mr. Drucker is an employee of InnoCan, and expects to devote 70% his time to the Corporation. His employment contract includes non-competition and non-disclosure provisions.

Daryl S. Fridhandler, Q.C., LLM (NYU), ICD.d, Q.Arb, Q.Med – Director

Daryl Fridhandler, age 62, is a partner with the law firm of Burnet, Duckworth & Palmer LLP and practices as a member of the firm's corporate, securities, mergers and acquisitions and commercial transactions groups. Mr. Fridhandler has assisted on organization, reorganization and governance advisory matters for many corporations. He has been active as a founder, director, officer or legal counsel of numerous for profit (public and private) and not for profit organizations, including government related entities. Mr. Fridhandler's board experience includes serving on, and chairing numerous audit committees.

Mr. Fridhandler received a BA from McGill University (1980), a law degree from Dalhousie University (1983), an LLM from New York University (2016) and is a graduate of the Institute of Corporate Directors program (2006) with their ICD.d designation. In 2016 he received his Q. Med and Q. Arb designations from the ADR Institute of Canada. In 2004 he was appointed Queen's Counsel and in 2005 he received the Alberta Centennial Medal for community service. It is anticipated that Mr. Fridhandler will assist the Corporation on an as-needed basis.

William C. Macdonald – Director

Mr. Macdonald, age 63, brings over 40 years of deal making, financing and capital markets experience, including specialization in embryonic corporate opportunities in both the public and private marketplaces. He has extensive

experience with publicly listed companies and has been involved in four TSX-V recapitalizations in the last five years, and two IPO filings on the CSE. Since June 1995, Mr. Macdonald has served as the President of Bilmac Resources Ltd., a private oil and gas consulting firm specializing in start-up financings. He currently serves on the boards of Target Capital (TSX-V/CSE) and SugarBud Craft Growers (TSX-V).

William Macdonald has served on the audit committee of SugarBud Craft Growers Corp., which is listed on the TSX Venture Exchange, since March 2009 and on the audit committee of Inner Spirit Holdings Ltd. from August 2017 to November 2018. He served as Chairman of the board of directors of Wyatt Oil and Gas Inc., a private exploration and production company, from June, 2013 until its sale in June, 2016, and as such was a member of all corporate committees. In his capacity as an audit committee member, Mr. Macdonald is required to read and participate in the review of financial statements which has provided Mr. Macdonald with the ability to understand a set of financial statements and to engage in a variety of issues which arise in the context of both public and private issuers. Since 2001, in his consulting practice for a Toronto family office, he has tracked and reported on a quarterly basis the growth trajectory and financial reporting of over 60 private start-ups through their corporate histories. It is anticipated that Mr. Macdonald will assist the Corporation on an as-needed basis.

Eyal Flom – Director

Mr. Flom, age 54, has practised as an independent lawyer in Israel since 1997. Prior thereto, Mr. Flom was an associate at Manusavitch Gotfried Law Firm, located in Israel, where he was engaged in commercial and corporate law, intellectual property registration and litigation matters. Mr. Flom has served as the Israeli Pharmaceutical Association legal counsel since April 1995. Mr. Flom has also served as a director in several start-up companies in the field of technology and biotech. Mr. Flom obtained his LLM from the Tel Aviv University and his MBA from Derby University (Tel Aviv Campus). It is anticipated that Mr. Flom will assist the Corporation on an as-needed basis.

Ralph C.L. Bossino – Director

Mr. Bossino, age 31, has practised as an independent barrister-at-law since 2014. Mr. Bossino also serves as a director and member of the investment committee of a private international real estate investment and asset management company. Mr. Bossino obtained his LLB (Hons) from King's College, qualified as a barrister in England and Wales in 2010, was called to the bar in England in 2010 and called to the bar in Gibraltar in 2012 with an accompanying practicing certificate as a solicitor. It is anticipated that Mr. Bossino will assist the Corporation on an as-needed basis.

Joshua A. Lintern – Director

Mr. Lintern, age 32, has served as Director, Risk and Insurance, of Dream Unlimited Corp. since 2014. Mr. Lintern's area of oversight includes the assessment, management and transfer of risk globally for both fixed assets and development projects. Mr. Lintern also leads the management of contaminated and brownfield redevelopment sites. In addition, Mr. Lintern acts as an independent advisor to several private start-ups focused on real estate and technology. Mr. Lintern holds a BSc (Hons) in Environmental Sciences from the University of Guelph and obtained his Certified Risk Manager status from the University of Toronto (Continuing Studies) in 2013. It is anticipated that Mr. Lintern will assist the Corporation on an as-needed basis.

Nir Avram – Chief Technology Officer

Nir Avram, age 66, is an accomplished chemist, scientist and consultant in the area of dermatology topical products. Mr. Avram has served as Vice President – Research and Development at several Israeli pharma companies and holds a number of patents and published articles. Since 2013, Mr. Avarm has held the position of Vice President – Research and Development at Emilia Cosmetics Ltd., an Israeli skin cosmetics manufacturer. Between 2010 and 2013 Mr. Avram was Vice President – Research and Development at Zohar Dalia Ltd., an Israeli detergent manufacturer. Between 2003 and 2010, Mr. Avram served as Vice President – Research and Development – Consumer Division in Israel and the US of Perrigo Company PLC (NYSE and TASE), a US headquartered international pharmaceutical company. Mr. Avram holds a BSc. and a MSc. (Cum Laude) in chemistry in from the Haifa Technion, Israel's Institute of Technology.

Mr. Avram is a part-time employee of the Corporation expected to devote approximately 50% of his time to the Corporation. His contract includes non-competition and non-disclosure provisions.

Nelson Halpern – Chief Financial Officer

Nelson Halpern, age 61, is a Chartered Professional Accountant who received his Bachelor of Arts degree in Economics at the University of Calgary and received his CA (now CPA) designation in 1985. He has thirty-five years of experience in public accounting, with nine years at Price Waterhouse in Calgary where he worked in the audit group, including public company audit assignments, and later the tax group. He has completed the CPA Canada in-depth tax course and is a member of the Chartered Professional Accountants of Alberta, the Entrepreneurial CAs of Calgary and the Canadian Tax Foundation. He received his "TEP" designation from the Society of Tax and Estate Practitioners in 2002. Nelson has been a volunteer and held leadership positions with various community not-for-profit organizations. He received a Distinguished Service Award from the Chartered Professional Accountants of Alberta in 2005 and received an "FCA" designation as a Fellow Chartered Accountant in 2013 for his contribution to his community and the profession. It is anticipated that Mr. Halpern will assist the Corporation on an as-needed basis.

Share Ownership by Directors and Officers

As a group, the Corporation's officers and directors will beneficially own or exercise control or direction over, directly or indirectly, following the Share Exchange, 27,880,250 Common Shares representing approximately 22.28% of the issued and outstanding Common Shares prior to giving effect to the Offering. The Corporation has also been advised that the Corporation's officers and directors and their family members intend to acquire up to [•] Common Shares pursuant to the Offering, representing approximately [•]% of the issued and outstanding Common Shares of the Corporation following completion of the Maximum Offering.

Summary Compensation

Effective January 1, 2019, the Corporation established a compensation program for non-management directors. All payments of fees to directors are to be made in DSUs (as defined below). Directors who are employees of the Corporation do not receive retainers or fees with respect to Board matters.

Each non-management director is paid an annual retainer of CAD5,000. For each meeting of the Board, a fee of CAD500 is paid to each director who attended and a fee of CAD250 will be paid for each committee meeting and Board conference call a director attends. In addition, the Board Chairman is paid an additional CAD2,500 annual retainer and each Committee Chairman is paid a CAD2,500 annual retainer. The directors are reimbursed for their reasonable expenses in connection with all meetings.

In the event the Board and Committee retainers are not settled with DSUs, fees are to be paid quarterly, in arrears, and are pro-rated for partial service, if appropriate.

Directors are also eligible to participate in the Option Plan.

Outstanding Option-Based Awards

The following table sets out for each of our applicable directors information concerning all option-based awards expected to be outstanding immediately following the Closing.

	Option-Based Awards			
Name	**Number of Common Shares Underlying Unexercised Options**	**Option Exercise Price**	**Option Expiration Date**	**Value of Unexercised In-the-Money Options**

Daryl S. Fridhandler	500,000	CAD0.18	February 28, 2024	Nil
William MacDonald	500,000	CAD0.18	February 28, 2024	Nil
Ron Mayron	1,750,000	CAD0.18	5 years from effective date	Nil
Yoram Drucker	1,750,000	CAD0.18	5 years from effective date	Nil
Iris Bincovich	3,095,250	CAD0.18	5 years from effective date	Nil
Eyal Flom	300,000	CAD0.18	5 years from effective date	Nil
Nelson Halpern	300,000	CAD0.18	3 years from effective date	Nil

Deferred Share Units

A Deferred Share Unit Plan (the "**DSU Plan**") was approved as an alternative form of compensation for outside directors. Under the DSU Plan, directors can receive their retainer and meeting fees as deferred share units ("**DSUs**"). The number of DSUs issued to directors will be equal to the director's retainer and fees for the period divided by the current market price of the Common Shares on the day prior to the last day of the applicable quarter. A DSU is a bookkeeping entry that tracks the value of one Common Share. DSUs are settled by a cash payment when the director leaves the Board, providing an ongoing alignment of interests between directors and the shareholders of the Corporation during the director's term of service. The cash payment equals the number of DSUs held by the director multiplied by the current market price of the Common Shares on the date of redemption.

Under the terms of the DSU Plan, DSUs awarded will vest immediately upon grant and will not be subject to satisfaction of any requirements as to any minimum period of membership on the Board. No amount will be paid to a director under the DSU Plan or any other arrangement, and no additional DSUs will be granted to a director to compensate for a downward fluctuation in the market value of the Common Shares. In the event cash dividends are paid to holders of Common Shares, additional DSUs will be granted to holders of DSUs in numbers calculated by dividing the dividends that would have been paid if the DSUs granted as at the record date for the dividend had been Common Shares by the current market price for Common Shares on the trading day immediately prior to the date of payment. The Board may, in its sole discretion, terminate or modify the percentage of fees to be awarded as DSUs to a director, in which case the director would receive all or a portion of the retainer and fee compensation in cash.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

Other than described below, to the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons) is, as of the date of this prospectus, or was within ten years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On or about April 2, 2015, the Alberta Securities Commission cease traded QSolar Limited ("**QSolar**") based on the fact that the entire board of directors and all of the executive officers resigned and QSolar discontinued operations. Pursuant to a court order dated on or about April 17, 2015, William Macdonald, along with three other individuals, was appointed as a director of QSolar in order to try to preserve the assets of QSolar. Mr. Macdonald resigned as a director of QSolar effective June 18, 2015.

Bankruptcies

Other than described below, to the knowledge of the Corporation no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (i) is, as of the date of this prospectus, or has been within the ten years before the date of this prospectus, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Shareholder.

Mr. Fridhandler was a director and officer of Palliser Oil & Gas Corp., a heavy oil reporting issuer listed on the TSX Venture Exchange, which was placed into receivership on February 12, 2015.

Penalties or Sanctions

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain officers and directors of the Corporation are also officers and/or directors of other companies engaged in the Cannabis, CBD, pharmaceutical and health care businesses generally. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Corporation. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the CBCA. The CBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the CBCA.

EXECUTIVE COMPENSATION

In this section "Named Executive Officer" (an "**NEO**") means each individual who acted as chief executive officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year (a "**CEO**"), each individual who acted as chief financial officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year (a "**CFO**") and each of the three most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than USD113,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Corporation, as applicable, at the end of the most recently completed financial year.

This section describes the significant elements of the Corporation's executive compensation program, and sets forth the proposed compensation paid and to be paid by the Corporation to Iris Bincovich (Chief Executive Officer),

Compensation Discussion and Analysis

The Corporation's executive compensation is intended to be consistent with the Corporation's business plans, strategies and goals while taking into account various factors and criteria, including competitive factors and the Corporation's performance. The Corporation's executive compensation is intended to provide an appropriate overall compensation package that permits the Corporation to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Corporation. The Corporation's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results. Compensation for the Named Executive Officers is intended to reflect a fair evaluation of overall performance.

The Board of Directors of the Corporation considered the following objectives when reviewing annual compensation: (i) retaining individuals critical to the growth and overall success of the Corporation; (ii) rewarding achievements of individuals; (iii) providing fair and competitive compensation; and (iv) compensating individuals based on their performance.

The Board of Directors of the Corporation would consider the foregoing compensation philosophy, as well as the financial performance of the Corporation as a whole, in any review of base salaries. The base salary review for the NEO is based on an assessment of factors such as current market conditions and particular skills, including leadership ability and management effectiveness, experience, responsibility and proven or expected performance.

The Board of Directors of the Corporation has not appointed a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Corporation's base compensation structure and equity-based compensation program, recommending compensation of the Corporation's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board of Directors as a whole. The Board of Directors also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Corporation's senior management. The Board of Directors plan to review compensation of senior management on an annual basis.

The Corporation is aware that compensation practices can have unintended risk consequences. At the present time, the Board of Directors is satisfied that the current executive compensation program does not encourage the executives to expose the business to inappropriate risk.

When determining individual compensation levels for the Corporation's NEOs, a variety of factors will be considered including: the overall financial and operating performance of the Corporation, each NEO's individual performance and contribution towards meeting corporate objectives and each NEO's level of responsibility and length of service.

The Corporation has adopted the Option Plan to assist the Corporation in attracting, retaining and motivating directors, officers, employees, consultants and contractors of the Corporation and of its affiliates and to closely align the personal interests of such service providers with the interests of the Corporation and its shareholders. As of the date of this prospectus, the Corporation has not granted any Options. See "Consolidated Capitalization – Outstanding Options".

Summary Compensation Table

The following table sets out information concerning the compensation for the year ending December 31, 2017 and expected to be paid in in the year ended December 31, 2018 to the NEOs, effective as of the Closing. For the year ended December 31, 2017, the amounts paid reflect amounts paid by InnoCan Israel to such individuals. For the year ended December 31, 2018, the below amounts reflect compensation paid to date by InnoCan Israel as well as compensation expected to be paid by the Corporation in the year ended December 31, 2018.

Name and Principal Position	Year	Salary (USD)	Option-based	Non-Equity Incentive Plan Compensation (USD)	Pension Value (USD)	All Other Compensation (USD)	Total Compensation (USD)

			Awards (USD)	Annual Incentive Plans	Long-term Incentive Plans			
Iris Bincovich (CEO)	2017	-	-	-	-	-	-	-
	2018	54,000 (1)	-	-	-	-	111,000 (2)	165,000 (3)
Moshe Hukaylo (CFO – InnoCan Pharma Ltd.)	2017	-	-	-	-	-	-	-
	2018	42,000	-	-	-	-	-	42,000

Notes:

(1) Ms. Bincovich did not receive any remuneration during the period of January 1, 2018 to October 30, 2018 in her capacity as CEO of InnoCan Israel (since Iris's employment agreement commenced October 1, 2018). The aggregate employee related cost paid to Ms. Bincovich in the year ended December 31, 2018 is USD54,000. Ms. Bincovich will receive no amounts for serving as CEO of the Corporation other than the 1,500,000 Common Shares issued to for past services on August 8, 2018.

(2) Includes employment agreement signing bonus and share based expense awards.

(3) Includes 1,500,000 Common Shares issued for past services on August 8, 2018 at a deemed price of $0.02 (USD0.0154).

Option Plan

See "Stock Option Plan" under "Consolidated Capitalization" for a summary of the Option Plan.

INDEBTEDNESS OF DIRECTORS & EXECUTIVE OFFICERS

The Corporation is not aware of any individuals who are either current or former executive officers, directors or

employees of the Corporation or its subsidiary and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Corporation or otherwise) that is owing to: (i) the Corporation or its subsidiary, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or its subsidiary.

Except for: (i) indebtedness that has been entirely repaid on or before the date of this prospectus; and (ii) "routine indebtedness" (as defined in Form 51-102F5 of the Canadian Securities Administrators), the Corporation is not aware of any individuals who are, or who at any time since inception were, a director or executive officer of the Corporation, a proposed nominee for election as a director or an associate of any of those directors, executive officers or proposed nominees who are, or have been at any time since incorporation, indebted to the Corporation or its subsidiary, or whose indebtedness to another entity is, or at any time since incorporation of the Corporation has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

AUDIT COMMITTEE

Audit Committee Mandate

The Board has adopted a written mandate and terms of reference for the Audit Committee, which sets out the Audit Committee's responsibility for (among other things) reviewing the Corporation's financial statements and the Corporation's public disclosure documents containing financial information and reporting on such review to the Board, ensuring the Corporation's compliance with legal and regulatory requirements, overseeing qualifications, engagement,

compensation, performance and independence of the Corporation's external auditors, and reviewing, evaluating and approving the internal control and risk management systems that are implemented and maintained by management.

Composition of the Audit Committee and Relevant Education and Experience

The Audit Committee of the Corporation, following Closing, will consist of Daryl S. Fridhandler, William C. Macdonald and Yoram Drucker. Each of the members of the Audit Committee is considered "financially literate" and Mr. Macdonald is considered "independent" within the meaning of NI 52–110. Mr. Fridhandler is not independent as he is currently a partner in a law firm that provides legal services to the Corporation and Mr. Drucker is not independent as he is the Executive Vice President, Business Development of the Corporation. The Board has determined that the exemption in Section 3.2(2) of NI 52-110 is available and has determined to rely thereon. In that connection, the Board has determined that reliance on the exemption will not materially adversely affect the ability of the Audit Committee to act independently and to satisfy the other requirements of NI 52–110. The exemption in Section 3.2(2) of NI 52–110 relieves an issuer for a period of up to one year after it becomes a reporting issuer from the requirement that every audit committee member be independent, provided that a majority of the audit committee members are independent and the issuer's board of directors makes the determination in the preceding sentence.

The Corporation believes that each of the members of the Audit Committee possesses: (i) an understanding of the accounting principles used by the Corporation to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, see "Directors and Executive Officers".

Pre-Approval Policies and Procedures for the Engagement of Non–Audit Services

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation by its external auditors. The Audit Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member reports to the Audit Committee at the next scheduled meeting such pre-approval and the member complies with such other procedures as may be established by the Audit Committee from time to time.

External Audit Service Fees

The following table summarizes the fees paid by the Corporation and InnoCan Israel to its auditors, Ziv Haft CPA (Isr.) a BDO member firm, for external audit and other services during the period indicated.

Year	Audit Fees (USD)	Audit Related Fees (USD)	Tax Fees (USD)	All Other Fees (USD)
2017	13,000	-	-	-
2018	40,000	-	13,800	-

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Board of Directors

All of the Corporation's current directors; namely Messers. Macdonald and Fridhandler at present; are independent and it is expected that following the Closing of the Offering all directors will be independent other than Ron Mayron, Iris Bincovich and Yoram Drucker. The Board has determined that Messrs. Macdonald, Bossino and Lintern are

independent since they do not have any current or past business relationship with the Corporation other than as an independent director.

Mr. Fridhandler is a partner of Burnet, Duckworth & Palmer LLP who provides legal services to the Corporation. The Board has concluded that Mr. Fridhandler is independent and capable of exercising independent judgment after considering, among other thing: (i) that the fees charged by Burnet, Duckworth & Palmer LLP to the Corporation are less than 1% of Burnet, Duckworth & Palmers LLP's total income; (ii) Mr. Fridhandler's equity interest in Burnet, Duckworth & Palmer LLP; (iii) Mr. Fridhandler's Common Share ownership position and personal financial circumstances; and (iv) the statutory guidance with respect to the meaning of independence contained in National Instrument 58-101 – *Disclosure of Corporate Governance Practices.*

Mr. Flom is an independent lawyer who provides legal services to InnoCan Israel. The Board has concluded that Mr. Flom is independent and capable of exercising independent judgement after considering, among other things: (i) that the fees charged by Mr. Flom to InnoCan Israel are less than 10% of his total income; (ii) Mr. Flom's Common Share ownership position and personal financial circumstances; and (iii) the statutory guidance with respect to the meaning of independence contained in National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

The Board has determined that Ron Mayron, Iris Bincovich and Yoram Drucker will not be independent as they are the Executive Chairman, Chief Executive Officer and Executive Vice President, Business Development of the Corporation, respectively.

The Corporation does not expect that its independent directors will hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, in accordance with the mandate of the Board, at the end of or during each Board meeting, the members of the Corporation's management who are present at such meeting leave the meeting in order that the independent directors can discuss any necessary matters without management being present. Since the beginning of the Corporation's most recently completed financial year, the independent directors have held [•] such meetings.

The following directors, or proposed directors, of the Corporation are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Other Reporting Issuers
Ron Mayron	IceCure Medical Ltd. (TASE: ICCM) BioLight Life Sciences Investments Ltd. (TASE: BOLT)
William C. Macdonald	SugarBud Resources Ltd. (TSXV: RRL) Target Capital Inc. (TSXV: TCI and CSE: TCI)
Daryl S. Fridhandler	Prospera Energy Inc. (TSXV: PEI)

Board Mandate

The Board, either directly or through its committees, is responsible for the supervision of management of the Corporation's business and affairs with the objective of enhancing Shareholder value.

Meeting Attendances

The Corporation did not have formal operations in 2018. The full Board met in 2018 on one occurrence.

Board Committees

The Board has one committee, the Audit Committee, which will be constituted immediately following Closing. The Board has accepted overall responsibility for compensation, governance, health and safety and no separate committees have been established to deal with these issues.

Audit Committee

The Audit Committee's mandate includes:

- reviewing the annual and interim financial statements and related management's discussion and analysis prior to their submission to the Board for approval;
- overseeing and assessing the work of the external auditors;
- reviewing and discussing accounting and reporting policies and changes in accounting principles;
- reviewing the Corporation's internal control systems and procedures; and
- meeting with the external auditors independently of the Corporation's management.

For further information, see "Audit Committee".

Orientation and Continuing Education

The Corporation does not currently have a formal orientation and educational program for new recruits to the Board, however, it provides such orientation and education on an informal basis. The Board believes that this is a practical and effective approach in light of its particular circumstances, including its size of limited turnover of the directors and the experience and expertise of the members of the Board.

No formal continuing education program currently exists for the Corporation's directors; however, directors are encouraged to attend, enroll in or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters. Each director has the responsibility for ensuring that they maintain the skill and knowledge necessary to meet their obligations as a director.

Ethical Business Conduct

The Board has adopted a code of business conduct and ethics, a copy of which will be available for review on SEDAR following completion of the Offering. It is expected that each of the Corporation's officers and directors will confirm his or her understanding, acceptance and compliance of the code on an annual basis. Any reports of variance from the code will be reported to the Board.

In accordance with the CBCA, directors who are party to, or are a director or officer of a person which is a party to, a material contract or material transaction or a proposed material contract or a proposed material transaction with the Corporation are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In addition, in certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

Nomination of Directors

Given the Corporation's current stage of development and size of the Board, the Board is presently of the view that it functions effectively as a committee of the whole with respect to the nomination of directors. The entire Board will assess potential nominees and take responsibility for selecting new directors. Any nominees are expected to be generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President of the Corporation.

The Corporation's by-laws include a provision requiring advance notice of the nomination of persons to act as directors of the Corporation. Under this provision, subject only to the CBCA, nominations of persons for election to the Board may be made at any annual meeting of Shareholders, or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors: (a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting; (b) by or at the direction or request

of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the CBCA or a requisition of the Shareholders made in accordance with the provisions of the CBCA; or (c) by any person (a "**Nominating Shareholder**") (i) who, at the close of business on the date of the giving of the notice of nomination and on the record date for notice of such meeting, is entered in the central securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set out in the advance notice provision, including without limitation that such notice must be provided to the Corporation (A) in the case of an annual meeting of Shareholders, not more than 65 days and not less than 30 days prior to the date of the annual meeting of Shareholders (provided, however, that in the event that the annual meeting of Shareholders is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made (the "**Notice Date**"), notice by the Nominating Shareholder may be made not later than the close of business on the 10th Business Day following the Notice Date); and (B) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th Business Day following the day on which the first public announcement of the date of the special meeting of Shareholders was made.

Board Assessments

The Corporation has not commenced a formal process of assessing the Board and its committees or the individual directors. To date the Board has satisfied itself that the Board, its committees and individual directors are performing effectively through informal discussions.

Position Descriptions

The Board has approved written position descriptions or terms of reference for the Chairman and the chairman of the Audit Committee.

Scientific Advisory Committee

InnoCan Israel has established a Scientific Advisory Committee. Members of the Scientific Advisory Committee are not directors of InnoCan Israel or the Corporation. The mandate of the Scientific Advisory Committee includes advising InnoCan Israel on:

- the technology aspects of the Corporation's activity;
- the clinical aspects of the Corporation's products or technology;
- the commercial aspects of the Corporation's products/technology; and
- the regulatory aspects of the Corporation's products/technology.

Members of the Scientific Advisory Committee are compensated for meeting participation (USD500 per meeting conducted electronically and USD1,000 per meeting conducted in person). In addition, members of the committee will receive on Closing 500,000 Options exercisable at CAD0.18 per Option which will vest as to one-sixth (1/6) each six (6) months from grant and expire three (3) years following the vesting of each tranche.

The members of the Scientific Advisory Committee are as follows:

Dr. Josef Geldwert – joined the advisory committee as a scientific advisor on February 28, 2019. Mr. Geldwert has over 20 years of experience advising boards in areas of podiatric and sport medicine. Mr. Geldwert is a Fellow at the American College of Foot and Ankle Surgeons, the American Academy of Podiatric Sports Medicine, and the American Society of Podiatric Surgeons. Mr. Geldwert has further served as a scientific consultant to a variety of medical and athletic based business.

Professor Michael David – joined the advisory committee as a medical advisor on August 8, 2018, and internationally recognized dermatologist and award-winning scientist. He is Head of the Dermatology Department, Rabin Medical Center, Israel and has authored and co-authored over 200 national and international publications and worked as a reviewer for professional journals.

Professor Chezy Barenholz – joined the Corporation's advisory board as a scientific advisor on October 30, 2018. He is a Professor of Biochemistry and Head of the Department of Biochemistry at the Hebrew University of Jerusalem. He is on the Editorial Boards of Chemistry and Physics of Lipids and the Journal of Liposome Research. He is one of the key inventors of DOXIL, marketed by Johnson & Johnson as a cancer treatment. He has authored over 300 publications and holds over 30 patents.

PLAN OF DISTRIBUTION

Agency Agreement, Agent's Compensation and Determination of Price

Pursuant to the Agency Agreement, the Corporation has appointed the Agent as its agent to offer for distribution on a commercially reasonable efforts agency basis, in the provinces of Alberta, British Columbia and Ontario to the public, a minimum of 2,777,778 Units and a maximum of 5,555,556 Units, at a price of CAD0.18 per Unit for minimum gross proceeds of CAD500,000.04 and maximum gross proceeds of CAD1,000,000.08, subject to the terms and conditions in the Agency Agreement. The Offering Price of CAD0.18 per Unit was established through negotiations between the Corporation and the Agent. The Agent will receive a commission equal to 10% of the gross proceeds of the Offering, being a minimum of CAD50,000 and a maximum of CAD100,000, as well as the Compensation Options (as described below). In addition, the Corporation has paid the Agent a non-refundable Corporate Finance Fee of CAD25,000, plus GST, and will reimburse the Agent for expenses (including legal expenses) incurred in connection with the Offering, estimated to be CAD235,000 (USD175,073) under the Minimum Offering and CAD285,000 (USD212,322) under the Maximum Offering, excluding the Corporate Finance Fee and CDN25,000 deposit towards the Agent's expenses.

The obligations of the Agent under the Agency Agreement may be terminated at the discretion of the Agent on the basis of its assessment of the state of financial markets or upon the occurrence of certain events stated in the Agency Agreement. While the Agent has agreed to use its commercially reasonable efforts to sell the Units offered hereby, the Agent will not be obligated to purchase any Units not sold. Subscriptions will be received for the Units offered hereby subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Upon rejection of a subscription, the subscription price and the subscription will be returned to the subscriber forthwith without interest thereon or deduction therefrom.

The Corporation will grant to the Agent upon the completion of the Offering, non-transferable Compensation Options to purchase up to an additional 10% of the number of Common Shares sold by the Agent under the Offering (equaling a minimum of 277,778 and a maximum of 555,556 Common Shares) at a price of CAD0.18 per Common Share, which may be exercised in whole or in part by the Agent for a period of 24 months following the date of issuance of Offered Securities. The grant of the Compensation Options is qualified by this prospectus.

Offering and Distribution

The Agent has agreed to use its commercially reasonable efforts to secure subscriptions for the Units offered hereunder on behalf of the Corporation and, at its discretion, may enter into sub-agent arrangements with other investment dealers at no additional cost to the Corporation.

The Offering is for a minimum of 2,777,778 Units and a maximum of 5,555,556 Units for total gross proceeds of a minimum of CAD500,000.04 and a maximum of CAD1,000,000.08.

Each Unit will consist of one Unit Share and one-half of one Warrant. Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Warrant Share at an exercise price of CAD0.30 for a period of 24 months following the Closing Date. If, following the closing of the Offering, the closing price of the Common Shares on the CSE, or such other stock exchange on which the Common Shares are listed, is equal to or greater than CAD0.35 for any 20 consecutive trading days, the Corporation may, upon providing written notice to the

holders of Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The Warrants will be created and issued pursuant to the terms of the Warrant Indenture to be dated as of the Closing Date between the Corporation and the Warrant Agent. The Warrant Indenture will contain provisions designed to protect holders of the Warrants against dilution upon the happening of certain events. The Warrants will be transferable although will not be listed or quoted on any stock exchange or market. No fractional Warrants will be issued.

Determination of Price

The Offering Price of the Units to be distributed hereunder was determined by negotiation between the Corporation and the Agent.

Listing Application

The Corporation has applied to the CSE for the listing of the Common Shares. The CSE has provided written authorization to the Corporation to represent its intention to apply for listing on the CSE in this prospectus. The CSE has not approved the listing of the Common Shares. Listing is subject to the Corporation fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares. The Common Shares have not been listed or quoted on any stock exchange or market.

As at the date of this prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.).

Non-Certificated Inventory System

Except as otherwise required by law or in accordance with certain regulatory requirements, it is anticipated that the Unit Shares and Warrants will be issued under the book-based system. At the Closing, certificates representing all the Unit Shares and Warrants issued to persons outside of the United States will be issued in registered form to the applicable participants (the "**CDS Participants**") in CDS depository services, which includes securities brokers and dealers, banks and trust companies. It is anticipated that such CDS Participants will deposit such certificates with CDS in connection with the book-based system and global certificates representing Unit Shares and Warrants will be issued in the name of CDS or its nominee for the Units held through the book-based system. Subscribers outside of the United States will therefore not be entitled to a certificate or other instrument from the Corporation or the Corporation's transfer agent evidencing that person's interest in or ownership of Units, nor, to the extent applicable, will such holder be shown on the records maintained by CDS, except through an agent who is a CDS Participant.

MARKET FOR SECURITIES

There is no market through which the Common Shares, Warrants or Warrant Shares may be sold and purchasers may not be able to resell the Common Shares, Warrants (or Warrant Shares or exercise of Warrants) purchased under this prospectus. See "Risk Factors".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Units pursuant to this Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated. This summary applies only to a purchaser who is a beneficial owner of Common Shares and Warrants acquired pursuant to this Offering and who, for the purposes of the Tax Act, and at all relevant times: (i) deals at arm's length and is not affiliated with the Corporation or the Agent; and (ii) holds the Common Shares and Warrants as capital property (a "**Holder**").

Common Shares and Warrants will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules), (ii) an interest in which would be a "tax shelter investment" (as defined in the Tax Act), (iii) that is a "specified financial institution" (as defined in the Tax Act), (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, (v) that has entered or will enter into a "derivative forward agreement" or "synthetic disposition arrangement" (as defined in the Tax Act) with respect to the Common Shares or Warrants, or (vi) that is a corporation resident in Canada and is (or does not deal at arm's length within the meaning of the Tax Act with a corporation resident in Canada that is), or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Common Shares and Warrants comprising the Units, controlled by a non-resident corporation for purposes of section 212.3 of the Tax Act. **Any such Holder should consult its own tax advisor with respect to an investment in the Units**. In addition, this summary does not address the deductibility of interest by a Holder who has borrowed money or otherwise incurred debt in connection with the acquisition of Units.

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder ("**Regulations**") in force as of the date hereof; (ii) except as described below, all specific proposals ("**Proposed Amendments**") to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof; and (iii) counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). No assurance can be given that the Proposed Amendments will be enacted or otherwise implemented in their current form, if at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described below in all cases. Other than the Proposed Amendments, this summary does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Cost

Holders will be required to allocate on a reasonable basis their cost of each Unit between the Common Share and the Warrant in order to determine their respective costs for purposes of the Tax Act.

For its purposes, the Corporation intends to allocate $0.179 to each Common Share and $0.001 to each Warrant. Although the Corporation believes that its allocation is reasonable, it is not binding on the CRA or the Holder.

The adjusted cost base to a Holder of each Common Share comprising a part of a Unit acquired pursuant to this Prospectus Offering will be determined by averaging the cost of such Common Share with the adjusted cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the acquisition.

Exercise of Unit Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be the aggregate of the Holder's adjusted cost base of such Warrant and the exercise price paid for the Warrant Share. The Holder's adjusted cost base of the Warrant Share so acquired will be determined by averaging such cost with the adjusted cost base (determined immediately before the acquisition of the Warrant Share) to the Holder of all Common Shares owned by the Holder as capital property immediately prior to such acquisition.

Holders Resident in Canada

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act ("**Resident Holder**"). A Resident Holder whose Common Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Such election is not available in respect of Warrants. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

Expiry of Warrants

In the event of the expiry of an unexercised Warrant, a Resident Holder generally will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital gains and capital losses is discussed in greater detail below under "*Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*".

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Common Shares.

Such dividends received by a Resident Holder that is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Corporation as "eligible dividends". There may be limitations on the ability of the Corporation to designate dividends as eligible dividends.

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances a dividend or deemed dividend received by a Resident Holder that is a corporation may be treated as a capital gain or proceeds of disposition. Resident Holders should discuss with their own tax advisors in this regard.

A Resident Holder that is a "private corporation" or a "subject corporation", as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. A "subject corporation" is generally a corporation (other than a private corporation) controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts). In addition, such a Resident Holder may be required to reduce its business limit on a straight-line basis to the extent that it, together with other corporations associated with it, receive certain investment income in an amount exceeding $50,000 for a particular taxation year. Such Resident Holders should consult their own tax advisors.

Dispositions of Common Shares and Warrants

A disposition or a deemed disposition of a Common Share (other than a disposition to the Corporation) or Warrant (other than a disposition arising on the exercise or expiry of a Warrant) by a Resident Holder will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share or Warrant, as the case may be, exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described below under "*Holders Resident in Canada - Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Common Shares to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares or where a partnership or trust, of which a corporation is a member or a beneficiary, is a member of a partnership or a beneficiary of a trust that owns Common Shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Other Income Taxes

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, including taxable capital gains. In addition, such a Resident Holder may be required to reduce its business limit on a straight-line basis to the extent that it, together with other corporations associated with it, receive certain investment income in an amount exceeding $50,000 for a particular taxation year. Resident Holders that are Canadian-controlled private corporations should consult their own tax advisors in this regard.

In general terms, a Resident Holder that is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Common Shares or realizes a capital gain on the disposition or deemed disposition of Common Shares or Warrants may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; and (ii) does not use or hold the Common Shares or Warrants in connection with carrying on a business in Canada ("**Non-Resident Holder**"). This summary does not apply to a Holder that carries on, or is deemed to carry on, an insurance business in Canada and elsewhere or that is an "authorized foreign bank" (as defined in the Tax Act) and such Holders should consult their own tax advisors.

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Corporation to a Non-Resident Holder on the Common Shares will be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Tax Convention (1980)*, as amended, and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions of Common Shares and Warrants

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share or Warrant unless the Common Share or Warrant (as applicable) is, or is deemed to be, "taxable Canadian property" of the Non-Resident Holder for the purposes of the Tax Act and

the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Common Share or Warrant (as applicable) will not constitute taxable Canadian property of a Non-Resident Holder provided that the Common Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the CSE), unless at any time during the 60 month period immediately preceding the disposition, (i) at least 25% of the issued shares of any class or series of the capital stock of the Corporation were owned by or belonged to any combination of (a) the Non- Resident Holder, (b) persons with whom the Non- Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act), or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Common Share or Warrant that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the headings "*Holders Resident in Canadas - Dispositions of Common Shares and Warrants*" and " - *Taxable Capital Gains and Losses*" will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

RISK FACTORS

Investing in our Common Shares involves significant risks. You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this prospectus, and all other information contained in this prospectus, including the consolidated financial statements and accompanying notes, before purchasing securities. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the trading price of our Common Shares could decline materially and you could lose part or even all of your investment.

Risks Related to Our Business and Industry

Regulatory risks

Successful execution of the Corporation's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products, including maintaining and renewing its licences. The Corporation 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. The impact of the relevant regulating authorities compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Corporation. There can be no guarantees that the relevant regulating authorities will issue, extend or renew required licenses as necessary or, if it extended or renewed, that the licenses will be extended or renewed on the same or similar terms. Should a regulatory authority not extend or renew the licenses or should it renew the licenses on different terms, the business, financial condition and results of the operation of the Corporation could be materially adversely affected.

The Corporation will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Corporation's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Corporation's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Corporation.

Change in laws, regulations and guidelines

The Corporation's operations are subject to various laws, regulations and guidelines relating to the manufacturing, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical Cannabis but also including laws and regulations relating to drug, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, other than routine corrections that may be required by regulatory authorities from time to time, the Corporation is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of the Corporation may cause adverse effects to its operations.

The Corporation endeavours to comply with all relevant laws, regulations and guidelines. To the Corporation's knowledge, it is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this prospectus.

Medical research of phytocannabinoids

Research in Israel, Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of Cannabis or isolated phytocannabinoids, including CBD, remains in early stages. There have been relatively few clinical trials on the benefits of Cannabis or isolated phytocannabinoids. The statements made in this prospectus concerning the potential medical benefits of Cannabinoids are based on published articles and reports with details of research studies and clinical trials, including those shown in the list of third-party studies summarized in this prospectus. As a result, the statements made in this prospectus are subject to the experimental parameters, qualifications and limitations in the studies that have been completed.

Although the Corporation believes that the articles and reports with details of research studies and clinical trials referenced in this prospectus reasonably support its beliefs regarding the medical benefits, viability, safety, efficacy and dosing of CBD as set out in this prospectus, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding and perceptions relating to CBD and Cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of Common Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this prospectus or reach negative conclusions regarding the viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to CBD or medical Cannabis, which could have a material adverse effect on the demand for Corporation's products and therefore materially impact the business, financial condition and operating results of the Corporation.

We rely on management and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of our executives, employees and consultants. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees and consultants. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

Factors which may prevent realization of growth targets

The Corporation is currently in the expansion from early development stage. There is a risk that these expansions and developments will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these Risk Factors and the following:

- failure or delays in obtaining, or conditions imposed by, regulatory approvals;

- environmental pollution; non-performance by third party contractors; increases in materials or labour costs; construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- operational inefficiencies;
- labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions or storms.

As a result, there is a risk that the Corporation may not have product or sufficient product available to meet the anticipated demand or to meet future demand when it arises.

The Corporation may experience additional expenditures related to unforeseen issues that have not been taken into account in the preparation of this prospectus.

Product liability

As a manufacturer and distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of Cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Cannabis products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the products produced by the Corporation caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Competition

There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Corporation are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or

contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Corporation were subject to recall, the image of that product and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Corporation and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the operations of the Corporation by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Additional financing

There is no guarantee that the Corporation will be able to execute on its strategy. The continued development of the Corporation may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business strategy or the Corporation ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. In addition, from time to time, the Corporation may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Corporation's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Corporation would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Corporation may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Corporation's ability to pursue its business objectives.

Yissum Agreement

There is no guarantee that the InnoCan Israel and Yissum will agree and enter into a license agreement upon Yissum's receipt of the Option Exercise Notice pursuant to the Yissum Agreement. The failure to agree and enter into a license agreement between InnoCan Israel and Yissum may result in restricted (or complete prohibition) of use of the Research results generated by Yissum.

Risks Relating to Doing Business Internationally

The Corporation is subject to risks generally associated with doing business in international markets. International markets will be for the Corporation, a focus for expansion and revenue growth. Several factors, including legal and regulatory compliance and weakened economic conditions in any of the international jurisdictions in which the Corporation does or will do business, could adversely affect such expansion and growth.

Additionally, the Corporation's entry into international jurisdictions requires management attention and financial resources that would otherwise be spent on other parts of the business.

Some of the countries in which the Corporation sells or will sell products, or otherwise has or will have an international presence, are to some degree subject to political, economic, and/or social instability. International business operations exposes the Corporation to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular, where these risks may be heightened.

In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Corporation's business, results of operations or financial condition and include without limitation:

- adverse currency rate fluctuations;

- risks associated with complying with laws and regulations in the countries in which the Corporation's products are sold, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;
- multiple, changing and often inconsistent enforcement of laws, rules and regulations;
- risks associated with reliance on international agents and representatives, including the possible failure of such agents and representatives to appropriately understand, represent and effectively market the Corporation's products;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, representatives and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations on the Corporation's ability to repatriate non-Canadian and/or non-Israeli earnings in a tax effective manner;
- the imposition of Canadian, United States, Israeli and/or other international sanctions against a country, company, person or entity with whom the Corporation does business that would restricts or prohibits the Corporation's continued business with the sanctioned country, company, person or entity;
- downward pricing pressure on our products in the Corporation's international markets, due to competitive factors or otherwise;
- laws and business practices favouring local companies;
- political, social or economic unrest or instability, including without limitation military conflicts and acts of terrorism, military repression, war or civil war, social and labour unrest, organized crime, hostage-taking and violent crime;
- expropriation and nationalization and/or renegotiation or nullification of necessary licenses, approvals, permits and contracts;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and
- the effect of disruptions caused by sever weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Furthermore, some of the Corporation's operations and sales efforts may be conducted in parts of the world that experience illegal sales practices or corruption or are operated under legal systems susceptible to undue influences to some degree. Although the Corporation has policies and procedures in place that are designed to promote legal and regulatory compliance, the employees, business partners and consultants of the Corporation could take actions that violate applicable anti-

corruption laws or regulations. Violations of these laws, or allegations of such violations, could result in loss, reduction or expropriation and/or have a material adverse effect on the Corporation's business, results of operations or financial condition.

Management of growth

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Dependence on suppliers and skilled labour

The ability of the Corporation to compete and grow medical Cannabis will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Corporation will be successful in maintaining its required supply of skilled labour, equipment, parts and components.

Information systems security threats

The Corporation has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. The Corporation's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. The Corporation's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Corporation's reputation and results of operations.

The Corporation has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Operating risk and insurance coverage

The Corporation has insurance to protect its assets, operations and employees. While the Corporation believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Corporation is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Corporation's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Corporation were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Corporation were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Difficulty to forecast

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the Cannabis pharmaceutical industry in North America and Europe. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

In certain circumstances, the Corporation's reputation could be damaged

Damage to the Corporation's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the Corporation and its activities, whether true or not. Although the Corporation believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Corporation does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Corporation's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Changes to safety, health and environmental regulations could have a material effect on future operations

Safety, health and environmental legislation affects nearly all aspects of the Corporation's operations including product development, working conditions, waste disposal and emission controls. Compliance with safety, health and environmental legislation can require significant expenditures and failure to comply with such safety, health and environmental legislation may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, clean-up costs resulting from contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from the Corporation's existing operations, but from operations that have been closed or sold to third parties. The Corporation could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurances that the Corporation will at all times be in compliance with all safety, health and environmental regulations or that steps to achieve compliance would not materially adversely affect the Corporation's business.

Safety, health and environmental laws and regulations are evolving in all jurisdictions where the Corporation has activities. The Corporation is not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on its operations and activities, and its resulting financial position; however, the Corporation anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental regulation. Further changes in safety, health and environmental laws, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, may require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Corporation.

Research and development and product obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Corporation's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render the Corporation's products obsolete, less competitive or less marketable. The process of developing the Corporation's products is complex and requires significant continuing costs, development efforts and third party commitments The Corporation's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of the Corporation. The Corporation may be unable to anticipate changes in its potential customer requirements that could make the Corporation's existing technology obsolete. The Corporation's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological

advances and emerging industry standards and practices on a timely and cost-effective basis. The development of the Corporation's proprietary technology entails significant technical and business risks. The Corporation may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

We may be subject to unfavourable publicity or consumer perception

The Corporation believes the medical Cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical Cannabis produced. Consumer perception of the Corporation's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical Cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical Cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Corporation, the demand for the Corporation's products, and the business, results of operations, financial condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical Cannabis in general, or the Corporation's products specifically, or associating the consumption of medical Cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Reliance on key inputs

The Corporation's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Corporation. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Corporation.

Transportation risks

Due to the perishable and premium nature of the Corporation's products, the Corporation will depend on fast and efficient third party transportation services to distribute its product. Any prolonged disruption of third party transportation services could have an adverse effect on the financial condition and results of operations of the Corporation. Rising costs associated with the third party transportation services used by the Corporation to ship its products may also adversely impact the business of the Corporation and its ability to operate profitably.

Due to the nature of the Corporation's products, security of the product during transportation to and from the Corporation's facilities is of the utmost concern. A breach of security during transport or delivery could have a material and adverse effect on the business, financial condition and operating results of the Corporation. Any breach of the security measures during transport or delivery, including any failure to comply with recommendations or requirements of Health Canada, could also have an impact on the Corporation's ability to continue operating under its licenses or the prospect of renewing its licenses.

Conflicts of interest

The Corporation may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Corporation's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely

interfere with their duties to the Corporation. In some cases, the Corporation's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Corporation's business and affairs and that could adversely affect the Corporation's operations. These business interests could require significant time and attention of the Corporation's executive officers and directors.

In addition, the Corporation may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or Companies with which the Corporation may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Corporation. In addition, from time to time, these persons may be competing with the Corporation for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation.

We are subject to environmental regulations and risks

The Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the business, financial condition and operating results of the Corporation.

Government approvals and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from its proposed production of medical Cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Corporation may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Third party reputational risk

The parties with which the Corporation does business may perceive that they are exposed to reputational risk as a result of the Corporation's medical Cannabis business activities. This may impact the Corporation's ability to retain current partners, such as its banking relationship, or source future partners as required for growth or future expansion in Canada or the United States. Failure to establish or maintain business relationships could have a material adverse effect on the Corporation.

Unauthorized use of intellectual property may cause the Corporation to engage in or be the subject of litigation

Due to the rapid development of the commercial Cannabis industry, in the normal course of the Corporation's operations, the Corporation may become involved in, named as a party to, or be the subject of, various legal proceedings in which it is alleged that the Corporation has infringed the intellectual property rights of others or commenced lawsuits against others who the Corporation believes are infringing upon its intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to: (a) pay substantial

damages; (b) cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (c) expend significant resources to develop or acquire non-infringing intellectual property; (d) discontinue processes incorporating infringing technology; or (e) obtain licences to the infringing intellectual property. However, the Corporation may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial results.

Intellectual Property

Competitors may also develop similar technology to that of InnoCan, thereby adversely affecting the Corporation's competitive advantage in one or more of its businesses. There can be no assurance that certain technology developed by InnoCan may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on the business, results of operations and financial conditions of InnoCan. Further, there can be no assurance that the validity of any patents owned by the Corporation may be or attempted to be impeached in the future.

Cost of New Technology

The Corporation's ability to successfully implement new technologies into its operations in a timely and efficient manner will affect its ability to compete.

The commercial Cannabis industry is characterized by rapid growth and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Corporation. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by InnoCan or implemented in the future may become obsolete. In such case, the Corporation's business, financial condition and results of operations could be materially adversely affected. If the Corporation is unable to utilize the most advanced commercially available technology, the Corporation's business, financial condition and results of operations could be materially adversely affected.

Breach of confidentiality by a third party

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to the business, operations or affairs of the Corporation. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Loss of key personnel would negatively impact the Corporation's operations

The Corporation's success depends in large measure on certain key personnel, including certain contract personnel. The loss of the services of such key personnel may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The Corporation does not have any key personnel insurance in effect for the Corporation. The contributions of the existing management team to the immediate and near term operations of the Corporation are likely to be of central importance. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Management Control

Management of InnoCan Israel hold directly approximately 21.41% of the outstanding InnoCan Israel Shares and will own approximately 18.06% of the Common Shares issued and outstanding after the conversion of the Notes, completion of the Solsken Private Placement Agreement and the Share Exchange (assuming 100% of the InnoCan Israel Shares are tendered to the Share Exchange), assuming the completion of the Maximum Offering and approximately 18.41% assuming the completion of the Minimum Offering.

As is common for public companies, the Corporation will be a non-operating parent corporation that will hold assets and carry on its business through InnoCan Israel, its wholly-owned subsidiary. The Corporation will control InnoCan Israel through its ownership of InnoCan Israel's securities which will entitle it to elect the directors of InnoCan Israel (which entitlement the Corporation will exercise) and the directors may then appoint the officers of InnoCan Israel. To the extent that there are risks inherent in having a subsidiary hold assets and carry on business, the Corporation will mitigate those risks, following the closing of the Share Exchange, by implementing an effective system of corporate governance, internal controls over financial reporting, and disclosure controls and procedures that will apply at all levels of the Corporation. These systems will be overseen by the board of directors of the Corporation and will be implemented by the Corporation's senior management (which includes the senior management of InnoCan Israel).

While the Corporation's mind and management are domiciled outside of Canada, non-resident directors of the Corporation will provide irrevocable and unconditional submissions to jurisdictions in Canada, as required under applicable securities laws. In addition, on closing, the board of directors of InnoCan Israel will be comprised of Yoram Druker, Ron Mayron, Iris Bincovich and Eyal Flom. In addition to rights and remedies under Canadian securities law, Canadian investors will also have familiar statutory rights and remedies available to them under corporate law, as the Corporation will remain incorporated under the CBCA.

Potential Political, Economic and Military Instability in Middle East and Israel, where the Corporation's Corporate Office are Located

The Corporation's principal corporate offices and principal research and development facilities are located in Israel. Accordingly, political, economic and military conditions in and surrounding Israel may directly affect its business. Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its neighbors. Terrorist attacks and hostilities within Israel; the hostilities between Israel and Hezbollah and between Israel and Hamas; the conflict between Hamas and Fatah; as well as tensions between Israel and Iran, have also heightened these risks, including extensive hostilities in November 2012 and from July to August 2014 along Israel's border with the Gaza Strip, which resulted in missiles being fired from the Gaza Strip into Israel. There can be no assurance that attacks launched from the Gaza Strip will not reach our facilities, which could result in a significant disruption of our business. In addition, there are significant ongoing hostilities in the Middle East, particularly in Syria and Iraq, which may impact Israel in the future. Any hostilities involving Israel, a significant increase in terrorism or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could materially adversely affect the Corporation's operations. Ongoing and revived hostilities or other Israeli political or economic factors could have a material adverse effect on the Corporation's business, operating results and financial condition.

It is unknown as to how the volatile climate currently hinders Israel's international trade relations and whether they still may limit the geographic markets where the Corporation can operate. Any resumption of hostilities involving Israel or threatening Israel, or the interruption or curtailment of trade between Israel and its present trading partners, could have a material adverse effect the Corporation's operations albeit that there is no direct evidence of this having been the case over the past conflicts. Security and political instability in the Middle East and Israel in particular may harm the Corporation's business. A majority of the Corporation's staff, as well as its research and development facilities, are located in Israel. Accordingly, security and political conditions in the Middle East in general, and in Israel in particular, could directly affect the Corporation's business. Any armed conflicts or political instability in the region, including acts of terrorism or any other hostilities involving or threatening Israel could have a negative effect on business conditions and could make it more difficult for the Corporation to conduct its operations in Israel and/or increase its costs and adversely affect its financial results. Furthermore, some neighbouring countries, as well as certain companies and organizations continue to participate in a boycott of Israeli firms and others who do business with Israel or with Israeli companies. However, generally this is not the case with the major corporations in the industry

that deal with Israel. Restrictive laws, policies or practices directed towards Israel or Israeli businesses could have an adverse impact on the expansion of the Corporation's business.

The Corporation's operations could be disrupted by the absence for significant periods of one or more of its senior management, key employees or a significant number of other employees because of military service. A number of the Corporation's senior management and the majority of its male employees in Israel under the age of 45 are obliged to perform military reserve duty, which accumulates annually from several days to up to two months in special cases and circumstances. The length of such reserve duty depends, among other factors, on an individual's age and prior position in the military. In addition, if a military conflict occurs, these persons could be required to serve in the military for extended periods of time. Any disruption in the Corporation's operations as the result of military service by key personnel could harm its business.

Recent uprisings and armed conflicts in various countries in the Middle East and North Africa are affecting the political stability of those countries. This instability may lead to deterioration of the political and trade relationships that exist between the State of Israel and other countries.

Difficulty in Enforcement of Judgments

The Corporation will be a holding company, with InnoCan Israel and the majority of its assets located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Corporation, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Corporation under Canadian securities laws.

InnoCan Israel is incorporated in Israel and certain directors and officers of the Corporation and InnoCan Israel reside outside of Canada and substantially all of the assets of those persons are located outside of Canada. Accordingly, it may not be possible for shareholders to effect service of process against the Corporation's directors and officers who are not resident in Canada. In the event a judgment is obtained in a Canadian court against one or more of the Corporation's directors or officers for violations of Canadian securities laws, it may not be possible to enforce such judgment against those directors and officers not resident in Canada. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims in original actions instituted in Israel or other jurisdictions in which the Corporation operates and/or has assets. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure in respect of a claim brought in a foreign jurisdiction would also be governed by foreign law.

Differences Between the Canadian Law and Applicable Provisions of the Israeli Law

The rights and responsibilities of the shareholders relative to InnoCan Israel are governed by Israeli law and differ in some respects from the rights and responsibilities of shareholders under Canadian law. InnoCan Israel is incorporated under Israeli law. The rights and responsibilities of the Corporation are, therefore, governed by the articles and by Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical companies incorporated in Canada or the United States.

Risks Related to this Offering

No prior public market for Common Shares

Prior to the Offering, no public market existed for the Common Shares. An active and liquid market for the Common Shares might not develop following the completion of the Offering or, if developed, might not be maintained. If an active public market does not develop or is not maintained, investors might have difficulty selling their Common Shares.

The initial public offering price of Common Shares was determined by negotiations between the Corporation and the Agent for the Offering and may not be indicative of the price at which the Common Shares will trade following the completion of the Offering. The Corporation cannot assure investors that the market price of Common Shares will not materially decline below the initial public offering price.

No Market for Warrants

There is no market through which the Warrants may be sold and purchasers may not be able to resell such securities. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of such securities and the extent of issuer regulation.

Additional regulatory burden

Prior to the Offering, we have not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE. We are working with our legal, accounting and financial advisors to identify those areas in which changes should be made to our financial management control systems to manage our obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. We have made, and will continue to make, changes in these and other areas, including our internal controls over financial reporting. However, we cannot assure purchasers of Common Shares that these and other measures that we might take will be sufficient to allow us to satisfy our obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for us and will require the time and attention of management. We cannot predict the amount of the additional costs that we might incur, the timing of such costs or the impact that management's attention to these matters will have on our business.

Unpredictable and volatile market price for Common Shares

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- sales or perceived sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Corporation or from a lack of market comparable companies; and

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

No dividends

Our current policy is to retain earnings to finance the development and enhancement of our products and to otherwise reinvest in the Corporation. Therefore, we do not anticipate paying cash dividends on the Common Shares in the foreseeable future. Our dividend policy will be reviewed from time to time by our Board of Directors in the context of our earnings, financial condition and other relevant factors. Until the time that we do pay dividends, which we might never do, our shareholders will not be able to receive a return on their Common Shares unless they sell them. See "Dividend Policy".

Use of proceeds

We cannot specify with certainty the particular uses of the net proceeds we will receive from this Offering. Management will have broad discretion in the application of the net proceeds, including for any of the purposes described in "Use of Proceeds". Accordingly, a purchaser of Common Shares will have to rely upon the judgment of management with respect to the use of the proceeds, with only limited information concerning management's specific intentions. Management may spend a portion or all of the net proceeds from this Offering in ways that our shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser's investment. The failure by management to apply these funds effectively could harm our business. Pending use of such funds, we might invest the net proceeds from this Offering in a manner that does not produce income or that loses value.

Dilution and future sales of Common Shares

The initial offering price of our Common Shares will significantly exceed the net tangible book value per share of our Common Shares. Accordingly, if an investor purchases Common Shares under the Offering, the investor will incur immediate and substantial dilution of its investment. If the outstanding options to purchase our Common Shares are exercised, an investor will incur additional dilution. See "Options to Purchase Securities".

In addition, we may issue additional Common Shares in the future, which may dilute a shareholder's holding in the Corporation. Our articles will permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuances. The directors of the Corporation have the discretion to determine if an issuance of Common Shares is warranted, the price at which such issuance is effected and the other terms of issue of Common Shares. Also, we may issue additional Common Shares upon the exercise of options to acquire Common Shares under the Option Plan, which will result in further dilution to the Shareholders.

Forward-Looking Information May Prove Inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

PROMOTERS

Ron Mayron, Iris Bincovich, Yoram Drucker and Nir Avram may be considered promoters of the Corporation, in connection with their respective roles in arranging the Share Exchange and related transactions and in connection with their roles in founding and organizing the businesses of the pre-share exchange companies. For a description of the voting and equity securities of the Corporation held by the promoters see "Directors and Officers" and for a description of all compensation received and to be received by the promoters see "Executive Compensation".

LEGAL PROCEEDINGS & REGULATORY ACTIONS

The Corporation is not, or was not since the beginning of the fiscal year ended December 31, 2018, a party to any legal proceedings and none of the Corporation's property is or was during that period the subject of any legal proceedings. The Corporation is not aware of any such legal proceedings that are contemplated.

The Corporation is not aware of any:

(a) penalties or sanctions imposed against the Corporation by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years preceding the date of this prospectus;

(b) any other penalties or sanctions imposed by a court or regulatory body against the Corporation necessary for the prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and

(c) settlement agreements the Corporation entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years preceding the date of this prospectus.

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this prospectus, no director or executive officer of the Corporation or any person or company that beneficially owns, or controls, directly or indirectly, more than 10% of any class of the Corporation's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction, within the three years before the date of this prospectus that has materially affected or is reasonably expected to materially affect the Corporation or a subsidiary of the Corporation.

See "General Development of the Business of the Corporation" for further details.

AUDITOR, TRANSFER AGENT & REGISTRAR

The current auditors of the Corporation are Ziv Haft, CPA (Isr.), a BDO member firm, with offices at Amot BDO House 48 Menachem Begin Road, Tel Aviv 661800. The Corporation's registrar and transfer agent is Odyssey Trust Company.

MATERIAL CONTRACTS

There are no contracts of the Corporation, other than contracts entered into in the ordinary course of business, that are material to the Corporation, other than as set forth below:

(a) Agency Agreement between the Corporation and the Agent, dated [•], 2019, which was entered into in respect of the Offering;

(b) Warrant Indenture between the Corporation and [•], dated [•], 2019, which was entered into in respect of the Warrants;

(c) Cooperation Agreement, as described under "Solsken Agreements";

(d) Share Exchange Agreement, as described under "Share Exchange and Related Transactions";

(e) SEA Supplement and the Solsken Warrant Exchange Agreements, as described under "Share Exchange and Related Transactions";

(f) Solsken Private Placement Agreement, as described under "Solsken Arrangements";

(g) Aloni Haft Agreement; and

(h) Tekkfund Agreement.

EXPERTS

Certain legal matters in connection with the Offering will be passed upon on behalf of the Corporation by Burnet, Duckworth & Palmer LLP and on behalf of the Agents by Burstall LLP. As of the date hereof, the partners and associates of Burnet, Duckworth & Palmer LLP, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares. As of the date hereof, the partners and associates of Burstall LLP, as a group, owned, directly or indirectly, less than 1% of the outstanding Common Shares.

Ziv Haft, CPA (Isr.), a BDO member firm, are the auditors of the Corporation and have confirmed that they are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Canada.

OTHER MATERIAL FACTS

There are no material facts about the Corporation or the Offering which are not otherwise disclosed in this prospectus.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL & RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

In an offering of Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in a prospectus is limited, in certain provincial securities legislation, to the price at which the Warrant is offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon conversion, exchange or exercise of the security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal adviser.

APPENDIX "FS"
FINANCIAL STATEMENTS & MANAGEMENT DISCUSSION & ANALYSIS

INNOCAN PHARMA CORPORATION

Management's Discussion and Analysis
For the period from May 31, 2018 (inception) to December 31, 2018

1. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is Management's assessment of the results and financial condition of InnoCan Pharma Corporation (the "**Corporation**" or "**InnoCan**").

The following information should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2018 and the notes to those financial statements.

The date of this Management's discussion and analysis ("**MD&A**") is May 29, 2019. The Corporation's comparative amounts in this MD&A have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts are stated in United States dollars ("**USD**") unless otherwise indicated (for reference, "**CAD**" means Canadian dollars).

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made**.** Accordingly, readers should not place undue reliance on forward-looking information.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

2. DESCRIPTION OF BUSINESS

Structure of the Corporation

The Corporation was incorporated pursuant to the provisions of the *Canada Business Corporations Act* on May 31, 2018 under the name "InnoCan Pharma Corporation". The registered and records office of the Corporation is 2400, 525 – 8th Avenue SW, Calgary AB, T2P 1G1.

Share Exchange & Related Transactions

On September 3, 2018, the shareholders of InnoCan approved a potential share exchange (the "**Share Exchange**") and on October 4, 2018 the Corporation and InnoCan Pharma Ltd. ("**InnoCan Israel**") entered into a share exchange agreement (the "**Share Exchange Agreement**").

Pursuant to the Share Exchange Agreement, InnoCan Israel shareholders will receive common shares in the capital of the Corporation (the "**Common Shares**") in exchange for their InnoCan Israel ordinary shares (the "**Ordinary Shares**"), on the basis of seven hundred and thirty-five (735) Common Shares for each one (1) Ordinary Share. As a result, the holders of Ordinary Shares will receive an aggregate of no less than 78,529,164 Common Shares.

All of the issued and outstanding InnoCan Israel Ordinary Share purchase warrants ("**InnoCan Warrants**"), by agreement among InnoCan, InnoCan Israel and each InnoCan Warrant holder, will become warrants of InnoCan and will be exercisable for Common Shares following the closing of the initial public offering of InnoCan (the "**Offering**" or the "**IPO**"), at a price equal to CAD 0.075 for a period of eighteen (18) months from the date of the closing of the Offering.

Pursuant to the Share Exchange Agreement, the completion of the Share Exchange is conditional on the Corporation receiving all exchange, regulatory and third party approvals, consents and authorizations to close the Offering. It is a condition to the closing of the Share Exchange that the Corporation acquires no less than 80% of the Ordinary Shares.

Description of the Corporation's Principal Businesses and Operations

The Corporation, following the Share Exchange and Offering, through its subsidiary, InnoCan Israel, will be a pharma-tech company whose operations, research and development are currently based in Israel. The Corporation is focused on the development and sale of cannabis integrated drugs, including, but not limited to, topical treatments for relief of psoriasis symptoms as well as the treatment of muscle pain and rheumatic pain

Significant Financial Developments during the Period

On August 8, 2018 the Corporation issued 2,250,000 Common Shares without nominal par value to service providers for CAD 0.02 per Common Share.

On September 30, 2018, the Corporation issued 1,500,000 Common Shares without nominal par value to directors of the Corporation for CAD 0.02 per Common Share. The consideration was recorded as receivables on account of shares.

On December 21, 2018, the Corporation signed a consulting agreement according to which the

Corporation issued 500,000 Common Shares without nominal par value to its Chief Financial officer for CAD 0.02 per Common share. The consideration was recorded as receivables on account of shares.

Financial Review

The following financial data was prepared in accordance with IFRS and is presented for the period from May 31, 2018 (inception) to December 31, 2018 and year ended December 31, 2018.

	Period from May 31, 2018 (inception) to December 31, 2018 (USD in thousands)
General and administrative expenses	195
Operating loss	195
Financial income	-
Financial expense	-
loss before taxes on income	195
Taxes on income	-
Total comprehensive loss	195

	As of December 31, 2018 (USD in thousands)
Total Assets	30
Total non-current financial liabilities	0

Period from May 31, 2018 (inception) to December 31, 2018

General and Administrative Expenses

For the period from May 31, 2018 (inception) to December 31, 2018, general and administrative expenses amounted to USD 195,000. General and administrative expenses consist of share based compensation to the Corporation's directors and service providers. Fair value of the share based compensation was obtained using a structural approach.

3. LIQUIDITY AND CAPITAL RESOURCES

The Corporation has financed itself through the issuance of shares. Following the execution of the Share Exchange Agreement, the Corporation intends to complete the Offering. The anticipated funds raised as a result of the Offering will fund the research, development and commercialization of the Corporation's technology and marketing activity until reaching sufficient operating profit.

Since inception, the Corporation has not generated any revenues and expects to continue financing itself in the foreseeable future. The Corporation incurred a net loss of USD 195,000 for the period from May 31, 2018 (inception) to December 31, 2018 and generated USD 195,000 of accumulated deficit since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern.

As at December 31, 2018, the Corporation had a working capital of USD 30,000, which consisted of current assets of other receivables.

As at December 31, 2018 (including expected minimum Offering proceeds of CAD 500,000 and maximum Offering proceeds of CAD 1,000,000), the Corporation expects to have sufficient resources to continue its operations for at least the next 12 months, including the payment of current liabilities, as they fall due. If the IPO is not complete, the Corporation expects to (a) raise funds through alternative strategies, and (b) to postpone/decrease activities until such funds are obtained.

Period from May 31, 2018 (inception) To the Year Ended December 31, 2018

During the period from May 31, 2018 (inception) to December 31, 2018, the Corporation's overall position of cash and cash equivalents has not changed.

4. OFF BALANCE SHEET ARRANGEMENTS

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

5. TRANSACTIONS BETWEEN RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Corporation's senior management, who are considered to be key management personnel by the Corporation.

Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following is a summary of transactions with key management personal during the period May 31, 2018 to December 31, 2018.

	As of December 31, 2018 (USD in thousands)
Other account receivables	30

	For the period from May 31, 2018 (inception) to December 31, 2018 (USD in thousands)
Share based compensation to directors and service providers	195

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES

The Corporation's financial instruments consist of other receivables and, unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Management understands that the Corporation is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates as its operations are located in Israel, and the Corporation's functional and presentation currency is the USD. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

The Corporation is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Corporation (the "**Board of Directors**") approves and monitors the risk management process. The overall objectives of the Board of Directors are to set policies that seek to reduce risk as far as possible without unduly affecting the Corporation's competitiveness and flexibility.

The type of risk exposure and the way in which such exposure is managed is as follows:

a) ***Credit Risk –*** The Corporation has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote.

b) ***Liquidity Risk –*** The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due by raising sufficient funds. As at December 31, 2018, the Corporation had a positive working

capital balance of USD 30,000, and the Corporation has little exposure to liquidity risk as there are no additional cash commitments.

c) ***Market Risk –*** Competitive Conditions – The pharmaceutical industry is characterized by extensive research efforts, rapid technological change and intense competition. Competition can be expected to increase as technological advances are made and commercial applications for pharmaceutical products increase. Competition in the pharmaceutical industry is based primarily on the following: product performance, efficacy, safety, ease of use and adaptability to various modes of administration, patient compliance, price, acceptance by physicians, marketing and distribution. The availability of patent protection in the pharmaceutical market, including the United States, the European Union, Canada and other jurisdictions of commercial interest and the ability to obtain governmental approval for testing, manufacturing and marketing are also important factors. InnoCan faces competing forces in each of its markets, however, owing to their sheer size, each market provides many opportunities for a new player offering novel solutions to consumers of said market, to carve out a foothold, which it can use as a springboard for capturing additional market share and for extending into other related markets.

d) ***Interest Rate Risk –*** The Corporation has no interest-bearing debt. The Corporation's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Corporation periodically monitors its cash activity and is satisfied with the credit ratings of its banks.

e) ***Foreign Currency Risk –*** The Corporation is exposed to foreign exchange risk as its operations are conducted primarily in the United States.

f) ***Fair Values –*** The carrying values of other receivables approximate their fair values due to their short terms to maturity. The cash is valued using quoted market prices in active markets.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements to which this MD&A requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Below is a list of the critical accounting estimates and judgments applied in this MD&A which may have a significant effect on the figures recognized in the financial statements.

Share Based Compensation

General and administrative expenses comprised of share based compensation to the Corporation's directors and service providers. Fair value of share based compensation was obtained using a structural approach. This approach is based on the Black Scholes (1973) and Merton (1974) models, which imply that all of the Corporation's securities may be analyzed as a contingent claim on the

Corporation's assets, and therefore, their value may be modeled as financial derivative contracts on the Corporation.

9. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 16 Leases

Adoption of IFRS 16 will result in the Company recognizing right of use assets and lease liabilities for all contracts that are, or contain, a lease.

In the new model a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

i) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and

ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

For leases currently classified as operating leases, under current accounting requirements the Company does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

Instead of recognizing an operating expense for its operating lease payments, the Company will instead recognize interest on its lease liabilities and amortization on its right-of-use assets. IFRS 16 Leases is effective for reporting periods (interim and annual) beginning on or after January 1, 2019. The Corporation does not expect the implementation of IFRS 16 to have a material impact on its financial statements.

Additional pronouncements were issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee that are mandatory for future accounting periods. Many are not applicable to or do not have a significant impact on the Corporation.

10. COMMITMENTS

As of December 31, 2018, the Corporation did not have any commitments outstanding.

11. OTHER INFORMATION

As at December 31, 2018, 4,250,000 Common Shares were issued and outstanding.

Selected Annual information

	December 31, 2018
Revenues	-
Loss	195,000
Loss per share attributed to Common shareholders	0.10
Total assets	30,000
Total non current liabilities	-

Quarterly Information

	Q4/2018	Q3/2018	Q2/2018
Financial Results			
Revenues	-	-	-
Gross margin	-	-	-
Loss	19,000	176,000	-
Loss attributed to Common shareholders	19,000	176,000	-
Loss per share attributed to Common shareholders	0.01	0.09	-
Balance Sheet			
Working capital	30,000	23,000	-
Total assets	30,000	23,000	-

Non-GAAP Measures

The MD&A contains the term working capital. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. These Non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These non- GAAP measures do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

	December 31, 2018	September 30, 2018
Current Assets		
Other accounts receivable	30,000	23,000
Total assets	30,000	23,000

Current liabilities		
Current liabilities	-	-
Working capital (current assets less current liabilities)	30,000	23,000

On December 21, 2018, the Corporation signed a consulting agreement according to which the Corporation issued 500,000 Common Shares without nominal par value to its Chief Financial Officer for CAD 0.02 per Common share. The consideration was recorded as receivables on account of shares. As of the date of the financial statements, the consideration has not been received.

On January 14, 2019 and January 29, 2019, the Corporation closed a private placement of a convertible notes (the "**Convertible Notes**") for aggregate proceeds of CAD 398,070 (USD 300,000). Funds with respect aggregate principal amount of Convertible Notes are held in escrow by the Corporation's legal counsel and committed to repayment of the Convertible Notes on or after August 30, 2019, if the Convertible Notes are not on or at that date, converted to Common Shares. The Convertible Notes will accrue interest at a rate of 7 percent per annum after August 30, 2019. The Convertible Notes will be converted to Common Shares by the lender at any time at a conversion price of CAD 0.12 per Common Share. The Convertible Notes will be convertible into Common Shares on issue of a final receipt for prospectus of the Corporation and closing of an offering of 2,777,778 minimum shares at a price of no less than CAD 0.18 per share on or prior to August 30, 2019. It is the intention of the Corporation, concurrent with the Closing of the IPO (see note 1), to convert all of the Convertible Notes to Common Shares which would entail the issuance of additional Common Shares and reduce the "Debt" amount to nil (assuming conversion of the Convertible Note issued to Solsken as described below).

Effective April 15, 2019 the Corporation and InnoCan Israel entered into a number of arrangements with Solsken Limited ("**Solsken**"), the results of which are to provide InnoCan, subject to Closing, an additional USD 3,000,000 equity investment (including USD 2,000,000 received on April 16, 2019 by InnoCan Israel), to set a framework for various potential product development, Solsken-branding, and marketing initiatives based on InnoCan intellectual property, and to address possible cooperation in the field of cannabis cultivation and processing facilities by InnoCan Israel and Solsken through one or more special purpose vehicles.

The various arrangements between InnoCan and Solsken are as follows:

Solsken Private Placement Agreement – pursuant to which Solsken agreed to purchase 4,000,000 Common Shares at USD 0.125 per Common Share (aggregate USD 500,000). Completion of this private placement will occur following the Share Exchange, not sooner than three business days prior to a listing of Common Shares on the Canadian Securitas Exchange ("**CSE**") and upon at least 5 business days' notice to Solsken.

Unsecured Convertible Note Private Placement – pursuant to which Solsken purchased a USD 500,000 non-interest bearing convertible note from InnoCan, convertible to Common Shares at a price of USD 0.09435 per Common Share by Solsken at anytime and by the Corporation following Closing and prior to maturity. The note matures and is repayable after, but not before, August 30,

2019 and the subscription amount for the note is held in escrow to be released to the Corporation on conversion to Common Shares or on maturity in repayment of the note to Solsken if the note is not converted prior to that time.

Framework Agreement – pursuant to which, *inter alia*, InnoCan:

a) agrees not to issue additional securities without the consent of Solsken other than pursuant to the prospectus or share compensation arrangements prior to obtaining a conditional listing approval on a stock exchange or termination of the Share Exchange Agreement;

b) grants Solsken a pre-emptive right to participate, pro-rata, in any cash equity issuances for so long as Solsken holds at least 5% of the issued and outstanding Common Shares; and

c) agrees to pursue an exchange listing on the terms represented by this Offering.

Nomination Rights Agreement – pursuant to which, the Corporation has agreed to include as directors, and amongst future nominees for election as directors up to two (2) nominees of Solsken if Common Shares beneficially owned or controlled by Solsken are equal to or greater than 10% of the issued and outstanding Common Shares and one (1) nominee if greater or equal to 5% of the issued and outstanding Common Shares, but less than 10%.

The Corporation is in the process of submitting a preliminary prospectus with respect to the Offering in order to qualify a minimum of 2,777,778 (the "**Minimum Offering**") and a maximum of 5,555,556 (the "**Maximum Offering**") units (the "**Units**") of the Corporation at a price of CAD 0.18 per Unit (the "**Offering Price**"). Each Unit consists of one Common Share in the capital of the Corporation (each, a "**Unit Share**") and one-half of one Common Share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one Common Shares in the capital of the Corporation (each, a "**Warrant Share**") at an exercise price of CAD 0.30 for a period of 24 months following the closing date of the offering.

If, following the closing of the Offering, the closing price of the Common Shares on the CSE, or such other stock exchange on which the Common Shares are listed is equal to or greater than CAD 0.35 for any 20 consecutive trading days, the Corporation may, upon providing written notice to the holders of Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The Warrants will be transferable but will not be listed or quoted on any stock exchange or market. The Units are issued pursuant to an agency agreement (the "**Agency Agreement**"), between the Corporation and Leede Jones Gable Inc. (the "**Agent**").

Pursuant to the Agency Agreement, the Agent has agreed to act as the agent of the Corporation in connection with the Offering, and will receive a cash commission of 10% of the gross proceeds of the Offering (the "**Agent's Commission**"), being a minimum of CAD 50,000 and a maximum of CAD 100,000. In addition, the Agent has received a corporate finance fee of CAD 25,000 (the "**Corporate Finance Fee**"), plus GST, which is non-refundable, and will be reimbursed for certain of its expenses, including legal fees, incurred pursuant to this Offering. The Corporation will also grant to the Agent upon completion of the Offering, non-transferable Common Share purchase options (the "**Compensation Options**") entitling the Agent to purchase such number of Common Shares (the "**Option Shares**") as is equal to 10% of the total number of Units sold by the Agent

pursuant to the Offering. Each Compensation Option will entitle the Agent to acquire one Option Share at an exercise price of CAD 0.18 per Option Share during the twenty-four (24) month period following the Closing Date.

INNOCAN PHARMA CORPORATION

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

INNOCAN PHARMA CORPORATION

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

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The amounts are stated in thousand US dollars

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF

INNOCAN PHARMA CORPORATION

Opinion

We have audited the financial statements of InnoCan Pharma Corporation (the "**Company**" or "**InnoCan**"), which comprise the statement of financial position as at December 31, 2018. The audit also includes statement of comprehensive income, changes in equity and of cash flow for the period from May 31, 2018 (inception) to December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flow for the period from May 31, 2018 (inception) to December 31, 2018 in accordance with International Financial Reporting Standards ("**IFRS**").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements relevant to the audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1.3 in the financial statements, which indicated that the Company incurred a net loss of 195 thousand during the period from May 31, 2018 (inception) to December 31, 2018. As stated in Note 1.3, these events or conditions, along with other matters as set forth in Note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Lior Shahar
Partner

Tel-Aviv, Israel

May 29, 2019

BDO Ziv Haft
Certified Public Accountants (Isr.)
BDO Member Firm

INNOCAN PHARMA CORPORATION
STATEMENT OF FINANCIAL POSITION

(US Dollar in thousands)

	Note	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Other accounts receivable		30
TOTAL ASSETS		30
SHAREHOLDERS' EQUITY:	3	
Share capital		225
Accumulated deficit		(195)
		30
TOTAL SHAREHOLDERS' EQUITY		30

		May 29, 2019
Daryl Fridhandler Director	William C. Macdonald Director	Date of approval of the Financial statements

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION

STATEMENT OF COMPREHENSIVE LOSS

(US Dollar in thousands except loss per share)

	Note	Period from May 31, 2018 (inception) to December 31, 2018
General and administrative expenses	7	195
Operating loss		195
Finance income		-
Finance expenses		-
Loss before taxes on income		195
Taxes on income	4	-
Total comprehensive loss		195
Basic and diluted loss per share	5	$0.10

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(US Dollar in thousands, except for number of shares)

	Share capital	Accumulated deficit	Total
Balance at May 31, 2018 (inception)	-	-	-
Changes during the period:			
Issuance of common shares to service providers	145	-	145
Issuance of common shares to directors	80	-	80
Total comprehensive loss	-	(195)	(195)
Balance at December 31, 2018	225	(195)	30

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION

STATEMENT OF CASH FLOWS

(US Dollar in thousands)

	Period from May 31, 2018 (inception) to December 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss for the period	(195)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Issuance of common shares to service providers	195
Net cash used in operating activities	-
Effects of exchange rate changes on cash and cash equivalents	-
Net increase in cash and cash equivalents	-
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	-
APPENDIX A: NON-CASH ACTIVITIES	
Other accounts receivable	30

The accompanying notes are an integral part of the financial statements.

NOTE 1 - GENERAL:

1. InnoCan Pharma Corporation. (the "**Company**" or "InnoCan"), was incorporated as a corporation in Canada and commenced its activity in May 2018. The Company's registered office is in Calgary, Canada.

2. The Company has financed itself to date by issuance of common shares in the capital of the Company ("**Common Shares**"). On September 3, 2018, the Company's shareholders approved entering into a letter of intent ("**LOI**") with respect to share exchange agreement between the Company and InnoCan Pharma Ltd. (the "**InnoCan Israel**"), according to which the Company intend to purchase by way of issuance of Common Shares (at a ratio of 735 Common Shares for each share of InnoCan Israel outstanding) to the shareholders of InnoCan Israel. Following the execution of the share exchange agreement, the Company intends to complete the IPO (as defined in Note 8).

3. Since inception, the Company has not generated any revenues and expects to continue to finance itself through raising adequate funds in the foreseeable future. The Company incurred a net loss of 195 for the period since inception to December 31, 2018 and generated 195 of accumulated deficit since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies followed in the preparation of the financial information, on a consistent basis, are:

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The financial statements have been prepared under the historical cost convention. The Company has elected to present the statement of comprehensive loss using the function of expense method.

Estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Share based compensation

The Company measures the share based expense and the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. This approach is based on the Black Scholes (1973) and Merton (1974) models ("Black Scholes Merton", or "BSM"), which takes into account the terms and conditions upon which the instruments were granted.

Foreign currency

The financial statements are prepared in US Dollars which is the functional currency of the Company due to the fact that most of the Company's costs are dominated in USD. Transactions and balances in foreign currencies are converted into US Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates". Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities - at the rate of exchange applicable at the statements of financial position date;
- Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive loss.
- Expense items - at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange at the time of the transaction.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or

B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the

asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Fair value measurement (cont.)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Classification of financial instruments by fair value hierarchy

Assets and liabilities presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

Financial assets

The Company classifies its financial assets, depending on the purpose for which the asset was acquired. The Company's accounting is as follows:

Receivables: these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortized cost using the effective interest method and less any impairment losses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence of impairment of a financial asset as follows. Financial assets carried at amortized cost:
There is objective evidence of impairment of loans and receivables if one or more events have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows. Evidence of impairment may include indications that the debtor is experiencing financial difficulties, including liquidity difficulty and default in interest or principal payments. The amount of the loss recorded in profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate at initial recognition).
If the financial asset has a variable interest rate, the discount rate is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. In a subsequent period, the amount of the impairment loss is reversed if the recovery of the asset can be related objectively to an event occurring after the impairment was recognized. The amount of the reversal, which is limited to the amount of any previous impairment, is recorded in profit or loss.

Loss per share

Basic earnings or loss per share are calculated as net profit or loss attributed to the Company, divided by the weighted average number of outstanding ordinary shares, during the period.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New IFRSs in the period prior to their adoption

IFRS 16 Leases

Adoption of IFRS 16 will result in the Company recognizing right of use assets and lease liabilities for all contracts that are, or contain, a lease.

In the new model a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

i) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and
ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

For leases currently classified as operating leases, under current accounting requirements the Company does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

Instead of recognizing an operating expense for its operating lease payments, the Company will instead recognize interest on its lease liabilities and amortization on its right-of-use assets.

IFRS 16 Leases is effective for reporting periods (interim and annual) beginning on or after January 1, 2019. The Company does not expect the adoption of IFRS 16 to have a material impact on its financial statements.

NOTE 3 - SHAREHOLDERS' EQUITY:

Composition:

	Number of shares as of December 31, 2018

(US Dollars in thousands)

	Authorized	Issued and outstanding
Common shares without nominal par value	4,250,000	4,250,000

1. On August 8, 2018 the Company issued 2,250,000 Common shares without nominal par value to service providers.
2. On September 30, 2018, the Company issued 1,500,000 Common shares without nominal par value to directors. The consideration was recorded as other accounts receivable.
3. On December 21, 2018, the Company signed a consulting agreement according to which the Company issued 500,000 common shares without nominal par value to its chief financial officer ("**CFO**") in consideration of 7 (CAD 10,000). The consideration was recorded as other accounts receivable. The beginning of the CFO's employment was set to March 2019.

NOTE 4 - TAXES ON INCOME:

A. Tax rate applicable to income in Canada

Canadian federal and provincial statutory tax rate was 27% in 2018. The Company has not received a final tax assessment since inception.

B. Theoretical income tax:

	Period from May 31, 2018 (inception) to December 31, 2018
Loss before income tax	(195)
Theoretical tax at applicable statutory tax rate (27%)	(53)
Deferred tax asset that cannot be recognized due to uncertainty	53
Income tax expenses	-

NOTE 4 - TAXES ON INCOME (CONT.):

C. Net operating losses carry forwards

(US Dollars in thousands)

As of December 31, 2018, the Company has estimated carry forward tax losses of approximately 195, which may be carried forward and offset against taxable income for an indefinite period in the future. The Company did not recognize deferred tax assets relating to carry forward losses in the financial statements because their utilization in the foreseeable future is not probable.

NOTE 5 - LOSS PER SHARE:

Loss per share has been calculated using the weighted average number of shares in issue during the relevant financial period, the weighted average number of equity shares in issue and loss for the period as follows:

	Period from May 31, 2018 (inception) to December 31, 2018
Loss for the year attributed to shareholders	195
Weighted average number of ordinary shares	1,919,393
Basic and diluted loss per share	$0.10

NOTE 6 - RELATED PARTIES:

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personnel and directors.

Key management personnel compensation

Key management personnel compensation and directors fee comprised the following:

Transaction - expense	Period from May 31, 2018 (inception) to December 31, 2018
Share based compensation	195

Assets related to related party

Name	Nature of transaction	December 31, 2018
Other receivables	Current assets	30

NOTE 7 - GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses comprise of share based compensation to the Company’s directors and service providers. Fair value of share based compensation was obtained using a structural approach. This

approach is based on Black Scholes Merton, which imply that all Company's securities may be analyzed as contingent claim on the Company's assets, and therefore, their value may be modeled as financial derivative contracts on the Company.

NOTE 8 - SUBSEQUENT EVENTS:

1. On January 14, 2019 and on January 29, 2019, the Company closed a private placement of convertible notes (the "**Convertible Notes**") for aggregate gross proceeds of USD 300 (CAD 388,350). Funds with respect to the 300 thousand (CAD 388,350) aggregate principal amount of the Convertible Notes are held in escrow by the Company's legal counsel and committed to repayment of the Convertible Notes on or after August 31, 2019, if the Convertible Notes are not on or at that date, converted to common shares. The Convertible Notes will accrue interest at a rate of 7% per annum after August 31, 2019. The Convertible Notes will be converted to common shares of the Company by the lender at any time at a conversion price of CAD 0.12 per common share. It is the intention of the Company, concurrent with the closing of an IPO (see Note 1), to convert all of the Convertible Notes to common shares which would entail the issuance of an additional common shares, reduce the "debt" amount to nil and the amount of common shares outstanding after giving effect to the share.

2. Effective April 15, 2019 the Company and InnoCan Israel entered into a number of arrangements with Solsken, the results of which are to provide InnoCan, subject to Closing, an additional USD 3,000,000 equity investment (including USD 2,000,000 received on April 16, 2019 by InnoCan Israel), to set a framework for various potential product development, Solsken-branding, and marketing initiatives based on InnoCan intellectual property, and to address possible cooperation in the field of cannabis cultivation and processing facilities by InnoCan Israel and Solsken through one or more special purpose vehicles.

   The various arrangements between InnoCan and Solsken are as follows:

   (i) Solsken Private Placement Agreement – pursuant to which Solsken agreed to purchase 4,000,000 Common Shares at USD 0.125 per Common Share (aggregate USD 500,000). Completion of this private placement will occur following the Share Exchange, not sooner than three business days prior to a listing of Common Shares on the Canadian Securities Exchange ("**CSE**") and upon at least 5 business days notice to Solsken;

(ii) Unsecured Convertible Note Private Placement – pursuant to which Solsken purchased a USD 500,000 non-interest bearing convertible note from InnoCan, convertible to Common Shares at a price of USD 0.09435 per Common Share by Solsken at anytime and by the Company following Closing and prior to maturity. The note matures and is repayable after, but not before, August 30, 2019 and the subscription amount for the note is held in escrow to be released to the Company on conversion to Common Shares or on maturity in repayment of the note to Solsken if the note is not converted prior to that time;

(iii) Framework Agreement – pursuant to which, *inter alia*, InnoCan:

(A) agrees not to issue additional securities without the consent of Solsken other than pursuant to this prospectus or share compensation arrangements prior to obtaining a conditional listing approval on a stock exchange or termination of the Share Exchange Agreement;

(B) grants Solsken a pre-emptive right to participate, pro-rata, in any cash equity issuances for so long as Solsken holds at least 5% of the issued and outstanding Common Shares; and

(C) agrees to pursue an exchange listing on the terms represented by this Offering.

(iv) Nomination Rights Agreement – pursuant to which the Company has agreed to include as directors, and amongst future nominees for election as directors up to two (2) nominees of Solsken if Common Shares beneficially owned or controlled by Solsken are equal to or greater than 10% of the issued and outstanding Common Shares and one (1) nominee if greater or equal to 5% of the issued and outstanding Common Shares, but less than 10%.

3. The Company is in a process of submitting a preliminary prospectus in order to qualify the initial public offering (the "**Offering**" or the "**IPO**") of a minimum of 2,777,778 (the "**Minimum Offering**") and a maximum of 5,555,556 (the "**Maximum Offering**") units (the "**Units**") of InnoCan at a price of CAD 0.18 per Unit (the "**Offering Price**"). Each Unit consists of one common share in the capital of the Company (each, a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Company (each, a "**Warrant Share**") at an exercise price of CAD 0.30 for a period of 24 months

following the closing date of the Offering. If, following the closing of the Offering, the closing price of the common shares in the capital of the Company (the "**Common Shares**") on the CSE, or such other stock exchange on which the Common Shares are listed is equal to or greater than CAD 0.35 for any 20 consecutive trading days, the Company may, upon providing written notice to the holders of Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The Warrants will be transferable but will not be listed or quoted on any stock exchange or market. The Units are issued pursuant to an agency agreement (the "**Agency Agreement**"), between the Company and Leede Jones Gable Inc. (the "**Agent**").

Pursuant to the Agency Agreement, the Agent has agreed to act as the agent of the Company in connection with the Offering, and will receive a cash commission of 10% of the gross proceeds of the Offering (the "**Agent's Commission**"), being a minimum of CAD 50,000 and a maximum of CAD 100,000. In addition, the Agent has received a corporate finance fee of CAD 25,000 (the "**Corporate Finance Fee**"), plus GST, which is non-refundable, and will be reimbursed for certain of its expenses, including legal fees, incurred pursuant to this Offering. The Company will also grant to the Agent upon completion of the Offering, non-transferable Common Share purchase options (the "**Compensation Options**") entitling the Agent to purchase such number of Common Shares (the "**Option Shares**") as is equal to 10% of the total number of Units sold by the Agent pursuant to the Offering. Each Compensation Option will entitle the Agent to acquire one Option Share at an exercise price of CAD 0.18 per Option Share during the twenty-four (24) month period following the Closing Date.

INNOCAN PHARMA LTD.

Management's Discussion and Analysis
For the year Ended December 31, 2018

1. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is management's assessment of the results and financial condition of InnoCan Pharma Ltd. (the "**Corporation**" or "**InnoCan**").

The following information should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2018 the notes to those financial statements.

The date of this management's discussion and analysis ("**MD&A**") is May 29, 2019. The Corporation's comparative amounts in this MD&A have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All dollar amounts are stated in United States dollar ("**USD**") unless otherwise indicated (for reference, "**NIS**" means Israeli New Shekel and "**CAD**" means Canadian dollar).

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("**forward-looking information**"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under "*Risks and Uncertainties*" in this MD&A.

Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Corporation disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

2. DESCRIPTION OF BUSINESS

Structure of the Corporation

The Corporation was incorporated in Israel under Israeli law on October 18, 2017 under the name "CannaHealth Pharmaceuticals Ltd.", and on March 18, 2018, the Corporation changed its name to "InnoCan Pharma Ltd.". The head office of the Corporation is 10 Hamenofim Street, Herzliya, Israel, 4672561, and the registered and records office of the Corporation is 2400, 525 8th Avenue SW, Calgary AB, T2P 1G1.

The Corporation plans to utilize a regulatory path that can shorten the time it takes for a drug to reach the market, a process that usually takes between 7-12 years and using the shortened process can result in an approval for over-the-counter drugs within 18-24 months. The Corporation intends to sell its products primarily in the US, Canadian and European markets. The OTC monograph dermal drugs the Corporation is developing are integrating CBD to comply with regulations in each of the jurisdiction where the Corporation expects to operate or sell its products.

The Corporation has initial plans of releasing two drugs: (i) the first designed to treat psoriasis symptoms, and (ii) the second designed to treat muscular pain. The Corporation has knowledge in the development of effective products that combine synergistically with conventional ingredients. The synergy between these products and cannabis ingredients reinforces the effectiveness of all the components and allows pricing that matches the market, as opposed to companies operating in the field that are based solely on the cannabinoids component of their products, which raises the price to the point of economic viability.

Share Exchange & Related Transactions

On September 3, 2018, the shareholders of InnoCan approved a potential share exchange (the "**Share Exchange**") and on October 4, 2018 the Corporation and InnoCan Pharma Corporation ("**InnoCan Canada**") entered into a share exchange agreement (the "**Share Exchange Agreement**").

Pursuant to the Share Exchange Agreement, InnoCan shareholders will receive common shares in the capital of the InnoCan Canada (the "**Canada Shares**") in exchange for their InnoCan ordinary shares (the "**Ordinary Shares**"), on the basis of seven hundred and thirty-five (735) Canada Shares for each one (1) Ordinary Share. As a result, the holders of Ordinary Shares will receive an aggregate of 99,690,990 Canada Shares.

All of the issued and outstanding InnoCan Ordinary Share purchase warrants, by agreement among InnoCan Canada, InnoCan and each InnoCan warrant holder, will become warrants of InnoCan Canada and will be exercisable for Canada Shares following the closing of the initial public offering of InnoCan Canada (the "**Offering**" or the "**IPO**"), at a price equal to CAD 0.009 for a period of eighteen (18) months from the date of the closing of the Offering.

Pursuant to the Share Exchange Agreement, the completion of the Share Exchange is conditional on InnoCan Canada receiving all exchange, regulatory and third party approvals, consents and authorizations to close the Offering. It is a condition to the closing of the Share Exchange that InnoCan Canada acquires no less than 80% of the Ordinary Shares.

Description of the Corporation's Principal Businesses and Operations

InnoCan is a pharma-tech Corporation whose operations, research and development are currently based in Israel. The Corporation is focused on the development and sale of CBD integrated drugs, including, but not limited to, topical treatments for relief of psoriasis symptoms and the treatment of muscle pain and rheumatic pain.

Significant Financial Developments during the Period

On October 18, 2017 InnoCan was established by Yonatan Berlin, issuing 5,000 Ordinary Shares at NIS 0.01 (USD 0.0027) per Ordinary Share.

Between January to June 2018, InnoCan issued a total of 95,000 Ordinary Share of NIS 0.01 (USD 0.0027) par value to different investors for a total consideration of USD 9,500. In March and April 2018, InnoCan issued 13,000 Ordinary Shares to certain advisors as share based payment. The fair value of their services were valuated at USD 180,000.

In June 2018, InnoCan completed a non-brokered private placement of units of InnoCan (the "**InnoCan Units**") at prices between USD 59.85 and USD 67.8 per InnoCan Unit. Each InnoCan Unit was comprised of one Ordinary Share and one (1) InnoCan warrant. The issuance was done according to certain share purchase agreements (the "**SPAs**") with six different investors (the "**Investors**") according to which, InnoCan issued an investment units consisting of 1,826 Ordinary Shares and 1,826 Ordinary Share purchase warrants, exercisable into 1,826 Ordinary Shares, on the payment CAD 66.15 per Ordinary Share

On August 26 2018, InnoCan completed a brokered private placement resulting in gross proceeds of USD 800,000 (the "**Crowdfunding Private Placement**"). The Crowdfunding Private Placement involved the sale of 12,133 Ordinary Shares at a price of NIS 244 (approximately USD 67) per Ordinary Share.

As part of the Crowdfunding Private Placement, InnoCan paid commissions of NIS 380,000 (approximately USD 110,000).

In August and September 2018, InnoCan Israel issued 2,345 Ordinary Shares of NIS 0.01 par value to different investors for a total consideration of NIS 570,000 (approximately USD 162,000) on the same terms as the Crowdfunding Private Placement.

On September 3, 2018 InnoCan Israel issued 2,100 Ordinary Shares of NIS 0.01 par value to InnoCan Israel's CEO and service provider at the same terms as the Crowdfunding Private Placement at a fair value for those services.

During October and November 2018, InnoCan Israel issued 2,149 Ordinary Shares of NIS 0.01 par value to different investors for a total consideration of NIS 524 thousands (approximately USD 142 thousands) at the same terms as the Crowdfunding Private Placement.

Financial Review

The following financial data prepared in accordance with IFRS is presented for the year ended December 31, 2018 the period from October 18, 2017 (inception) to December 31, 2017.

	Year ended December 31, 2018 (USD in thousands)	Period from October 18, 2017 (inception) to December 31, 2017 (USD in thousands)
Research and development expenses	534	11
Sales and marketing expenses	180	15
General and administrative expenses	452	57
Operating loss	1,166	83
Financial expense	26	-
Loss before taxes on income	1,192	83
Taxes on income	-	-
Total comprehensive loss	1,192	83

	As of December 31, 2018 (USD in thousands)	As of December 31, 2017 (USD in thousands)
Total Assets	660	30
Total non-current financial liabilities	60	0

Year Ended December 31, 2018, Compared to period from October 18, 2017 (inception) to December 31, 2017

Research and Development Expenses

For the year ended December 31, 2018, research and development expenses amounted to USD 534,000 as compared to USD 11,000 for the period from October 18, 2017 (inception) to December 31, 2017. The increase in research and development expenses in 2018 was generally as a result of increased activity. An increase in wages during 2018 of USD 63,000 (twelve month period in 2018 compared to two months period in 2017), option agreement expenses with Yissum (the commercial Corporation of the Hebrew University, Jerusalem) of USD 419,000 in 2018 compared to none in 2017, from patents and material expenses in 2018 of USD 28,000 compared to none in 2017 and from share based payment expenses of USD 11,000 in 2018 compared to none in 2017.

Sales and Marketing Expenses

For the year ended December 31, 2018, sales and marketing expenses amounted to USD 180,000 as compared to USD 15,000 for the period from October 18, 2017 (inception) December 31, 2017. The increase in sales and marketing expenses in 2018 was mainly as a result of an increase in wages of USD 109,000 during 2018 (twelve month period in 2018 compared to two months period in 2017), from consultant's expenses of USD 34,000 in 2018 compared to none in 2017 and from share based payment expense of USD 17,000.

General and Administrative Expenses

For the year ended December 31, 2018, general and administrative expenses amounted to USD 452,000 as compared to USD 57,000 for the period from October 18, 2017 (inception) December 31, 2017. The increase in general and administrative expenses in 2018 was mainly as a result of an increase in wages and related benefits of USD 150,000 during 2018 (due to twelve months period in 2018 compared to two months period in 2017), an increase in professional services of USD 164,000 and from share based payment expense of USD 29,000 in 2018 compared to none in 2017.

Finance Expenses

For the year ended December 31, 2018, finance expenses, net amounted to USD 26,000, as compared to none for the period from October 18, 2017 (inception) December 31, 2017. The increase in finance expenses is considered immaterial.

3. LIQUIDITY AND CAPITAL RESOURCES

The Corporation has financed itself by issuance of shares. Following the execution of the Share Exchange Agreement, InnoCan Canada plans to complete the IPO. The proceeds from the IPO will continue to fund the research, development and commercialization of the technology and marketing activity.

Since inception, the Corporation has not generated any revenues and expects to continue to finance itself through raising adequate funds in the foreseeable future. The Corporation incurred a net loss of USD 1,192,000 for the year ended December 31, 2018 and generated USD 1,275,000 of accumulated deficit since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. These uncertainties have been largely overcome by the Solsken Limited ("**Solsken**") USD 2,000,000 private placement (discussed below under *Subsequent Events*), as well as with other arrangements with Solsken and with the IPO.

As at December 31, 2018, the Corporation had a working capital of USD 184,000 (a negative working capital of USD 53,000 as at December 31, 2017), which consisted of current assets of cash and cash equivalents and other receivables and current liabilities of other accounts payable and accrued liabilities.

As at December 31, 2018 (after giving effect to the IPO proceeds), the Corporation expects to have sufficient resources to continue its operations for at least the next 12 months, including the payments of current liabilities, when they fall due.

Year Ended December 31, 2018, Compared to the period from October 18, 2017 (inception) to December 31, 2017

During the year ended December 31, 2018, the Corporation's overall position of cash and cash equivalents increased by USD 208,000. This increase in cash can be attributed to the following:

- The Corporation's net cash used in operating activities during 2018 was USD 909,000 as compared to none for period from October 18, 2017 (inception) to December 31, 2017. The net cash used in operating activities in 2018 is mainly due to loss of USD 1,192,000 and an increase in account receivables of USD 263,000 which was set off by an increase in other account payables of USD 131,000, short term liability of USD 257,000, share based payment of USD 57,000 and expenses due from issuance of Ordinary Shares to service providers of USD 85,000.
- Cash used in investing activities during 2018 was USD 3,000 as compared to none for period from October 18, 2017 (inception) to December 31, 2017. In 2018, the cash was used primarily to purchase of property and equipment.
- Cash provided by financing activities during 2018 was USD 1,118,000 as compared to USD 6,000 for period from October 18, 2017 (inception) to December 31, 2017. The cash provided in 2018, mainly resulted from the issuance of Ordinary Shares in the aggregate value of USD 998,000 and from the issuance of Ordinary Shares and warrants upon investment units of USD 120,000.

4. OFF BALANCE SHEET ARRANGEMENTS

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

5. TRANSACTIONS BETWEEN RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. This would include the Corporation's senior management, who are considered to be key management personnel by the Corporation.

Parties are also related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Corporation has transactions with key management personal.

	Year ended December 31, 2018 (USD in thousands)	From Period of Incorporation October 18, 2017 to December 31, 2017 (USD in thousands)
Salary expenses to the CEO (*)	165	Nil
Salary expenses to VP Business development	74	15
Salary expenses to the Board of director's Chairman	63	12
Salary expenses to the CFO	42	Nil

(*) Including share based payment expense of USD 57,000 and USD 54,000 signing bonus expense.

	As of December 31, 2018 (USD in thousands)	As of December 31, 2017 (USD in thousands)
Balances owing from the CEO	(13)	Nil
Balances owing to the VP Business development	27	15
Balances owing to Board of director's Chairman	8	-
Balances owing to the CFO	11	Nil

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES

The Corporation's financial instruments consist of cash and cash equivalents, other receivables and other accounts payable. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Management understands that the Corporation is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates as its operations are located in Israel, and the Corporation's functional and presentation currency is the USD. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

The Corporation is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Corporation (the "**Board of Directors**") approves and monitors the risk management process. The overall objectives of the Board of Directors are to set policies that seek to reduce risk as far as possible without unduly affecting the Corporation's competitiveness and flexibility.

The type of risk exposure and the way in which such exposure is managed is as follows:

a) Credit Risk – The Corporation has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to financial instruments is remote.

b) Liquidity Risk – The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they come due by raising sufficient funds and accelerating revenues by using OTC Monograph strategy. As at

December 31, 2018, the Corporation had a positive working capital balance of USD 184,000 (December 31, 2017 - a negative working capital of USD 53,000), and the Corporation has little exposure to liquidity risk.

c) Market Risk – Competitive Conditions – The pharmaceutical industry is characterized by extensive research efforts, rapid technological change and intense competition. Competition can be expected to increase as technological advances are made and commercial applications for pharmaceutical products increase. Competition in the pharmaceutical industry is based primarily on the following: product performance, efficacy, safety, ease of use and adaptability to various modes of administration, patient compliance, price, acceptance by physicians, marketing and distribution.

   The availability of patent protection in the pharmaceutical market, including the US, the European Union, Canada and other jurisdictions of commercial interest and the ability to obtain governmental approval for testing, manufacturing and marketing are also important factors. InnoCan faces competing forces in each of its markets, however, owing to their sheer size, each market provides ample opportunity for a new player offering novel solutions to consumers of said market, to carve out a foothold, which it can use as a springboard for capturing additional market share and for extending into other related markets.

d) Interest Rate Risk – The Corporation has cash and no interest-bearing debt. The Corporation's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Corporation periodically monitors its cash activity and is satisfied with the credit ratings of its banks.

e) Foreign Currency Risk – The Corporation is exposed to foreign exchange risk as its operations are conducted primarily in currency of the US.

f) Fair Values – The carrying values of other receivables and other accounts payables approximate their fair values due to their short terms to maturity. The cash is valued using quoted market prices in active markets.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements to which this MD&A requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

Derivative Fair Value Measurement

During May to June 2018, InnoCan signed the SPAs with certain investors according to which InnoCan issued investment units consisting of 1,826 Ordinary Shares and 1,826 Ordinary Share purchase warrants, exercisable into 1,826 Ordinary Shares. Each warrant has an exercise price equal to 50% of the price per share at the closing of a future initial public offering or a reverse merger.

The warrants were recorded as a derivative financial liability and will be re-measured each reporting date, with changes in fair value recognized in finance expense (income), net.

The fair value of the derivative was obtained using a structural approach. This approach is based on the Black Scholes (1973) and Merton (1974) models, which imply that all corporate securities may be analyzed as contingent claim on InnoCan assets, and therefore, their value may be modeled as financial derivative contracts.

8. NEW ACCOUNTING POLICIES ADOPTED

IFRS 9 Financial Instruments:

The Corporation applied IFRS 9, "Financial Instruments" ("**IFRS 9"**) as of January 1, 2018. IFRS 9 replaces IAS 39, "Financial Instruments: Recognition and Measurement". The adoption of IFRS 9 had no material impact on the Corporation's financial statements.

IFRS 15 – "Revenue from Contracts with Customers" (hereafter – IFRS 15):

The Corporation applies IFRS 15 (the "**Standard**") as of January 1, 2018. The Standard supersedes other IFRS provisions relating to revenue recognition. The Corporation determines revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, the Corporation satisfies a performance obligation

The adoption of IFRS 15 had no impact on the Corporation's financial statements**.**

9. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain pronouncements were issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee that are mandatory for future accounting periods. Many are not applicable to or do not have a significant impact on the Corporation and have been excluded from the list below.

IFRS 16 Leases:

Adoption of IFRS 16 will result in the Corporation recognizing right of use assets and lease liabilities for all contracts that are, or contain, a lease.

In the new model a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

i) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and

ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

For leases currently classified as operating leases, under current accounting requirements the Corporation does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

Instead of recognizing an operating expense for its operating lease payments, the Corporation will instead recognize interest on its lease liabilities and amortization on its right-of-use assets.

IFRS 16 Leases is effective for reporting periods (interim and annual) beginning on or after January 1, 2019.

The Corporation does not expect IFRS16 to have a material impact on its financial statements.

10. COMMITMENTS

As of December 31, 2018, there is a restricted deposit in the amount of USD 26,000, which is secured to an Israeli bank to secure a credit line from the bank and a deposit in the amount of USD 3,000 to secure rent obligations.

11. OTHER INFORMATION

The following details the Ordinary Shares, warrants, compensation warrants, and stock options, warrants outstanding as of the date of this MD&A:

Ordinary Shares - Balance of Ordinary Shares as at December 31, 2018 was 133,553.

Share Purchase Warrants

Number Of Warrants	Exercise Price	Exercisable at December 31, 2018	Expiry Date
1,826	TBD (1)	1,826	TBD (2)

Notes:

(1) Price per Ordinary Share will be at the closing of an initial public offering or a reverse merger after 50% deduction.

(2) The warrants are exercisable until the earlier of: (i) September 1, 2019; (ii) Corporation's liquidation; or (iii) an investment that will be made in the Corporation during the warrant term at a Corporation valuation which is at least USD 20,000,000.

During October and November 2018, the Corporation issued 2,149 Ordinary Shares of NIS 0.01 par value to different investors for a total consideration of NIS 524 thousands (approximately USD 142 thousands) at the same terms as the Brokered Private Placement.

On March 5, 2019, the Corporation issued 520 Ordinary Shares of NIS 0.01 par value to different investors for a total consideration of NIS 127 thousand (approximately USD 35) at the same terms as the Crowdfunding Private Placement.

Selected Annual Information (in USD):

	December 31, 2018	December 31, 2017
Revenues	-	-
Loss	1,192,000	83,000
Loss per share attributed to Common shareholders	10.37	1.81
Total assets	660,000	30,000
Total non current liabilities	60,000	-

Subsequent Events

Effective April 15, 2019 the Corporation and InnoCan Canada entered into a number of arrangements with Solsken, the results of which are to provide InnoCan Canada, subject to Closing, an additional USD 3,000,000 equity investment (including USD 2,000,000 received on April 16, 2019 by the Corporation), to set a framework for potential product development, Solsken-branding, and marketing initiatives based on InnoCan's intellectual property, and to address possible cooperation in the field of cannabis cultivation and processing facilities by the Corporation and Solsken through one or more special purpose vehicles.

The various arrangements between Solsken and the Corporation are as follows:

- Solsken Share Purchase Agreement – pursuant to which Solsken agreed for a purchase price of USD 2,000,000 to purchase 28,840 Ordinary Shares (at a price of USD 69.348 per Ordinary Share) together with the issuance by InnoCan Israel to Solsken of: (i) 19,023 Solsken A Warrants exercisable at USD 92.304 per Ordinary Shares for a period of 24 months from April 15, 2019, subject to an accelerated exercise expiry at any time following April 15, 2020, should the weighted average volume trading price over a consecutive 30 day period exceed USD 138.696 or CAD 0.25 in Common Shares following the Closing; and (ii) 2,721 Solsken B Warrants exercisable at USD 91.875 per Ordinary Share for a period of 28 months from April 15, 2019, subject to an accelerated exercise expiry following July 31, 2020, should the weighted volume trading price over a consecutive 30 day period exceed USD 183.75 or CAD 0.335 in Common Shares following Closing.

- Cooperation Agreement – pursuant to which:

  InnoCan will lead on product development, retain all intellectual property ownership and provide Solsken with worldwide non-exclusive, non-transferrable, irrevocable licenses for: (a) Solsken-branded products to be produced, marketed and sold by Solsken with respect to InnoCan Israel's OTC pharmaceutical products ("**OTC Products**"); (b) "Solsken" branded cosmetic products incorporating CBD ("**Cosmetic Products**") to be developed by InnoCan Israel; and (c) at the request of Solsken, to consider the development of specific additional OTC Products or Cosmetic Products and develop particulars jointly with Solsken in statements of work agreed upon with respect to any such additional products, when the development is paid by Solsken and the resulting intellectual property is owned by InnoCan.

  The Cooperation Agreement prescribes royalties payable by Solsken to InnoCan Israel, to be agreed based on: (i) relevant Products to be produced and marketed; (ii) Market Standard Terms; (iii) specific relevant territories; (iv) quantity of products and total cumulative royalties paid over time.

  The Cooperation Agreement further provides additional details for different possible situations, development of new products, terms & termination of the license and other relevant terms.

  The Cooperation Agreement further provides for additional details regarding the cooperation in different territories, solutions to coexistence of Solsken brand and InnoCan brand, development of new products, terms & termination of the license and other relevant terms.

- Production Facility Cooperation Agreement – pursuant to which it is agreed that if the Corporation is willing and able to advance arrangements for the establishment of one or more facilities to develop and operate: (i) a cannabis cultivation facility; (ii) cannabis extraction facility; and (iii) vegetative cultivation for cannabis plants, such a facility will be established in a special purpose vehicle for such a facility on an equal basis (costs and ownership. The terms also include addressing situations of demand for investment and mutual decisions. The requirements applicable to this agreement further provide that the relationship of the Corporation and Solsken in the establishment of Cannabis facilities under the terms set forth in this agreement shall continue until the cultivation/growing space of facilities is equal to or exceeds 50,000 m2 and extraction facility annual production exceeds 12 tonnes. The agreement may not be assigned except by Solsken to an Affiliate.

InnoCan Canada

InnoCan Canada is in a process of submitting a preliminary prospectus in order to qualify the initial public offering (the "**Offering**" or the "**IPO**") of a minimum of 2,777,778 (the "**Minimum Offering**") and a maximum of 5,555,556 (the "**Maximum Offering**") units (the "**Units**") of InnoCan Canada at a price of CAD 0.18 per Unit (the "**Offering Price**"). Each Unit consists of one common share in the capital of InnoCan Canada (each, a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each

Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of InnoCan Canada (each, a "**Warrant Share**") at an exercise price of CAD 0.30 for a period of 24 months following the closing date of the Offering. If, following the closing of the Offering, the closing price of the common shares in the capital of the InnoCan Canada (the "**Common Shares**") on the Canadian Securities Exchange, or such other stock exchange on which the Common Shares are listed is equal to or greater than CAD 0.35 for any 20 consecutive trading days, InnoCan Canada may, upon providing written notice to the holders of Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The Warrants will be transferable but will not be listed or quoted on any stock exchange or market. The Units are issued pursuant to an agency agreement (the "**Agency Agreement**"), between InnoCan Canada and Leede Jones Gable Inc. (the "**Agent**").

Pursuant to the Agency Agreement, the Agent has agreed to act as the agent of InnoCan Canada in connection with the Offering, and will receive a cash commission of 10% of the gross proceeds of the Offering (the "**Agent's Commission**"), being a minimum of CAD 50,000 and a maximum of CAD 100,000. In addition, the Agent has received a corporate finance fee of CAD 25,000 (the "**Corporate Finance Fee**"), plus GST, which is non-refundable, and will be reimbursed for certain of its expenses, including legal fees, incurred pursuant to this Offering. InnoCan Canada will also grant to the Agent upon completion of the Offering, non-transferable Common Share purchase options (the "**Compensation Options**") entitling the Agent to purchase such number of Common Shares (the "**Option Shares**") as is equal to 10% of the total number of Units sold by the Agent pursuant to the Offering. Each Compensation Option will entitle the Agent to acquire one Option Share at an exercise price of CAD 0.18 per Option Share during the twenty-four (24) month period following the Closing Date.

12. RISKS AND UNCERTAINTIES

Risks Related to Our Business and Industry

Going Concern

The Corporation has financed itself through issuance of shares. Following the execution of the Share Exchange Agreement, InnoCan Canada intends to complete the IPO. The consideration to be raised will continue to fund the research, development and commercialization of the technology and marketing activity until reaching sufficient operating profit.

Since inception, the Corporation did not generate any revenues and expected to continue finance itself through raising adequate funds in the foreseeable future, further, it incurred a net loss of USD 1,192,000 for the year ended December 31, 2018 and generated USD 1,275,000 of accumulated deficit since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. These uncertainties have been largely overcome by the Solsken USD 2,000,000 private placement (discussed above under *Subsequent Events*) and other arrangements made with Solsken and IPO (as mentioned above).

Regulatory Risks

Successful execution of the Corporation's strategy is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory

approvals, where necessary, for the sale of its products, including maintaining and renewing its licenses. The impact of regulations in the jurisdictions where Corporation is looking to operate or sell its products, such as the compliance regimes under the Food and Drug Administration, European Medicines Agency, and Health Canada, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Corporation.

The Corporation will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Corporation's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Corporation's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, financial condition and operating results of the Corporation.

Change in laws, regulations and guidelines

The Corporation's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of pharmaceutical products but also including laws and regulations relating to drug, controlled substances, health and safety, the conduct of operations and the protection of the environment at the territories the Corporation is looking to be active. While to the knowledge of management, other than routine corrections that may be required by health authorities in the U.S., Canada and European Union from time to time, the Corporation is currently in compliance with all such laws. Changes to such laws, regulations and guidelines due to matters beyond the control of the Corporation may cause adverse effects to its operations.

The Corporation endeavors to comply with all relevant laws, regulations and guidelines at the territories the Corporation is looking to be active. To the Corporation's knowledge, it is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this MD&A.

Medical research of phytocannabinoids

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated phytocannabinoids remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated phytocannabinoids. The statements made in this MD&A concerning the potential medical benefits of cannabinoids are based on published articles and reports with details of research studies and clinical trials, including those shown in the list of third-party studies summarized in this prospectus. As a result, the statements made in this MD&A are subject to the experimental parameters, qualifications and limitations in the studies that have been completed.

We rely on management and need additional key personnel to grow our business, and the loss of key employees or inability to hire key personnel could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of our

management team and employees. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. In addition, the loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

Factors which may prevent realization of growth targets

The Corporation is currently in the expansion from early development stage. There is a risk that expansion and development will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these Risk Factors and the following:

- failure or delays in obtaining, or conditions imposed by, regulatory approvals;
- environmental pollution; non-performance by third party contractors; increases in materials or labour costs; construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- operational inefficiencies;
- labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions or storms.

As a result, there is a risk that the Corporation may not have product or sufficient product available to meet the anticipated demand or to meet future demand when it arises.

Additional financing

There is no guarantee that the Corporation will be able to execute on its strategy. The continued development of the Corporation may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business strategy or the Corporation ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Ordinary Shares. In addition, from time to time, the Corporation may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Corporation's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Corporation to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Corporation would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant

to such debt financing. The Corporation may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Corporation's ability to pursue its business objectives.

Competition

There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

Research and development and product obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Corporation's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render the Corporation's products obsolete, less competitive or less marketable. The process of developing the Corporation's products is complex and requires significant continuing costs, development efforts and third party commitments The Corporation's failure to develop new technologies and products and the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of the Corporation. The Corporation may be unable to anticipate changes in its potential customer requirements that could make the Corporation's existing technology obsolete. The Corporation's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of the Corporation's proprietary technology entails significant technical and business risks. The Corporation may not be successful in using its new technologies or exploiting its niche markets effectively or adapting its businesses to evolving customer or medical requirements or preferences or emerging industry standards.

Transportation risks

Due to the perishable and premium nature of the Corporation's products, the Corporation will depend on fast and efficient third party transportation services to distribute its product. Any prolonged disruption of third party transportation services could have an adverse effect on the financial condition and results of operations of the Corporation. Rising costs associated with the third party transportation services used by the Corporation to ship its products may also adversely impact the business of the Corporation and its ability to operate profitably.

Due to the nature of the Corporation's products, security of the product during transportation to and from the Corporation's facilities is of the utmost concern. A breach of security during transport or delivery could have a material and adverse effect on the business, financial condition and operating results of the Corporation. Any breach of the security measures during transport or delivery, including any failure to comply with recommendations or requirements of Health Canada, could also have an impact on the Corporation's ability to continue operating under its licenses or the prospect of renewing its licenses.

We may be subject to unfavourable publicity or consumer perception

The Corporation believes the medical cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the medical cannabis produced. Consumer perception of the Corporation's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's products and the business, results of operations, financial condition and cash flows of the Corporation. The Corporation's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Corporation, the demand for the Corporation's products, and the business, results of operations, financial condition and cash flows of the Corporation. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of medical cannabis in general, or the Corporation's products specifically, or associating the consumption of medical cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Product liability

As a manufacturer and distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the products produced by the Corporation caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the business, financial condition and operating results of the Corporation. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Corporation are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Corporation were subject to recall, the image of that product and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Corporation and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the operations of the Corporation by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Reliance on key inputs

The Corporation's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Corporation. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Corporation.

Dependence on suppliers and skilled labour

The corporation is dependent on various suppliers for inputs for its commercial products, in particular, the availability of CBD will vary in various target markets, depending on national regulations and supply levels..

Difficulty to forecast

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis pharmaceutical industry in North America and Europe. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Corporation.

Operating risk and insurance coverage

The Corporation has insurance to protect its assets, operations and employees. While the Corporation believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Corporation is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Corporation's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Corporation were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Corporation were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of growth

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Conflicts of interest

The Corporation may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities. In addition, the Corporation's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Corporation. In some cases, the Corporation's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Corporation's business and affairs and that could adversely affect the Corporation's operations. These business interests could require significant time and attention of the Corporation's executive officers and directors.

In addition, the Corporation may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or Companies with which the Corporation may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Corporation. In addition, from time to time, these persons may be competing with the Corporation for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Corporation's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation.

We are subject to environmental regulations and risks

The Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the business, financial condition and operating results of the Corporation.

Government approvals and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Corporation may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

In certain circumstances, the Corporation's reputation could be damaged

Damage to the Corporation's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the Corporation and its activities, whether true or not. Although the Corporation believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Corporation does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Corporation's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Third party reputational risk

The parties with which the Corporation does business may perceive that they are exposed to reputational risk as a result of the Corporation's medical cannabis business activities. This may impact the Corporation's ability to retain current partners, such as its banking relationship, or source future partners as required for growth or future expansion in Canada or the United States. Failure to establish or maintain business relationships could have a material adverse effect on the Corporation.

Changes to safety, health and environmental regulations could have a material effect on future operations

Safety, health and environmental legislation affects nearly all aspects of the Corporation's operations including product development, working conditions, waste disposal and emission controls. Compliance with safety, health and environmental legislation can require significant expenditures and failure to comply with such safety, health and environmental legislation may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, clean-up costs resulting from contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from the Corporation's existing operations, but from operations that have been closed or sold to third parties. The Corporation could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurances that the Corporation will at all times be in compliance with all safety, health and environmental regulations or that steps to achieve compliance would not materially adversely affect the Corporation's business.

Safety, health and environmental laws and regulations are evolving in all jurisdictions where the Corporation has activities. The Corporation is not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on its operations and activities, and its resulting financial position; however, the Corporation anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental regulation. Further changes in safety, health and environmental laws, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, may require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Corporation.

Information systems security threats

The Corporation has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. The Corporation's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. The Corporation's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Corporation's reputation and results of operations. The Corporation has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Corporation will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to

investigate and remediate any security vulnerabilities.

May 29, 2018
Iris Bincovich
Chief Executive Officer

INNOCAN PHARMA LTD.

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

INNOCAN PHARMA LTD.

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF

INNOCAN PHARMA LTD.

We have audited the accompanying statements of financial position of InnoCan Pharma Ltd. (the "**Company**") as of December 31, 2018 and 2017 and the related statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year ended December 31, 2018 and for the period from October 18, 2017 (inception) to December 31, 2017. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with International Standards of Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017 and the results of its operation and their cash flows for the year ended December 31, 2018 and for the period from October 18, 2017 (inception) to December 31, 2017, in conformity with International Financial Reporting Standards (IFRS).

We draw attention to Note 1.3 in the financial statements, since inception, the Company has not generated any revenues and expects to continue to finance itself through raising adequate funds in the foreseeable future. The Company incurred a net loss of USD 1,168 thousands for the year ended December 31, 2018 and generated USD 1,251 thousands of accumulated deficit since inception. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

Lior Shahar
Partner
Tel-Aviv, Israel

BDO Ziv Haft
Certified Public Accountants (Isr.)
BDO Member Firm

April 2, 2019

INNOCAN PHARMA LTD.

STATEMENTS OF FINANCIAL POSITION

(US Dollar in thousands)

		December 31,	
		2018	**2017**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		214	6
Other receivables	3	443	24
Total current assets		657	30
NON-CURRENT ASSETS:			
Property, plant and equipment, net		3	-
Total non-current assets		3	-
TOTAL ASSETS		660	30

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA LTD.

STATEMENTS OF FINANCIAL POSITION

(US Dollar in thousands)

	Note	December 31, 2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
CURRENT LIABILITIES:			
Short term liability	1 (4)	257	-
Other accounts payable	4	216	83
Total current liabilities		473	83
NON-CURRENT LIABILITIES:			
Derivative	5	60	-
Total non-current liabilities		60	-
SHAREHOLDERS' EQUITY (DEFICIENCY):	6		
Ordinary share capital		*	*
Additional paid in capital		1,402	24
Prepayment on account of shares		-	6
Accumulated deficit		(1,275)	(83)
Total Shareholders' equity (deficiency)		127	(53)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		660	30

***** Represent an amount lower than 1,000.

Iris Bincovich	Moshe Hukaylo	April 2, 2019
Chief Executive Officer	Chief Financial Officer	Date of approval of the Financial statements

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA LTD.

STATEMENTS OF COMPREHENSIVE LOSS

(US Dollar in thousands except loss per share)

	Note	Year ended December 31, 2018	Period from October 18, 2017 (inception) to December 31, 2017
Research and development expenses	7	534	11
Sales and marketing expenses	8	180	15
General and administrative expenses	9	452	57
Operating loss		1,166	83
Finance expenses		26	-
Loss before taxes on income		1,192	83
Taxes on income		-	-
Total comprehensive loss		1,192	83
Basic and diluted loss per share	13	$ 10.37	$ 1.81

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA LTD.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(US Dollar in thousands)

	Ordinary share capital		Additional paid in capital	Prepayment on account of shares	Accumulated deficit	Total
	Number	Amount				
Balance at October 18, 2017 (inception)	-	-	-	-	-	-
Changes during the period:						
Issuance of ordinary shares	5,000	*	24	-	-	24
Prepayment on account of ordinary shares	-	-	-	6	-	6
Total comprehensive loss	-	-	-	-	(83)	(83)
Balance at December 31, 2017	5,000	*	24	6	(83)	(53)
Changes during the period:						
Issuance of ordinary shares, net	111,627	*	1,004	(6)	-	998
Issuance of ordinary shares to service providers	14,250	*	241	-	-	241
Issuance of ordinary shares as part of an investment unit	1,826	*	76	-	-	76
Share based payment	850	*	57	-	-	57
Total comprehensive loss for the period	-	-	-	-	(1,192)	(1,192)
Balance at December 31, 2018	133,553	*	1,402	-	(1,275)	127

***** Represent an amount lower than 1,000.

INNOCAN PHARMA LTD.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

(US Dollar in thousands)

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA LTD.

STATEMENTS OF CASH FLOWS

(US Dollar in thousands)

	Year ended December 31, 2018	Period from October 18, 2017 (inception) to December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss for the period	(1,192)	(83)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	*	-
Share based payment	57	-
Expenses due from issuance of ordinary shares to service providers	85	-
Change in fair value of a derivative	16	-
Increase in other receivables	(263)	-
Increase in short term liability	257	-
Increase in other accounts payable	131	83
Net cash used in operating activities	(909)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(3)	-
Net cash used in investing activities	(3)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of ordinary shares, net	998	-
Prepayment on account of shares	-	6
Issuance of shares and warrants upon investment units	120	-
Net cash provided by financing activities	1,118	6
Effects of exchange rate changes on cash and cash equivalents	2	-
Net Increase in cash and cash equivalents	208	6
Cash and cash equivalents at the beginning of the period	6	-
Cash and cash equivalents at the end of the period	214	6

***** Represent an amount lower than 1,000.

INNOCAN PHARMA LTD.

STATEMENTS OF CASH FLOWS

(US Dollar in thousands)

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA LTD.

NOTES TO THE FINANCIAL STATEMENTS

(US Dollar in thousands)

NOTE 1 - GENERAL:

1. InnoCan Pharma Ltd. (the "**Company**") was incorporated in October 2017 and commenced its activity in November 2017. The Company is a pharmaceutical company which specializes in integrating cannabinoids with existing proven drugs to enhance their capabilities by harnessing the cannabinoids' healing properties and interaction with the human body's receptor system. The Company intends to sell its products mainly to the US, Canadian and European markets.
2. The Company has funded operations to date by issuance of shares. On September 3, 2018, the Company's shareholders approved entering into a letter of intent ("**LOI**") with respect to a share exchange agreement between the Company and InnoCan Pharma Corporation. (the "**Canadian Company**"), according to which the Canadian Company intends to purchase by way of issuance of common shares (at a 1:735 ratio basis) to the shareholders of the Company, all of the issued and outstanding shares of the Company. Following the execution of the share exchange agreement, the Canadian Company intends to complete the IPO (as defined in Note 15). The funds raised through the IPO will continue to fund the research, development and commercialization of the technology and marketing activity until reaching sufficient operating profit.
3. Since inception, the Company has not generated any revenues. The Company expects to continue to fund operations in the foreseeable future through raising equity. The Company incurred a net loss of 1,275 thousands since inception to December 31, 2018. These events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.
4. On August 26, 2018, the Company entered into a research and option agreement (the "**Option Agreement**") with the Yissum Research Development Company of the Hebrew University of Jerusalem Ltd. ("**Yissum**"). The Option Agreement allows the Company to receive the research results of Yissum in respect of the development, design, preparation, characterization and evaluation of hydrogels containing CBD (or other cannabinoid) loaded liposomes and steroid (MPS) loaded liposomes (the "**Research**") and grants the Company an exclusive option to enter into an agreement to license, on a worldwide basis, the results of the Research (the "**Option**"). Under the Option Agreement, the Company will finance the Research (to an amount of no less than 310,000 and additional overhead expenses of 108,000) over a period of 18 months in exchange for the Option. The Company may exercise the Option at any time from August 26, 2018 until the date that is sixty days from the Company's receipt of the final report in respect of the research (which is due March, 2020) (the "**Option Exercise Period**"), by notifying Yissum in writing (the "**Option Exercise Notice**"). Upon the date of Yissum's receipt of the

NOTE 1 - GENERAL (CONT.):

4. Cont.:

Option Exercise Notice, Yissum and the Company will then negotiate the terms and conditions of a license agreement in good faith during a period of up to 120 days.

All rights in the Research, including in any patent applications in connection with the Research that may be filed, shall be owned by Yissum unless an employee of the Company is properly considered an inventor of any patent application so filed, in which event such patent application shall be owned jointly by Yissum and the Company. As of December 31, 2018, the Company paid 161 in behalf of the Research and recorded 257,000 as a short term liability due to the remaining Research expenses obligated to pay.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies followed in the preparation of the financial information, on a consistent basis, are:

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention. The Company has elected to present the statement of comprehensive loss using the function of expense method.

Estimates and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change in estimate. No changes were made during the year ended December 31, 2018 and for the period from October 18, 2017 (inception) to December 31, 2017.

Foreign currency

The financial statements are prepared in US Dollars which is the functional currency of the Company due to the fact that most of the Company's costs are dominated in USD. Transactions and balances in foreign currencies are converted into US Dollars in accordance with the principles set forth by International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates".

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Foreign currency (Cont.)

Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities - at the rate of exchange applicable at the statements of financial position date;
- Exchange gains and losses from the aforementioned conversion are recognized in the statement of comprehensive loss.
- Expense items - at exchange rates applicable as of the date of recognition of those items.
- Non-monetary items are converted at the rate of exchange at the time of the transaction.

Cash and cash equivalents

Cash equivalents are considered by the Company to be highly-liquid investments, including, inter alia, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit and which are not restricted.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or;

B. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Fair value measurement (Cont.)

Classification of financial instruments by fair value hierarchy

Assets and liabilities presented in the statement of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques that use inputs that are not based on observable market data).

Financial assets and liabilities

The new standard IFRS 9 “Financial instruments” is of mandatory application since January 1, 2018. The Company elected not to restate the 2017 comparative period, as authorized by the standard. Such adoption did not lead to any adjustment recorded in the Company's opening equity at January 1, 2018. IFRS 9 comprises three phases: classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The Company was not affected by the new classification required by the standard to determine the way financial assets are recognized and measured.

Financial assets

Under IFRS 9, The Company holds either:

- financial assets measured at amortized cost or;
- financial assets measured at fair value through profit or loss.

Other receivables are recorded at fair value. A provision for expected credit losses for other receivables is recognized if their recoverable amount is less than their carrying amount. The introduction of a new expected loss model for impairment of financial assets under IFRS 9 had no impact on the initial recognition of the Company's other receivables. Receivables are classified as current assets, except for those with a maturity exceeding 12 months after the reporting date.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Financial assets and liabilities (Cont.)

Financial liabilities

The application of IFRS 9 has no impact on the Company's accounting policy regarding financial liabilities.
Financial liabilities include other accounts payable and short term liability. The Company initially recognize financial liabilities on the transaction date, which is the date that we become a party to the contractual provisions of the instrument. The Company derecognize financial liabilities when our contractual obligations are discharged, canceled or expire.
Financial liabilities are valued at amortized cost. The amount of interest recognized in financial expenses is calculated by applying the financial liability's effective interest rate to its carrying amount. Any difference between the expense calculated using the effective interest rate and the actual interest payment impacts the value at which the financial liability is recognized. Liabilities for short term employee benefits are included in financial liabilities. They are recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if we have a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Package Issuance

The consideration received from the issuance of a securities package is allocated to the various components of the package at their fair value at issuance date, in the following order:

1. Financial liabilities measured at fair value in each period
2. Financial liabilities measured at fair value on the date of initial recognition only
3. Equity instruments

Issuance costs attributed to each of the components according to the relative fair value as stated above.

De-recognition of financial instruments

Financial assets: A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Company has transferred its contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the cash flows in full without material delay to a third party and has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

De-recognition of financial instruments (Cont.)

Financial liabilities: A financial liability is derecognized when it is extinguished, that is when the obligation is discharged or cancelled or expires. A financial liability is extinguished when the creditor:

- discharges the liability by paying in cash, other financial assets, goods or services; or
- is legally released from the liability.

Where an existing financial liability is exchanged with another liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is accounted for as an extinguishment of the original liability and the recognition of a new liability. The difference between the carrying amounts of the existing liability and new liability is recognized in profit or loss. If the exchange or modification is not substantial, it is accounted for as a change in the terms of the original liability and no gain or loss is recognized on the exchange.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is any objective evidence of impairment of a financial asset as follows. Financial assets carried at amortized cost:
There is objective evidence of impairment of loans and receivables if one or more events have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows. Evidence of impairment may include indications that the debtor is experiencing financial difficulties, including liquidity difficulty and default in interest or principal payments. The amount of the loss recorded in profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate at initial recognition).
If the financial asset has a variable interest rate, the discount rate is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. In a subsequent period, the amount of the impairment loss is reversed if the recovery of the asset can be related objectively to an event occurring after the impairment was recognized. The amount of the reversal, which is limited to the amount of any previous impairment, is recorded in profit or loss.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Loss per share

Basic earnings or loss per share are calculated as net profit or loss attributed to the Company, divided by the weighted average number of outstanding ordinary shares, during the period.

Employee benefits

The Company contributes towards the state pension in accordance with local legislation where required. The only obligation of the Company is to make the required contributions. Costs related to such contributions are expensed in the period in which they are incurred.

The Company has several employee benefit plans as to Israeli employees:

1. Short-term employee benefits: Short-term employee benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Company has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.
2. Post-employment benefits: The Company's liability for severance pay is pursuant to Section 14 of the Severance Compensation Act, 1963 ("**Section 14**"), pursuant to which all the Company's employees are included under Section 14, and are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies. Under Israeli employment law, payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. The fund is made available to the employee at the time the employer-employee relationship is terminated, regardless of cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the balance sheets as the severance pay risks have been irrevocably transferred to the severance funds.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options calculated at the grant date based on the share fair price is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized
Over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge

is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Research and development

Costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

During the year ended December 31, 2018 and the period from October 18, 2017 (inception) to December 31, 2017, the Company did not meet the following criteria therefore all research and development recognized as expenses.

New accounting policies and disclosures

During the year ended December 31, 2018, the Company also applied the following new accounting standards:

IFRS 9 Financial Instruments

The Company applies IFRS 9, "Financial Instruments" ("**IFRS 9**") as of January 1, 2018. IFRS 9 replaces IAS 39, "Financial Instruments: Recognition and Measurement". The adoption of IFRS 9 did not have an impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

The Company applies IFRS 15 ('The Standard') as of January 1, 2018. The standard supersedes other IFRS provisions relating to revenue recognition. The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price

(US Dollar in thousands)

- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

The adoption of IFRS 15 did not have an impact on the Company's financial statements**.**

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

New IFRSs in the period prior to their adoption

IFRS 16 Leases

Adoption of IFRS 16 will result in the Company recognizing right of use assets and lease liabilities for all contracts that are, or contain, a lease.

In the new model a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

i) leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and
ii) leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

For leases currently classified as operating leases, under current accounting requirements the Company does not recognize related assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment.

Instead of recognizing an operating expense for its operating lease payments, the Company will instead recognize interest on its lease liabilities and amortization on its right-of-use assets.

IFRS 16 Leases is effective for reporting periods (interim and annual) beginning on or after January 1, 2019.

The Company does not expect to have material impact of the IFRS 16 on its financial statements.

NOTE 3 - OTHER RECEIVABLES:

	December 31,	
	2018	**2017**
Prepaid expenses	342	24
Tax authorities	59	-
Restricted deposit	29	-

(US Dollar in thousands)

Related party	13	-
Total	443	24

NOTE 4 - OTHER ACCOUNTS PAYABLE:

	December 31,	
	2018	**2017**
Employees, salaries and related liabilities	126	27
Accrued expenses	90	56
Total	216	83

NOTE 5 - DERIVATIVE:

Between May to June 2018, the Company signed share purchase agreements (the "**SPAs**") with six different investors according to which, the Company shall issue an investment unit which contains 1,826 ordinary shares of the Company and 1,826 warrants, exercisable into 1,826 Company's ordinary shares. Each warrant has an exercise price equal to 50% of the price per share at the closing of a future initial public offering ("**IPO**") or a reverse merger (see also Note 1). The warrants are exercisable during the period commencing at the date of the SPA and ending on the earlier of:

a. 18 months period following the date of the agreement.
b. Company's liquidation.
c. An investment that will be made in the Company during the warrant term at a company valuation which is at least 20,000,000.

ln the following events the Investors shall have to exercise the warrants or waive there rights therein:

a. If an investment of 8,000,000 or more will be executed during the term of the warrant at pre-money company valuation of least 18,000,000.
b. An IPO at pre-money Company valuation of at least 20,000,000.

In addition, according to the SPAs, five of the Investors will have a full ratchet protection regarding additional investment in the Company, for two years, for an investment within a company pre-money valuation lower than CAD 10,200,000 (approximately 8,000,000).

NOTE 5 - DERIVATIVE (CONT.):

(US Dollar in thousands)

The sixth Investor received full ratchet protection for two years, for an investment at a company pre-money valuation lower than NIS 25,000,000 (approximately 7,000,000).

The total consideration for the investment unit received from the five Investors and the additional Investor was 90,000 and 30,000, respectively.

The warrants and the ratchet were recorded as a derivative financial liability and will be re-measured each reporting date, with changes in fair value recognized in finance expense (income), net. The derivative financial liability as of December 31, 2018 amounted to 60,000. The amount was recorded according to its fair value valuation that was made by an independent third party appraisal.

NOTE 6 - SHAREHOLDERS' EQUITY (DEFICIENCY):

Composition:

	Number of shares as of December 31, 2018	
	Authorized	Issued and outstanding
Ordinary shares of NIS 0.01 par value	5,000,000	133,553

	Number of shares as of December 31, 2017	
	Authorized	Issued and outstanding
Ordinary shares of NIS 0.01 par value	5,000,000	5,000

1. The ordinary shares in the Company confer upon their holders the rights to receive notice to participate and vote in general meeting of the Company, and the right to receive dividends if and when declared.
2. Between October 2017 and January 2018, the Company signed investment agreements with several investors according to which the Company will issue a total of 100,000 Ordinary shares of NIS 0.01 par value for a total payment of 10,000. As of December 31, 2017, the Company issued 5,000 ordinary shares. In addition, 6,000 was received as prepayment on account of shares which yet to be issued.

   Between January to June, 2018, the Company issued the remaining 95,000 ordinary shares of NIS 0.01 par value.

NOTE 6 - SHAREHOLDERS' EQUITY (DEFICIENCY) (CONT.):

3. In March 2018, the Company issued 4,000 ordinary shares to an advisor as share based payment.

4. In April 2018, the Company issued 9,000 ordinary shares to a service provider which are contingent upon certain future events. The fair value of the services received were determined based on the fair value of share price valued by a third party appraiser, since the fair value of these services cannot be measured reliably. Due to the fact that as of today there is no certainty regarding the ratio between number of shares going to be issued and the number of shares going to be registered only, the Company postpone the expense and accrued issuance costs. At the future execution of the share exchange (see also Note 1.2), the transaction costs that related to the listing for trading will be expensed and the transaction costs that are related to capital raising will be deducted from equity.
5. In June 2018, the Company issued 1,826 ordinary shares within the investment units (see also Note 5).
6. In August 2018, the Company completed a brokered private placement (the "**Brokered Private Placement**") resulting in gross proceeds of approximately NIS 3,000,000 (approximately 800,000). The Brokered Private Placement involved the sale of 12,133 Company's ordinary shares at a price per share of NIS 244 (approximately $67). As part of the Brokered Private Placement, the Company paid approximately NIS 380,000 (approximately 110,000) commission fee.
7. In August and September 2018, the Company issued 2,345 ordinary shares of NIS 0.01 par value to different investors for a total consideration of NIS 570,000 (approximately 162,000) at the same terms as the Brokered Private Placement.
8. On September 3, 2018, the company issued 2,100 ordinary shares of NIS 0.01 par value to Company's chief executive officer and service provider at the same terms as the Brokered Private Placement. The fair value of the services received were determined based on the share price derived from the Brokered Private Placement took place in the same period since the fair value of these services cannot be measured reliably.
9. During October and November 2018, the Company issued 2,149 ordinary shares of NIS 0.01 par value to different investors for a total consideration of NIS 524,000 (approximately 142,000) at the same terms as the Brokered Private Placement.

NOTE 7 - RESEARCH AND DEVELOPMENT EXPENSES

(US Dollar in thousands)

	Year ended December 31, 2018	Period from October 18, 2017 (inception) to December 31, 2017
Research expenses	419	-
Payroll and related expenses	74	11
Materials	15	-
Patents	13	-
Share based payment	11	-
Other	2	-
Total	534	11

NOTE 8 - SALES AND MARKETING EXPENSES

	Year ended December 31, 2018	Period from October 18, 2017 (inception) to December 31, 2017
Payroll and related expenses	124	15
Consultants	34	-
Share based payment	17	-
Other	5	-
Total	180	15

NOTE 9 - GENERAL AND ADMINISTRATIVE EXPENSES:

(US Dollar in thousands)

	Year ended December 31, 2018	Period from October 18, 2017 (inception) to December 31, 2017
Professional services	209	45
Salaries	162	12
Share based payment	29	-
Insurance	10	-
Other	42	-
Total	452	57

NOTE 10 - TAXES ON INCOME:

Tax rate applicable to income in Israel

Israeli corporate tax rates are 23% and 24% in 2018 and 2017, respectively.

In December 2016, the Israeli government published the Economic Efficiency Law (2016) (legislative amendments to accomplish budget goals for the years 2017 and 2018) According to which, in 2017 the tax rate will decrease by 1% and starting 2018 by 2%; so that the tax rate will be 24% in 2017 and 23% in 2018 and onwards. Accordingly, the tax rate is 24% in 2017 and 23% in 2018 and onwards. Since the Company has carry forward losses and there are no deferred tax assets or liabilities there is no impact of the tax rate change. The Company has not received a final tax assessment since inception.

Net operating losses carry forwards

As of December 31, 2018, the Company has an estimated carry forward tax losses of approximately 814,000, which may be carried forward and offset against taxable income for an indefinite period in the future. The Company did not recognize deferred tax assets relating to carry forward losses in the financial statements because their utilization in the foreseeable future is not probable.

NOTE 11 - RELATED PARTIES:

(US Dollar in thousands)

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's making of financial or operational decisions, or if both parties are controlled by the same third party. The Company has transactions with key management personnel and directors.

Key management personnel compensation

Key management personnel compensation and directors fee comprised the following:

	Year ended December 31, 2018	Period from October 18, 2017 (inception) to December 31, 2017
Short term benefits	344	27

Compensation of the Company's key management personnel includes salaries.

Assets from related party

Name	Nature of transaction	December 31, 2018	December 31, 2017
Other receivables	Short term employee benefits	13	-

Liabilities to related party

Name	Nature of transaction	December 31, 2018	December 31, 2017
Other accounts payable	Short term employee benefits	46	15

NOTE 12 - COMMITMENTS AND CONTINGENT LIABILITIES:

As part of the Board of Directors ongoing regulatory compliance process, the Board of Directors continues to monitor legal and regulatory developments and their potential impact on the Company. Management is not aware of any contingencies that may have a significant impact on the financial position of the Company.

NOTE 13 - LOSS PER SHARE:

(US Dollar in thousands)

Loss per share have been calculated using the weighted average number of shares in issue during the relevant financial period, the weighted average number of equity shares in issue and loss for the period as follows:

	Year ended December 31, 2018	Period from October 18, 2017 (inception) to December 31, 2017
Loss for the year attributed to shareholders	1,192	83
Weighted average number of ordinary shares	114,907	45,965
Basic and diluted loss per share	$10.37	$1.81

NOTE 14 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:

The Company is exposed to a variety of financial risks, which results from its financing, operating and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position. The Company's financial instruments are its cash and other accounts payable. The main purpose of these financial instruments is to raise finance for the Company's operation. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly credit risk and currency risk. The risk management policies employed by the Company to manage these risks are discussed below.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company closely monitors the activities of its counterparties and controls the access to its intellectual property, which enables it to ensure the prompt collection of customer's balances. The Company's main financial assets are cash and cash equivalents and represent the Company's maximum exposure to credit risk in connection with its financial assets. Wherever possible and commercially practical the Company holds cash with major financial institutions in Israel.
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	December 31, 2018	December 31, 2017
Cash and cash equivalents	214	6
Total	214	6

NOTE 14 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

(US Dollar in thousands)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the New Israeli Shekel ("**NIS**"). The Company's policy is not to enter into any currency hedging transactions.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	December 31, 2018		
	Assets	**Liabilities**	**Total**
NIS	221	(130)	91

	December 31, 2017		
	Assets	**Liabilities**	**Total**
NIS	5	(83)	(78)

Sensitivity analysis

A 10% strengthening of the United States Dollar against the following currencies would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the United States Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	December 31, 2018
Linked to NIS	9

	December 31, 2017
Linked to NIS	(8)

(US Dollar in thousands)

NOTE 14 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT.):

Liquidity risks

Liquidity risk is the risk that arises when the maturity of assets and the maturity of liabilities do not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Company has procedures with the object of minimizing such loss by maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	December 31, 2018	December 31, 2017
Short term liability	257	-
Other accounts payable	216	83
Total	734	83

NOTE 15 - SUBSEQUENT EVENTS:

1. In March 2019, the Company issued 2,081 ordinary shares of NIS 0.01 par value to different investors for a total consideration of NIS 508,000 (approximately 143,000) at the same terms as the Brokered Private Placement.
2. Effective April 15, 2019 the Company and the Canadian Company entered into a number of arrangements with Solsken Limited ("**Solsken**"), the results of which are to provide the Company, subject to Closing, an additional USD 3,000,000 equity investment (including USD 2,000,000 received on April 16, 2019 by the Company), to set a framework for various potential product development, Solsken-branding, and marketing initiatives based on the Company intellectual property, and to address possible cooperation in the field of cannabis cultivation and processing facilities by the Company and Solsken through one or more special purpose vehicles.
3. The various arrangements with the Company are as follows:

(i) Solsken SPA – pursuant to which Solsken agreed for a purchase price of USD 2,000,000 to purchase 28,840 ordinary shares (at a price of USD 69.348) together with the issuance by ordinary shares to Solsken of (i) 19,023 Solsken A Warrants exercisable at USD 91.875 per ordinary shares are for a period of 24 months from April 15, 2019, subject to an accelerated exercise expiry at any time following April 15, 2020, should the weighted average volume trading price over a consecutive 30 day period exceed USD 138.696 or CAD 0.25 in Common Shares following the Closing; and (ii) 2,721 Solsken B Warrants exercisable at USD 128.63 per ordinary shares for a period of 28 months from April 15, 2019, subject to an accelerated exercise expiry following July 31, 2020, should the weighted volume trading price over a consecutive 30 day period exceed USD 183.75 or CAD 0.335 in Common Shares following Closing.

(ii) Cooperation Agreement – pursuant to which:

The Company will lead on product development, retain all intellectual property ownership and provide Solsken with worldwide non-exclusive, non-transferrable, irrevocable licenses for: (a) Solsken-branded products to be produced, marketed and sold by Solsken with respect to the Company's OTC pharmaceutical products ("**OTC Products**"); (b) "Solsken" branded cosmetic products incorporating CBD ("**Cosmetic Products**") to be developed by the Company; and (c) at the request of Solsken, to consider the development of specific additional OTC Products or Cosmetic Products and develop particulars jointly with Solsken in statements of work agreed upon with respect to any such additional products, when the development is paid by Solsken and the resulting intellectual property is owned by the Company.

The Cooperation Agreement prescribes royalties payable by Solsken to the Company, to be agreed based on: (i) relevant Products to be produced and marketed; (ii) Market Standard Terms; (iii) specific relevant territories; (iv) quantity of products and total sum of royalties paid over time.

The Cooperation Agreement further provides additional details for different possible situations, development of new products, terms & termination of the license and other relevant terms.

(iii) Production Facility Cooperation Agreement – pursuant to which it is agreed that if the Company is willing and able to advance arrangements for the establishment of one or more

facilities to develop and operate: (i) a cannabis cultivation facility; (ii) cannabis extraction facility; and (iii) vegetative cultivation for cannabis plants, such a facility will be established in a special purpose vehicle for such a facility on an equal basis (costs and ownership. The terms also include addressing situations of demand for investment and mutual decisions. The requirements applicable to this agreement further provide that the relationship of the Company and Solsken in the establishment of Cannabis facilities under the terms set forth in this agreement shall continue until the cultivation/growing space of facilities is equal to or exceeds 50,000 m2 and extraction facility annual production exceeds 12 tonnes. The agreement may not be assigned except by Solsken to an Affiliate; and

(iv) Management arrangements - In additions, the parties have signed several documents regarding the terms and procedures of managing of the Company and the Canadian Company, in light of the investment, including decisions which required special majority.

4. The Canadian Company is in a process of submitting a preliminary prospectus in order to qualify the initial public offering (the "**Offering**" or the "**IPO**") of a minimum of 2,777,778 (the "**Minimum Offering**") and a maximum of 5,555,556 (the "**Maximum Offering**") units (the "**Units**") of the Canadian Company at a price of CAD 0.18 per Unit (the "**Offering Price**"). Each Unit consists of one common share in the capital of the Canadian Company (each, a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Canadian Company (each, a "**Warrant Share**") at an exercise price of CAD 0.30 for a period of 24 months following the closing date of the Offering. If, following the closing of the Offering, the closing price of the common shares in the capital of the Canadian Company (the "**Common Shares**") on the Canadian Securities Exchange, or such other stock exchange on which the Common Shares are listed is equal to or greater than CAD 0.35 for any 20 consecutive trading days, the Canadian Company may, upon providing written notice to the holders of Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice. The Warrants will be transferable but will not be listed or quoted on any stock exchange or market. The Units are issued pursuant to an agency agreement (the "**Agency Agreement**"), between the Canadian Company and Leede Jones Gable Inc. (the "**Agent**").

Pursuant to the Agency Agreement, the Agent has agreed to act as the agent of the Canadian Company in connection with the Offering, and will receive a cash commission of 10% of the gross proceeds of

the Offering (the "**Agent's Commission**"), being a minimum of CAD 50,000 and a maximum of CAD 100,000. In addition, the Agent has received a corporate finance fee of CAD 25,000 (the "**Corporate Finance Fee**"), plus GST, which is non-refundable, and will be reimbursed for certain of its expenses, including legal fees, incurred pursuant to this Offering. The Canadian Company will also grant to the Agent upon completion of the Offering, non-transferable Common Share purchase options (the "**Compensation Options**") entitling the Agent to purchase such number of Common Shares (the "**Option Shares**") as is equal to 10% of the total number of Units sold by the Agent pursuant to the Offering. Each Compensation Option will entitle the Agent to acquire one Option Share at an exercise price of CAD 0.18 per Option Share during the twenty-four (24) month period following the Closing Date.

CERTIFICATE OF THE PROMOTERS

Dated: May 30, 2019

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation in the provinces of British Columbia, Alberta and Ontario.

PROMOTERS

(signed) "*Iris Bincovich*"

(signed) "*Yoram Drucker*"

(signed) "*Nir Avram*"

(signed) "*Ron Mayron*"

CERTIFICATE OF THE CORPORATION

Dated: May 30, 2019

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation in the provinces of British Columbia, Alberta and Ontario.

INNOCAN PHARMA CORPORATION

(signed) "*Iris Bincovich*"
Chief Executive Officer

(signed) *"Nelson Halpern"*
Chief Financial Officer

On behalf of the Board of Directors

(signed) "*William C. Macdonald*"
Director

(signed) "*Daryl S. Fridhandler*"
Director

CERTIFICATE OF THE AGENT

Dated: May 30, 2019

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation in the provinces of British Columbia, Alberta and Ontario.

LEEDE JONES GABLE INC.

(signed) "*Richard Carter*"
Senior Vice President, General Counsel
and Secretary