

SHARE EXCHANGE AGREEMENT

THIS AGREEMENT made as of October 4, 2018

AMONG:

INNOCAN PHARMA CORPORATION, a corporation
incorporated pursuant to the federal laws of Canada.

(hereinafter called the "**Purchaser**")

AND:

**EACH OF THE PERSONS LISTED IN SCHEDULE B
HERETO**

(hereinafter collectively called the "**Vendors**")

AND:

INNOCAN PHARMA LTD., a corporation incorporated pursuant
to the laws of the state of Israel.

(hereinafter called the "**Corporation**")

WHEREAS:

A. The Purchaser proposes to purchase from the shareholders of the Corporation ("**Shareholders**"), and the Shareholders have authorized the sale to the Purchaser, all legal and beneficial interest in and to all of the Shares (as defined herein) in consideration of the allotment and issuance of an aggregate of up to 97,924,785 fully paid and non-assessable common with no nominal value shares in the capital of the Purchaser to the Shareholders, upon and subject to the terms and conditions set forth in this Agreement;

B. The Vendors and the other shareholders of the Corporation (the "**Other Vendors**" and, together with the Vendors, the "**Shareholders**") in attendance at a special meeting of the Corporation on September 06, 2018 unanimously approved the sale of the Shares to the Purchaser pursuant a share exchange agreement; and

C. The Vendors are, collectively, the legal and beneficial owners of 133,231 Shares (as defined herein).

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, the following words and expressions shall have the following meanings:

- (a) **"Agreement"** means this Share Exchange Agreement;
- (b) **"Books and Records"** means all books, records, books of account, financial statements, Tax records, audit working papers, general ledgers, personnel records, business reports, plans, projections, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, sales and purchase records, lists of suppliers and customers, prospective suppliers and customers and referral sources and all other documents, files, records, correspondence, and other data and information, financial or otherwise, owned, used or held by the Corporation, including all data and information stored on computer-related media;
- (c) **"Business Day"** means a day other than a Saturday, Sunday or statutory holiday in the Province of Alberta or in Israel;
- (d) **"Claim"** means any claim, demand, action, cause of action, damage, loss, cost, liability or expense, including reasonable professional fees and all costs incurred in investigating, defending or pursuing any of the foregoing or any proceeding relating to any of the foregoing;
- (e) **"Closing" or "Close"** means the completion of the transactions contemplated by this Agreement. Closing is subject to written confirmation from the Purchaser that it has all regulatory, exchange and third-party approvals, consents and authorizations to complete the initial public offering of the Purchaser Shares on the Canadian Securities Exchange;
- (f) **"Closing Date"** means January 15, 2019 or such other date as may be agreed by the Corporation, Vendors and Purchaser in writing;
- (g) **"Closing Time"** means the time of Closing on the Closing Date;
- (h) **"Corporation"** means Innocan Pharma Ltd., a corporation incorporated pursuant to the laws of the state of Israel, registration number 515732881;
- (i) **"Deed of Transfer"** means the transfer documents in the form attached hereto as Schedule C, executed by a Shareholder;
- (j) **"Disclosure Letter"** means the letter dated as of the Closing Date delivered by the Corporation to the Purchaser, addressing certain disclosure matters.

- (k) "**Encumbrance**" means any mortgage, pledge, hypothecation, security interest, lien, covenant, encroachment, condition, right of re-entry, lease, licence, royalty, assignment, option, Claim, trust or any other title defect, encumbrance or charge whatsoever, whether or not registered or registrable;
- (l) "**Financial Statements**" means the financial statements of the Corporation: (i) for the year ended December 31, 2017; and (ii) the internally prepared financial statements the Corporation for the six month period ended June 30, 2018;
- (m) "**Governmental Authority**" means any federal, provincial, state, municipal, county or regional government or governmental authority, domestic or foreign, and includes any department, commission, bureau, board, administrative agency or regulatory body of any of the foregoing;
- (n) "**IFRS**" means International Financial Reporting Standards, as issued by the International Auditing Standards Board, as in effect during the relevant periods applicable to private enterprises at the relevant time, applied on a consistent basis with past practice;
- (o) "**Income Tax Act**" means the *Income Tax Act* (Canada) and Regulations pursuant thereto, as amended from time to time;
- (p) "**Intellectual Property**" means any intellectual property (whether foreign or domestic, registered or unregistered) used in the operation, conduct or maintenance of the Corporation's business, as it is currently and has historically been operated, conducted or maintained, including: (a) all inventions, patents, patent applications and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, extensions and re-examinations thereof; (b) all trade-marks, trade-names, corporate names, domain names and all goodwill associated therewith; (c) all copyrightable works, copyrights and industrial designs; (d) all confidential information, including all trade secrets, processes, procedures, know-how, methods, data, compilations, databases and the information contained therein; together with: (i) all copies and tangible embodiments of the foregoing, in whatever form or medium (including all computer software and related documentation); (ii) all improvements, modifications, translations, adaptations, refinements, derivations and combinations thereof; (iii) and all applications, registrations and renewals in connection therewith; and (iv) all Intellectual Property Rights related thereto;
- (q) "**Intellectual Property Rights**" includes any right or protection existing from time to time in any jurisdiction, whether registered or not, under any intellectual property Laws, including patent Laws or other invention or discovery Laws, copyright Laws, moral rights Laws, trademark or unfair competition Laws, industrial design or design Laws, confidential information Laws, trade secret Laws or other similar Laws and includes any legislation or regulation by any Governmental Authority and judicial decisions under common law or equity;

- (r) "**knowledge**", "**known**" or words of similar import mean the actual knowledge of any fact, circumstance or condition of an officer or director of the relevant party and does not include imputed or implied knowledge;
- (s) "**Laws**" means any and all applicable laws including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, ruling or awards, and general principles of common and civil law and equity, binding on or affecting the person referred to in the context in which the word is used;
- (t) "**person**" means an individual, corporation, body corporate, partnership, joint venture, association, trust or unincorporated organization or any trustee, executor, administrator or other legal representative;
- (u) "**Personal Information**" means any information about an identifiable individual and includes information provided by the Vendors and the Corporation for the purposes of completing the transaction contemplated herein;
- (v) "**Principal Vendors**" means, collectively, those persons listed in Schedule A hereto and "**Principal Vendor**" means each of the persons listed in Schedule A hereto;
- (w) "**Purchaser**" means Innocan Pharma Corporation, a corporation incorporated pursuant to the federal laws of Canada;
- (x) "**Purchaser Shares**" means, the common shares in the capital of the Purchaser to be issued to the Shareholders, as consideration for the Shares as provided in Section 2.2;
- (y) "**Regulations**" means all statutes, laws, rules, orders, by-laws and regulations in effect from time to time and made by a Governmental Authority having jurisdiction over the Vendors, the Corporation, and the Purchaser;
- (z) "**Regulatory Authorities**" means all regulatory authorities having jurisdiction over the transactions contemplated by this Agreement;
- (aa) "**Shareholders**" means, collectively, all the holders of Shares;
- (bb) "**Shares**" means, collectively, the issued and outstanding common shares in the capital of the Corporation;
- (cc) "**Tax**" or "**Taxes**" means all taxes, duties, fees, premiums, assessments, levies and other charges of any kind whatsoever imposed by any taxing or other Governmental Authority, together with all interest, penalties and fines in respect thereof;
- (dd) "**Tax Returns**" includes all returns, reports, declarations, elections, filings, information returns and statements required to be filed in respect of Taxes;

- (ee) **"Third Party"** means any individual or entity other than the parties to this Agreement, including without limitation any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual; and
- (ff) **"Vendors"** means the persons listed in Schedule B hereto.

1.2 Schedules

The following are the Schedules to this Agreement:

- Schedule A - Principal Vendors
- Schedule B - Vendors
- Schedule C - Deed of Transfer

1.3 Interpretation

For purposes of this Agreement, except as otherwise expressly provided:

- (a) **"this Agreement"** means this agreement, including the Schedules hereto, and any agreement, document or instrument entered into, made or delivered pursuant to the terms hereof, as any of them may from time to time be supplemented or amended and in effect;
- (b) all references in this Agreement to a designated **"Article"**, **"Section"**, **"subsection"** or other subdivision or to a Schedule are to the designated Article, Section, subsection or other subdivision of, or Schedule to, this Agreement unless otherwise specified;
- (c) the words **"herein"**, **"hereof"** and **"hereunder"** and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, subsection or other subdivision or Schedule;
- (d) the headings in this Agreement are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (e) all accounting terms not otherwise defined have the meanings assigned to them in accordance with IFRS;
- (f) all references to currency refer to lawful money of Canada (unless expressed to be in some other currency);
- (g) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;

- (h) words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa;
- (i) except as otherwise provided in this Agreement, if any representation, warranty, covenant or agreement herein is made by two or more persons, or is made by a party hereto that is comprised of two or more persons, the representation, warranty, covenant or agreement shall be the several, and not joint, representation, warranty, covenant or agreement of all such persons; and
- (j) any action to be taken pursuant to this Agreement on a day which is not a Business Day shall be taken on the next succeeding Business Day.

ARTICLE 2 PURCHASE AND SALE OF SHARES

2.1 Purchase of Shares

Based upon the representations and warranties of the Vendors, the Vendors and the Corporation and the Purchaser set forth herein, and subject to the conditions herein, the Purchaser hereby agrees to purchase from each Shareholder, and the Corporation and Vendors agree to cause to be transferred to the Purchaser, the number of Shares that appears next to the name of each Shareholder in the Disclosure Letter who tenders a duly executed and completed Deed of Transfer with respect to the Shares represented thereby ("**Tendered Deed of Transfer**"), free and clear of all Encumbrances, together with all rights now or hereafter attached to or accruing in respect of such Shares.

2.2 Consideration

The consideration payable by the Purchaser for the purchase and sale of the Shares shall be the allotment and issuance to each Shareholder of 735 of a Purchaser Share for each Share held by such Shareholder, based upon the number of Shares that appears next to the name of such Shareholder in the Disclosure Letter and are represented by a Tendered Deed of Transfer.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE VENDORS

3.1 Representations and Warranties of the Vendors

Each of the Vendors, severally but not jointly, makes the following representations and warranties to the Purchaser, as representations and warranties that are true at the date hereof and acknowledges that the Purchaser is relying upon these representations and warranties in connection with the purchase of the Shares notwithstanding any investigation made by or on behalf of the Purchaser:

- (a) Authority and Enforceability. The Vendor has the right, power, authority, legal capacity and competence to enter into this Agreement and to perform all of their obligations hereunder and has taken all action necessary to authorize the execution,

delivery and performance of this Agreement and the transactions described herein. This Agreement has been duly executed and delivered by the Vendor and is a legal, valid and binding obligation of the Vendor enforceable against the person in accordance with its terms subject to applicable bankruptcy or similar laws affecting enforcement of creditors' rights generally and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

- (b) No Contravention. The entering into of this Agreement and the performance by the Vendor of any of its other obligations under this Agreement will not contravene, breach or result in any default under any mortgage, lease, agreement, other legally binding instrument, licence, permit, statute, regulation, order, judgment, decree or law to which it is a party or by which it is bound.
- (c) Government Approvals, Notices and Filings. No consent or approval of, giving of notice to, making filings with or taking of any action in respect of or by any Governmental Authority is required to be obtained or given by it with respect to or in connection with the execution, delivery or performance by the Vendor of this Agreement or the sale of the Shares by the Shareholders.
- (d) Third Party Consents, Approvals and Notices. No consent or approval of, or notice to, any person is required to be obtained or given by it with respect to or in connection with the execution, delivery or performance by the Vendor of this Agreement or the sale of the Shares by the Shareholders pursuant to this Agreement.
- (e) Bankruptcy. It is not an insolvent person and has not made an assignment for the benefit of its creditors nor filed a proposal or notice of intention to make a proposal to its creditors or any class thereof pursuant to applicable insolvency legislation.
- (f) Litigation and Other Proceedings. There are no legal proceedings in progress, or, to its knowledge, pending, outstanding or threatened against it which would reasonably be expected to adversely affect the Vendor, the Purchaser Shares owned or held by the Vendor, or the ability of such the Vendor to perform its obligations herein.
- (g) Taxes. There are no outstanding or contingent liabilities for Taxes payable, collectable or remittable by it, whether assessed or not, which may result in a lien on or other legal proceeding against all or any part of the Vendor's Shares or would otherwise result in the Purchaser becoming liable or responsible therefor.
- (h) Beneficial and/or Registered Owner. The Vendor is the beneficial and/or registered owner of all of the Shares shown beside its name in the Disclosure Letter with good and marketable title thereto free and clear of any encumbrances whatsoever, including without limitation, any Claims or interest of any person or entity, and the Vendor is exclusively entitled to possess and dispose of such Shares (and is not

contractually obligated to pay any compensation to any Third Party in respect thereof) in accordance with the terms and conditions of this Agreement.

- (i) Litigation, etc. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Vendor) pending or, to the knowledge of the Vendor, threatened against or adversely affecting the Shares at law or in equity or before or by any federal, provincial, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign.

3.2 Reliance

Each Vendor, severally and not jointly, acknowledges and agrees that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Purchaser and that no information that is now known or should be known or that may hereafter become known to the Purchaser or its directors, officers, employees, representatives or professional advisors shall limit or extinguish any rights or remedies of the Purchaser hereunder including, without limitation, any right to indemnification.

3.3 Consent of the Vendor regarding Personal Information

Each Vendor consents to the disclosure of Personal Information regarding themselves relevant to this Agreement and the ownership of Shares and Purchaser Shares to the applicable Regulatory Authorities, the Purchaser's counsel, transfer agents and such other parties involved in the transaction contemplated herein.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF PRINCIPAL VENDORS AND CORPORATION

4.1 Representations and Warranties of the Principal Vendors and Corporation

Each of the Principal Vendors and Corporation, severally but not jointly, makes the following representations and warranties to the Purchaser, as representations and warranties that are true at the date hereof and acknowledges that the Purchaser is relying upon these representations and warranties in connection with the purchase of the Shares notwithstanding any investigation made by or on behalf of the Purchaser:

- (a) Existence and Qualification. The Corporation has been duly incorporated and is validly existing under the laws of the state of Israel and has all requisite corporate power and authority to carry on its business and to own its properties and assets and the Corporation is registered in each jurisdiction in which the conduct of its business requires such registration.
- (b) Constitutional Documents. The Purchaser has been provided a correct and complete copy of the memorandum and articles of association, by-laws, constitutional documents and other organizational documents of the Corporation, as amended to the date hereof.

- (c) Authority and Approval. The directors of the Corporation and Shareholders have taken all necessary corporate actions, steps and proceedings to approve and authorize the exchange and transfer of the Shares to the Purchaser and all other necessary approvals within their authority to approve this Agreement.
- (d) Authorized and Issued Capital. The authorized share capital of the Corporation consists of 133,231 Shares and all of the Shares listed in the Disclosure Letter have been issued in compliance with all applicable Laws including, without limitation, applicable securities Laws and in compliance with the memorandum and articles of association, by-laws or other constitutional documents of the Corporation or any agreement to which the Corporation is a party or by which it is bound. The Shares are validly issued and outstanding as fully paid and non-assessable ordinary shares in the capital of the Corporation. No other shares or securities (including convertible securities, rights or options) the Corporation are issued or outstanding.
- (e) Shareholders Agreements, etc. There are no shareholders agreements, pooling agreements, voting trusts or other agreements or understandings with respect to the ownership or voting of shares and there are no agreements, options, warrants, rights of conversion or other rights pursuant to which the Corporation is, or may become, obligated to issue any shares or any securities convertible or exchangeable, directly or indirectly, into any shares of the Corporation.
- (f) Subsidiaries. The Corporation does not own any interest of any nature whatsoever in any shares or ownership interests or options, warrants or securities convertible into shares or ownership interests of any other person, and will not be obligated to acquire any shares or ownership interests or options, warrants or securities convertible into shares or ownership interests of any other person.
- (g) No Contravention. The entering into of this Agreement or the transfer of the Shares will not contravene, breach or result in any default under the articles, by-laws, constitutional documents or other organizational documents of the Corporation or under any mortgage, lease, agreement, other legally binding instrument, licence, permit, statute, regulation, order, judgment, decree or law to which the Corporation is a party or by which the Corporation may be bound.
- (h) Required Consents. No consents, notifications, approvals or authorizations of any Governmental Authority or other person are required: (i) to lawfully perform any terms of this Agreement; or (ii) in order to enable the execution of this Agreement.
- (i) Securities Matters. The Shareholders have been advised as to the restrictions with respect to trading in the Purchaser Shares imposed by applicable securities legislation in the jurisdiction in which the Shareholders reside, the Principal Vendor confirms that no representation has been made by it or on behalf of the Corporation to the Shareholders with respect thereto and the Shareholders have been made aware that the certificates or electronic deposit representing the Purchaser Shares will bear a legend indicating that the resale of such securities is restricted and that

they should consult their own legal counsel in their jurisdiction of residence for full particulars of applicable resale restrictions.

- (j) Residency. Each of the Shareholders, including the Principal Vendor, is a resident in the jurisdiction set out under such Principal Vendor's name in the Disclosure Letter.
- (k) Disclosure Requirements. The Corporation has materially complied with the disclosure requirements applicable to the purchase and sale of the Shares from the Shareholders and the issuance of the Purchaser Shares to the Shareholders under the securities law of the state of Israel and each other jurisdiction in which Shareholders are located, and no further action is required by the Purchaser in any such jurisdiction in respect of the issuance of the Purchaser Shares to the Shareholders.
- (l) Financial Statements. The Financial Statements have been prepared in accordance with IFRS, are true, correct and complete and present fairly the financial condition, assets, liabilities, revenues and revenue accruals, expenses and expense accruals, cash flows and balance sheets of the Corporation, as at the dates thereof and for the periods to which same relate.
- (m) Indebtedness. Except as disclosed in the Financial Statements, the Corporation does not have outstanding indebtedness and the Corporation has not agreed to create or issue any indebtedness other than in the ordinary course.
- (n) Title to and Condition of Assets. The Corporation is the absolute beneficial owner of, and has good and marketable title to its personal property, free of all liens, used in connection with its business.
- (o) Tax Matters.
 - (A) All Tax Returns required by Law to be filed by or with respect to the Corporation have been properly prepared and timely filed and all such Tax Returns (including information provided therewith or with respect thereto) are true, complete and correct in all material respects.
 - (B) The Corporation has timely paid or caused to be timely paid, all Taxes that are due and payable (whether or not shown due on any Tax Returns and whether or not assessed (or reassessed) by the appropriate Governmental Authority). All assessments and reassessments received by the Corporation in respect of Taxes have been paid.
 - (C) Adequate provision has been made by the Corporation in the Financial Statements for all Taxes for any period for which Tax Returns are not yet required to be filed, or for which Taxes are not yet due or payable, up to the date of the Financial Statements.

- (D) Since the date of such Financial Statements, the Corporation has not incurred any liability, whether actual or contingent, for Taxes or engaged in any transaction or event that would result in any liability, whether actual or contingent, for Taxes, other than in the ordinary course.
 - (E) No audit or other proceeding by any Governmental Authority is pending or, to the knowledge of the Principal Vendors, threatened with respect to any Taxes due from or with respect to the Corporation; and no Governmental Authority has given written notice of any intention to assert any deficiency or Claim for additional Taxes against the Corporation. There are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.
 - (F) No Governmental Authority of a jurisdiction in which the Corporation does not file Tax Returns has made any written Claim that such entities are or may be subject to taxation by such jurisdiction. To the knowledge of each Principal Vendor, there is no basis for a Claim that the Corporation is subject to Tax in a jurisdiction in which it does not file Tax Returns.
 - (G) There are no reassessments of Taxes for the Corporation that have been issued and are under dispute, and to the knowledge of each Principal Vendor, the Corporation has not received any communication from any Governmental Authority that an assessment or reassessment is proposed in respect of any Taxes.
 - (H) There are no outstanding agreements, waivers, objections or arrangements extending the statutory period of limitations applicable to any Claim for Taxes due from or with respect to the Corporation for any taxable period, nor has any such agreement, waiver, objection or arrangement been requested. The Corporation is not bound by any tax sharing, allocation or indemnification or similar agreement.
 - (I) There are no liens for Taxes upon any property or assets of the Corporation.
 - (J) The Corporation has withheld or collected, and will have on at the Effective Date, withheld or collected any Taxes that are required by applicable Law to be withheld or collected and have timely paid or remitted, and will have at the Effective Date, paid and remitted, on a timely basis, the full amount of any Taxes that have been withheld or collected, and are due, to the applicable Governmental Authority.
- (p) Employment Matters.
- (A) Other than as set forth in the Disclosure Letter, the Corporation is not a party to or bound by any:
 - (I) oral or written contract or commitment for the employment or retainer of any individual, including, for greater certainty, any

contract or commitment with directors, officers, employees, independent contractors or agents;

- (II) oral or written contract or commitment providing for severance, termination or similar payments, including on a change of control of any of the Corporation; or
 - (III) contract with or commitment to any trade union, council of trade unions, employee bargaining agent or affiliated bargaining agent (collectively called "**labour representatives**") and the Corporation has not conducted negotiations with respect to any such future contracts or commitments; no labour representatives hold bargaining rights with respect to any employees of the Corporation; and there are no current or threatened attempts to organize or establish any trade union or employee association with respect to the Corporation.
- (B) The Corporation is and has been operated in all material respects in compliance with all applicable legislation relating to employees, including in respect of obtaining all applicable visa or work permits in respect of any such employees.
- (C) There is no proceeding, action, suit or Claim pending or to the knowledge of each Principal Vendor threatened involving any employee of the Corporation.
- (q) Insurance. The Purchaser has been provided copies of all insurance policies of the Corporation in effect that insure the physical properties, business (including product liability), operations and assets of, or otherwise maintained, by the Corporation and there is no Claim pending under any such policies and each policy is valid and binding and in full force and effect.
- (r) Intellectual Property.
- (A) Other than as set forth in the Disclosure Letter, the Corporation owns or has sufficient rights to the Intellectual Property necessary for the operation, conduct and maintenance of the business as such business is currently and has historically been operated, conducted or maintained;
 - (B) Neither: (i) the operation, conduct and maintenance by the Corporation of its business as it is currently and has historically been operated, conducted and maintained; nor (ii) the use by the Corporation of the Intellectual Property in respect thereto, infringes, misappropriates, misuses or violates the Intellectual Property Rights, or any other rights, of any third party or breaches any duty or obligation owed to any third party;
 - (C) Neither the Corporation nor any Principal Vendor has any knowledge of any past or present infringement, misappropriation, misuse, or violation of,

breach of any obligations with respect to, or other impairment of any of the Intellectual Property;

- (D) The Corporation has not received any notice, complaint, threat or Claim alleging: (A) the infringement, misappropriation, misuse or violation of any Intellectual Property Right or other right of any third party or breach of any duty or obligation owed to any third party; or (B) that the Corporation does not own the Intellectual Property or, in the case of Intellectual Property which is licensed to the Corporation, that the Corporation does not have a right to exploit the Intellectual Property in any way or manner whatsoever;
- (E) No Claim has been asserted (or is likely to be asserted) by the Corporation with respect to the Intellectual Property, nor has the Corporation issued, filed or made (or is likely to issue, file or make) any notice, complaint, threat or Claim against a third party alleging infringement of the Intellectual Property or any Intellectual Property Right or other right of the Corporation by such third party;
- (s) Permits, Registrations. The Corporation holds all permits, licences, approvals, consents, authorizations, registrations, certificates and franchises which it requires, or is required to have, to own its properties and assets and to carry on its business as presently conducted by it and are in full force and effect (collectively, the "Permits"). The Corporation is in compliance with all the terms and conditions relating to the Permits; and there are no proceedings in progress, pending or to the knowledge of the Principal Vendors or the Corporation threatened which may result in revocation, cancellation, suspension, rescission or any adverse modification of any of the Permits, nor are there any facts upon which such proceedings could reasonably be based.
- (t) Litigation and Other Proceedings. There is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal); arbitration or other dispute settlement procedure; investigation or inquiry by any governmental, administrative, regulatory or similar body; or any similar matter or proceeding (collectively "proceedings") against or involving the Corporation; there is no judgment, decree, injunction, rule, award or order of any court, government department, board, commission, agency, arbitrator or similar body presently outstanding against the Corporation. To the knowledge of the Principal Vendors and the Corporation, no complaint, grievance, Claim, work order or investigation has been filed, made or commenced against the Corporation pursuant to human rights, health and safety, employment standards, or any similar legislation.
- (u) Books of Account. The Books and Records of the Corporation have been properly, fully and accurately kept in all material respects and all material financial transactions of the Corporation have been accurately recorded in such books and records.

- (v) No Options, etc. Other than as set forth in the Disclosure Letter and pursuant to this Agreement, no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such, for the purchase from the Corporation of its business, any party thereof, or any material assets or securities of the Corporation.
- (w) No Finder's Fee. Neither the Corporation nor any Principal Vendor has taken, and each agrees that it will not take, any action that would cause the Corporation or Purchaser to become liable to any Claim or demand for a brokerage commission, finder's fee or other similar payment in respect of the transactions contemplated by this Agreement.

4.2 Reliance

Each of the Principal Vendors, severally and not jointly, and the Corporation acknowledges and agrees that the Purchaser has entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Purchaser and that no information that is now known or should be known or that may hereafter become known to the Purchaser or its directors, officers, employees, representatives or professional advisors shall limit or extinguish any rights or remedies of the Purchaser hereunder including, without limitation, any right to indemnification.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

5.1 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Corporation and to each Vendor as representations and warranties that are true at the date hereof (other than such warranties and representations that speak to a specific date), as follows:

- (a) Organization and Qualification of the Purchaser. The Purchaser is a corporation duly formed and organized and validly existing under the Laws of Canada and has the requisite power and authority to own its properties and conduct its business as now owned and conducted.
- (b) Authority Relative to this Agreement. The Purchaser has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the board of directors of the Purchaser, and no other proceedings on the part of Purchaser are or will be necessary to authorize this Agreement and the transactions and documentation contemplated hereby. This Agreement has been duly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium

and other Laws relating to or affecting creditors' rights generally, and to general principles of equity.

- (c) No Violations. None of the execution and delivery of this Agreement by the Purchaser, the consummation of the transactions contemplated hereby or the compliance by the Purchaser with any of the provisions hereof will:
- (i) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Purchaser under, any of the terms, conditions or provisions of (A) the constating documents of the Purchaser; or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other material instrument or obligation to which the Purchaser is a party or to which the Purchaser or its properties or assets, may be subject or by which the Purchaser is bound; or
 - (ii) violate any judgement, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Purchaser.
- (d) Residency. The Purchaser is a "Canadian corporation" within the meaning of subsection 89(1) of the Income Tax Act.
- (e) Purchaser Shares. All of the Purchaser Shares to be issued hereunder, have been or will be issued in compliance with all applicable Laws including, without limitation, applicable securities Laws and in compliance with the articles of incorporation, by-laws or other constating documents of the Purchaser or any agreement to which the Purchaser is a party or by which it is bound. The Purchaser Shares to be issued hereunder will be validly issued and outstanding as fully paid and non-assessable shares in the capital of the Purchaser.
- (f) Shareholders Agreements. There are no shareholders agreements, pooling agreements, voting trusts or other agreements or understandings with respect to the ownership or voting of the Purchaser Shares.
- (g) Subsidiaries. The Corporation does not own any interest of any nature whatsoever in any shares or ownership interests or options, warrants or securities convertible into shares or ownership interests of any other person, and will not be obligated to acquire any shares or ownership interests or options, warrants or securities convertible into shares or ownership interests of any other person.
- (h) Third Party Consents, Approvals and Notices. No consent or approval of, or notice to, any person (other than any Governmental Authority) is required with respect to or in connection with the execution, delivery or performance by the Purchaser of this Agreement or the consummation of the transaction contemplated by this Agreement.

- (i) Government Approval, Notices and Filings. No consent or approval of, giving of notice to, making filings with, or taking of any action in respect of or by, any Governmental Authority is required with respect to or in connection with the execution, delivery or performance by the Purchaser of this Agreement or the consummation of the transaction contemplated by this Agreement.

5.2 Reliance

The Purchaser acknowledges and agrees that the Vendors have entered into this Agreement relying on the warranties and representations and other terms and conditions of this Agreement notwithstanding any independent searches or investigations that may be undertaken by or on behalf of the Vendors and that no information that is now known or should be known or that may hereafter become known to the Vendors or their respective directors, officers, employees, representatives or professional advisors shall limit or extinguish any rights or remedies of the Vendors hereunder.

ARTICLE 6 SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND INDEMNIFICATION

6.1 Survival of Representations and Warranties of the Vendors

The representations and warranties of the Vendors, including those of the Principal Vendors, contained in this Agreement or in any agreement, certificate or other document delivered or given pursuant to this Agreement, and the covenants and agreements of the Vendors under this Agreement to be performed or observed on or prior to a Closing Date, shall survive the completion of the transactions contemplated by this Agreement.

6.2 Indemnification of Purchaser

Each Vendor covenants and agrees with the Purchaser to indemnify the Purchaser, severally and not jointly, against all liabilities, Claims, demands, actions, causes of action, damages, losses, costs or expenses (including legal fees on a solicitor and his own client basis) suffered or incurred by the Purchaser directly or indirectly (which liabilities, Claims, demands, actions, causes of action, damages, losses, costs and expenses are collectively referred to as the "**Purchaser's Losses**") by reason of or arising out of:

- (a) any warranties or representations on the part of the Vendors set forth in Section 3.1 being untrue;
- (b) if such Vendor is a Principal Vendor, any warranties or representations on the part of the Vendors or Corporation set forth in Section 3.1 being untrue; and
- (c) a breach of any agreement, term or covenant on the part of the Vendors or Corporation made or to be observed or performed pursuant hereto.

6.3 Claims Under the Vendors' Indemnity

If any Claim is made by any person against the Purchaser in respect of which the Purchaser may incur or suffer damages, losses, costs or expenses that might reasonably be considered to be subject to the several (but not joint) indemnity obligation of one or more of the Vendors as provided in Section 6.2 the Purchaser will notify the Vendors, in accordance with Section 8.4 of this Agreement, as soon as reasonably practicable of the nature of such Claim and the applicable Vendors will be entitled (but not required) to assume the defence of any suit brought to enforce such Claim. The defence of any such Claim will be through legal counsel and will be conducted in a manner acceptable to the Purchaser. All fees and disbursements of such counsel will be paid by the Vendors.

6.4 GST

It is acknowledged and agreed by the parties that in the event any person shall be entitled to be indemnified against any losses, there shall be added to and paid with the indemnified amount an amount equal to any goods and services tax that may be payable by the recipient of the indemnification payment.

ARTICLE 7 CLOSING DELIVERIES

7.1 Date, Time and Place of Closing

The completion of the purchase and sale of the Shares will take place at the offices of the Purchaser's counsel, at the Closing Time on the Closing Date or at such other place, on such other date and at such other time as may be agreed upon in writing by the Purchaser and the Corporation.

7.2 Purchaser's Closing Documents

At Closing, the Purchaser will deliver or cause to be delivered:

- (a) to the Shareholders who have delivered Tendered Deed of Transfer, or as they shall direct, at the addresses set forth in the Disclosure Letter hereto, share certificates or direct registration statements representing the Shares issued in the name of the Shareholders in the amounts and in the names corresponding to the Tendered Deed of Transfer provided pursuant to 7.3(b);
- (b) to the Corporation and Vendors:
 - (i) certified copies of resolutions of the directors of the Purchaser approving this Agreement and the transactions contemplated herein, including, but not limited to, the issuance of the Purchaser Shares;
 - (ii) written confirmation from the Purchaser that it has all regulatory, exchange and third party approvals, consents and authorizations to complete the initial public offering of the Purchaser Shares on the Canadian Securities Exchange; and

- (iii) a certificate of an officer of the Purchaser confirming: (A) the performance or compliance with its covenants and the accuracy and truth of its representation and warranties in this Agreement; (B) that the common shares in the capital of the Purchaser have been approved for listing on the Canadian Securities Exchange.

7.3 Vendors's Closing Documents

At Closing, the Corporation and Vendors will deliver or cause to be delivered:

- (a) a certificate from the Company's secretary representing the aggregate number of Shares purchased, duly issued and signed by the Secretary, issued in the name of the Purchaser;
- (b) a certificate from the Company's secretary representing the Shares transferred to the purchaser, stamped cancelled and accompanied by Tendered Deeds of Transfer, representing no less than 80% of the issued and outstanding Shares;
- (c) a certified copy of a resolutions of the directors of the Corporation approving the sale and transfer of the of Shares to the Purchaser, the execution and delivery of this Agreement and authorizing the issuance of the share certificate representing the Shares in the name of the Purchaser;
- (d) a certified copy of a resolutions of the Shareholders approving the sale and transfer of the of Shares to the Purchaser; and
- (e) the corporate seal, minute books and all other Books and Records of the Corporation.

ARTICLE 8 GENERAL

8.1 Further Assurances

Each of the parties hereto upon the request of another party, whether on or before the Closing Date, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect complete consummation of the transactions contemplated by this Agreement.

8.2 Several Liability of Vendors

The Vendors rights and obligations under this Agreement are several and not joint, nor joint and several including, without limitation, that each Vendor's liability under Sections 6.2 and 6.3 hereof shall be limited to a percentage of the aggregate liability of the Vendors under such section that is equal to the number of Shares held by such Vendor divided by the aggregate number of Shares held by the Vendors or Principal Vendors, as applicable.

8.3 Announcements

The parties hereto agree that, subject to any statutory requirements, any disclosure or public announcement with respect to this Agreement or any of the transactions contemplated by this Agreement by the Purchaser, the Vendors or the Corporation shall be subject to the approval of the other non-disclosing party acting promptly and reasonably.

8.4 Notices

All notices that may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, sent by courier or sent by email:

(a) in the case of the Purchaser, to:

Innocan Pharma Corporation
C/O Burnet, Duckworth & Palmer LLP
Suite 2400, 525 – 8th Avenue SW
Calgary, AB T2P 1G1

Contact information redacted

[Redacted]

with a copy to:

Burnet, Duckworth & Palmer LLP
1400, 350 – 7th Avenue S.W.
Calgary, AB T2P 3N9

Contact information redacted

[Redacted]

(b) in the case of the Corporation, to:

Innocan Pharma Ltd.
10 Hamenofim St. Herzliya
4672561, Israel

Contact information redacted

[Redacted]

with a copy to:

Eyal Flom, Adv
[Redacted]

Contact information redacted

[Redacted]

- (c) in the case of the Vendors, to the address set forth opposite their name in the Disclosure Letter.
- (d) Any such notice, direction or other instrument, if delivered, shall be deemed to have been given on the date on which it was delivered and if transmitted by email shall be deemed to have been given at the opening of business in the office of the addressee on the Business Day next following the transmission thereof.
- (e) Each party hereto may change its address for service from time to time by notice to the other party in accordance with this Section.

8.5 Costs and Expenses

Except as otherwise specifically set forth herein, each party hereto shall bear its own expenses in connection with the transactions contemplated, including, without limitation, the costs and expenses of all legal counsel, engineers, brokers, investment bankers, agents and finders employed by such party. The parties will indemnify each other against any Claims, costs, losses, expenses or liabilities arising from any Claim for commissions, finder's fees or other compensation in connection with the contemplated transaction which may be asserted by any person based on any agreement or arrangement for payment by the other party.

8.6 Time of the Essence

Time shall be of the essence of this Agreement.

8.7 Entire Agreement

This Agreement (including Schedule A, Schedule B and Schedule C hereto) constitutes the entire agreement between the parties hereto with respect to the transactions provided for herein, and there are no oral agreements or understandings between the parties hereto not reflected in this Agreement. This Agreement may not be amended or modified in any respect except by written instrument executed by each of the parties hereto.

8.8 Counterparts

This Agreement may be executed in two or more counterparts each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement. A counterpart signed by a party hereto and transmitted by fax or e-mail shall have the same effect as a counterpart originally signed by such party, provided such party shall forthwith deliver to the other parties hereto a counterpart originally signed by such party.

8.9 Governing Law

This Agreement shall, in all respects, be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta. Each Party accepts the exclusive jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom.

Parties in Interest

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

INNOCAN PHARMA CORPORATION INNOCAN PHARMA LTD

[Redacted signature area]

Per:

Witness

[Redacted witness area]

INNOCAN PHARMA LTD
Co. # 5

Signatures and names redacted

[Redacted signature lines]

Parties in Interest

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

INNOCAN PHARMA CORPORATION

INNOCAN PHARMA LTD.

Signatures and
names redacted

Per:

[Redacted signature area for INNOCAN PHARMA CORPORATION]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

8.10 Waiver

No waiver by any party shall be effective or binding upon such party unless the waiver shall be expressed in writing signed by such party, and any waiver so expressed shall apply only to the matter so waived and not to any additional, continuing or subsequent matter of the same or different kind.

8.11 Parties in Interest

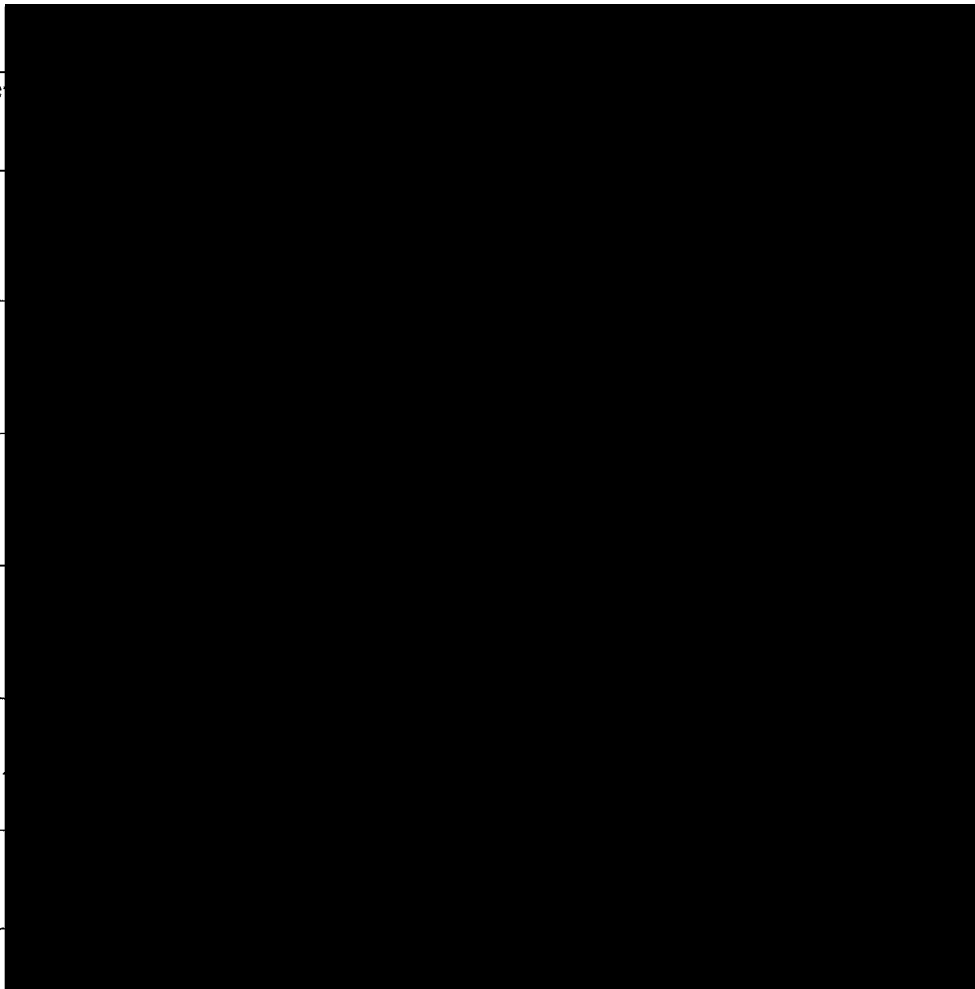
This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

Signatures and names redacted



Per: _____
Name _____
Title: _____



Witness _____

Witness _____

Witness _____

Witness _____

Witness _____

Witness _____

Witness _____

Parties in Interest

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

INNOCAN PHARMA CORPORATION

INNOCAN PHARMA LTD.

Signature and names redacted

Per: _____
Name:
Title:

Per: _____
Name:
Title:

Witness

Witness

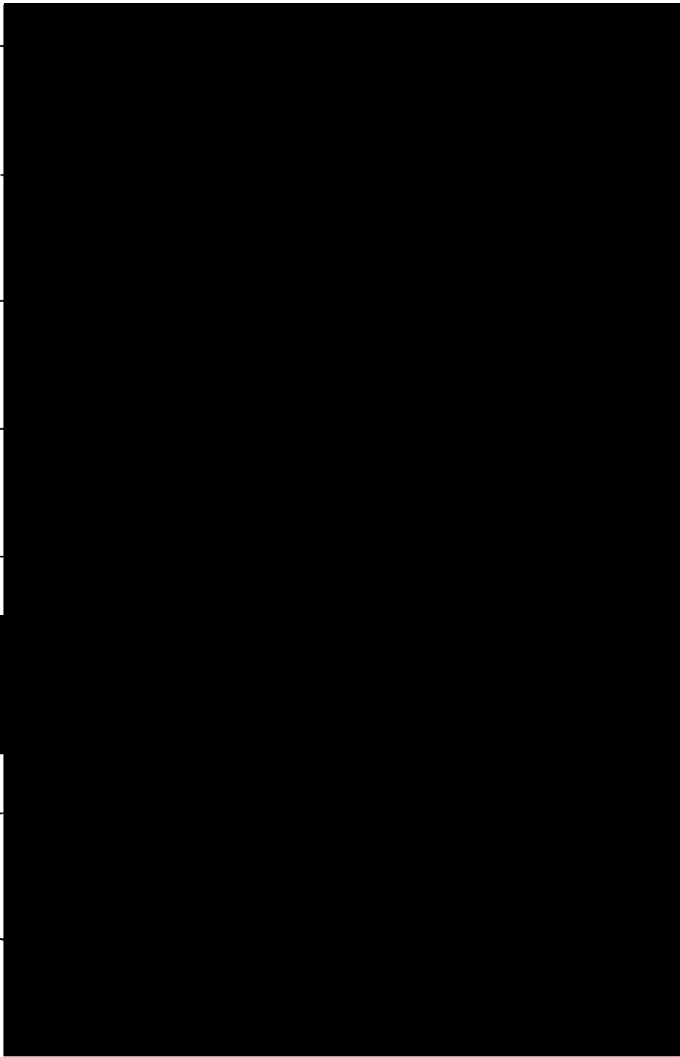
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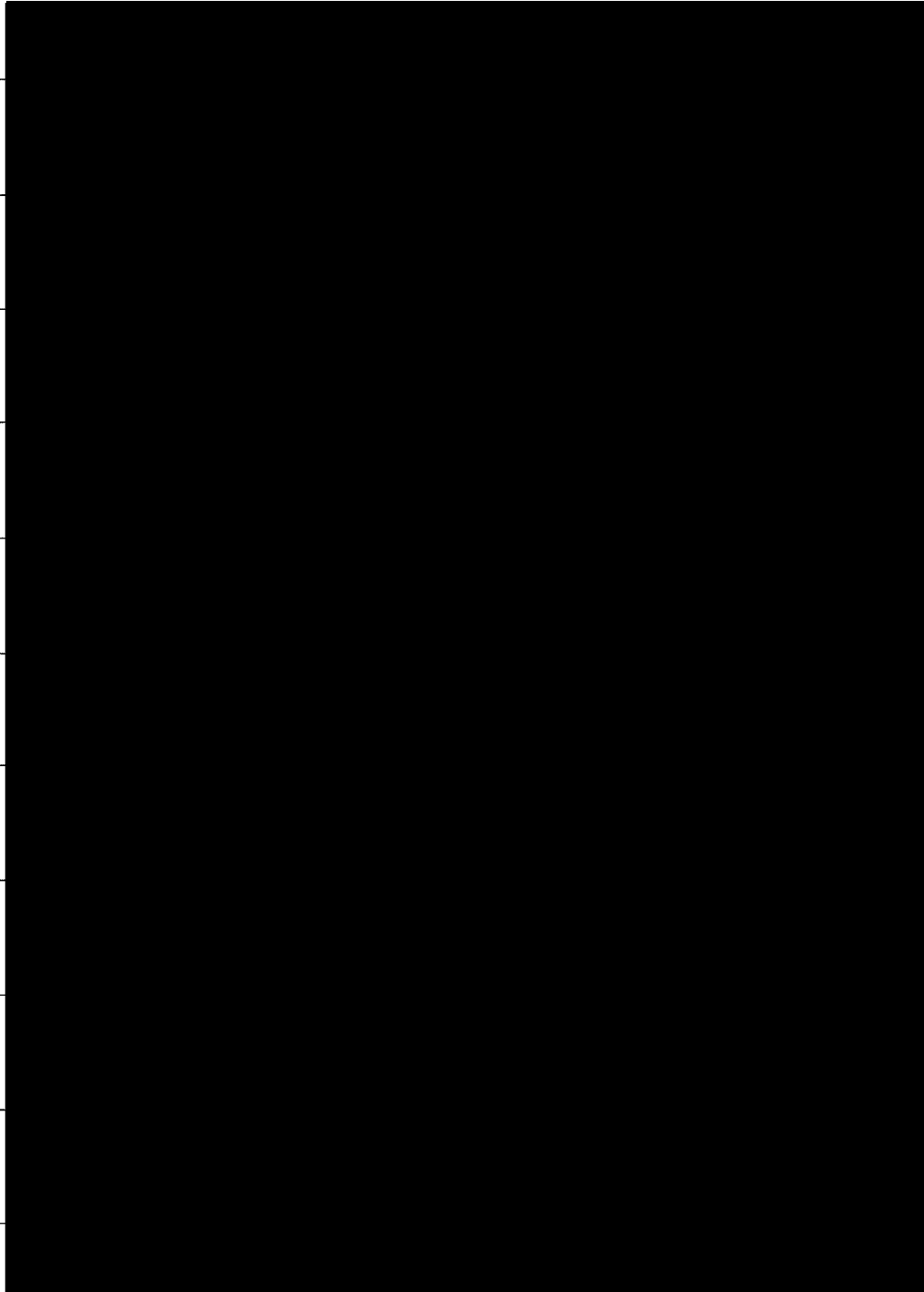
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Schedule A

Names redacted

Principal Vendors
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[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

Schedule C