INNOCAN PHARMA CORPORATION

Management's Discussion and Analysis
For the nine months period ended September 30, 2019

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 and for the period ended September 30, 2019.

The date of this Management’s discussion and analysis ("**MD&A**") is November 27, 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.

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, a Canadian company, was incorporated as a corporation in Canada and commenced its activity in May 2018. The Corporation's registered office is in Calgary, Canada.

IPO, listing on the CSE and 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 received 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 received an aggregate of 120,888,390 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, became warrants of InnoCan, 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. 09 for a period of eighteen (18) months from the date of the closing of the Offering.

On September 25, 2019, the Corporation completed the IPO of 6,111,112 units of the Corporation at a price of CAD 0.18 per unit, for which it received gross proceeds of CAD 1,100,000. Each unit consists of one Common Share of the Corporation and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Unit Warrant"). Each Unit Warrant entitles 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 CAD 0.30 for a period of 24 months following the closing date of the Offering. On September 25, 2019, the Corporation commenced trading on the CSE, following the IPO, under the name "InnoCan Pharma Corporation" with the trading symbol: INNO.

As a result of the completion of the Share Exchange Agreement, the former shareholders of InnoCan Israel acquired control of the Corporation as they owned a majority of the outstanding shares of the Corporation upon completion of the transaction.

Description of the Corporation's Principal Businesses and Operations

The Corporation, following the Share Exchange and Offering, through its subsidiary, InnoCan Israel, became a pharma-tech company, at pre-clinical stage, 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 and derma-cosmetics.

The Corporation, through its subsidiary, InnoCan Israel, entered in 2018 into a research and option agreement (the "Yissum agreement") with Yissum Research Development Company of the Hebrew University of Jerusalem Ltd. ("Yissum"). The Yissum agreement allows InnoCan Israel to receive the research results of Yissum and grants InnoCan Israel an exclusive option to inter into an agreement to license, on a worldwide basis, the results of the research.

On October 7, 2019 The Corporation announced that Yissum has filed a provisional patent covering a unique cannabinoids loaded liposome platform technology developed under the Yissum Agreement. InnoCan Israel's project with Yissum is targeted at developing a breakthrough technology platform that enables the delivery of cannabinoids by injection of hydrogel-cannabinoid-loaded (such as CBD) liposomes into the blood stream or to a specific body part. The controlled release of CBD (or other cannabinoids) from the liposomes allows a continuous exposure of the patient to the cannabinoid and decreases the variations of CBD concentration in the blood caused by food intake or other physiological condition. Moreover, through injection of loaded liposomes, a greater portion of intact CBD can reach its target site, decreasing the total amount of CBD needed to achieve the desired therapeutic effect. The use of the technology is versatile and may be tailored to the development of different cannabinoids.

On October 21, 2019 The Corporation announced that it plans to accelerate its entry into the lucrative and growing CBD beauty market. InnoCan's R&D team, led by Nir Avram, a senior pharmaceutical scientist with more than 30 years of experience, is developing a line of cosmetics containing CBD offering several high-quality products including anti-aging facial oils, facial serums, eye serums, facial creams, facial masks, body oils and body lotions.

Significant Financial Developments during the Period

1. On January 15, 2019, the Corporation entered into convertible notes private placement agreements ("the Convertible Notes") in the amount of USD 300 thousand. The cash was put into trust and according to the agreement, the Corporation was not to receive the cash unless an IPO took effect by the end of September 2019, at a share price of at least CAD 0.15. The Convertible Notes were converted into Common Shares at a conversion price of CAD 0.12 per share, the Corporation received the cash from the trustee and issued 3,317,250 Common Shares of the Corporation to the investors on September 25, 2019.

2. 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 the Corporation subject to the IPO, a cash amount of USD 3 million in an equity investment (including an amount of USD 2 million received by InnoCan Israel on April 16, 2019).

The various arrangements with the Corporation are as follows:

(i) Solsken Private Placement Agreement – pursuant to which Solsken agreed to purchase 4,000,000 Common Shares of the Corporation at a price of USD 0.125 per Common Share (an aggregate amount of USD 500 thousand). The principal amount of USD 500 thousand was put into a separate trust which was not controlled by the Corporation. On September

25, 2019, following the Offering, the Corporation received the cash from the trustee and issued 4,000,000 Common Shares of the Corporation to Solsken.

(ii) Unsecured Convertible Notes Private Placement – pursuant to which Solsken purchased a USD 500 thousand, non-interest-bearing convertible notes from the Corporation, convertible to Common Shares at a price of USD 0.09435 per Common Share by Solsken at any time following Closing and prior to maturity. The subscription amount for the note was held in escrow. On September 25, 2019, following the Offering, the Corporation received the cash from the escrow and issued 5,299,417 Common Shares to Solsken.

The various arrangements with InnoCan Israel are as follows:

Solsken SPA – pursuant to which Solsken agreed to purchase 28,840 Ordinary Shares of InnoCan Israel for a purchase price of USD 2 million, at a price per share of USD 69.348 together with the issuance by InnoCan Israel to Solsken of the following:

a. 19,023 Solsken A Warrants exercisable at a price per Ordinary Share of USD 91.875, 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 (based on 1:735 Share Exchange Agreement ratio between InnoCan Israel and the Corporation) in Common Shares following the Closing; and

b. 2,721 Solsken B Warrants exercisable at a price per Ordinary Share of USD 128.63, 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.

InnoCan Israel assessed the accounting for the transaction and due to the fact that the exercise price of the warrants after the Share Exchange will be stated in CAD, both warrants A and B, do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash since the exercise price is stated in CAD while InnoCan Israel's functional currency is the USD. The Corporation recognized a derivative liability and finance expense which represents the fair value of the warrants on the transaction date.

Financial Review

The following financial data was prepared in accordance with IFRS and is presented for the nine and three months periods ended September 30, 2019 and September 30, 2018.

	Three months period ended September 30, 2019 (USD in thousands)	**Three months period ended June 30, 2019 (USD in thousands)**	**Three months period ended March 31, 2019 (USD in thousands)**	**Three months period ended December 31, 2018 (USD in thousands)**
Sales and marketing expense	215	109	77	70
Research and development expense	113	31	110	472
General and administrative expense	1,193	181	118	113
Operating loss	1,521	321	305	655
Financial income	-	(26)	(4)	-
Finance expense	2,097	31	1	15
Loss before income taxes	3,618	326	302	670
Income taxes	-	-	-	-
Total comprehensive loss	**3,618**	**326**	**302**	**670**

	Three months period ended September 30, 2018 (USD in thousands)	**Three months period ended June 30, 2018 (USD in thousands)**	**Three months period ended March 31, 2018 (USD in thousands)**	**Period from October 18, 2017 (inception) to December 31, 2017 (USD in thousands)**
Sales and marketing expense	44	66	-	15
Research and development expense	19	26	17	11
General and administrative expense	211	67	61	57
Operating loss	274	159	78	83
Financial income	(7)	-	-	-
Finance expense	17	1	-	-
Loss before income taxes	284	160	78	83
Income taxes	-	-	-	-
Total comprehensive loss	**284**	**160**	**78**	**83**

	Nine months period ended September 30,		Three months period ended September 30,	
	2019	2018	2019	2018
	USD in thousands (unaudited)		USD in thousands (unaudited)	
Sales and marketing expense	401	110	215	44
Research and development expense	254	62	113	19
General and administrative expense	1,492	339	1,193	211
Operating loss	2,147	511	1,521	274
Finance (income)	-	(7)	-	(7)
Finance expense	2,099	19	2,097	17
Finance expense, net	2,099	12	2,097	10
Loss before taxes on income	4,246	523	3,618	284
Taxes on income	-	-	-	-
Total comprehensive loss	4,246	523	3,618	284

	As of September 30, 2019 (USD in thousands) (unaudited)	As of December 31, 2018 (USD in thousands) (Audited)
Total current assets	2,918	657
Total non-current assets	100	3
Total current liabilities	2,905	533
Total non-current liabilities	44	-
Working capital	13	124

Nine and three Months Periods Ended September 30, 2019, compared to the Nine and three Months Periods Ended September 30, 2018

Sales and Marketing Expenses

For the nine months period ended September 30, 2019, sales and marketing expenses amounted to USD 401,000 compared to USD 110,000 for the nine months period ended September 30, 2018. The increase in sales and marketing expenses in the nine months period ended September 30, 2019 was mainly as a result of an increase in wages of USD 218,000 and an increase in consultant's expenses of USD 68,000. For the three months period ended September 30, 2019, sales and marketing expenses amounted to USD 215,000 compared to USD 44,000 for the three months period ended September 30, 2018. The increase in sales and marketing expenses in the three months period ended September 30, 2019 was mainly as a result of an increase in wages of USD 130,000 and an increase in consultant's expenses of USD 40,000.

Research and Development Expenses

For the nine months period ended September 30, 2019, research and development expenses amounted to USD 254,000 compared to USD 62,000 for the nine months period ended September 30, 2018. The increase was mainly due to an increase in R&D material expenses of USD 133,000 and an increase in wages of USD 59,000. For the three months period ended September 30, 2019, research and development expenses amounted to USD 113,000 compared to USD 19,000 for the three months period ended September 30, 2018. The increase was mainly due to an increase in R&D material expenses of USD 55,000 and an increase in salary expenses of USD 35,000.

General and Administrative Expenses

For the nine months period ended September 30, 2019, general and administrative expenses amounted to USD 1,492,000 as compared to USD 339,000 for the nine months period ended September 30, 2018. The increase in general and administrative expenses in the nine months period ended September 30, 2019 was mainly as a result of an increase in share based compensation expense of USD 107,000, due to granting of options to directors, employees and service providers, an increase in wages of USD 261,000, an increase in professional services of USD 120,000 and share issuance expenses, amounted to USD 555,000, reported in the nine months period ended September 30, 2019. For the three months period ended September 30, 2019, general and administrative expenses amounted to USD 1,193,000 compared to USD 211,000 for the three months period ended September 30, 2018. The increase in general and administrative expenses in the three months period ended September 30, 2019 was mainly as a result of an increase in share based compensation expense of USD 107,000, an increase in wages of USD 147,000, an increase in professional services of USD 82,000 and share issuance expenses, amounted to USD 555,000, reported in the nine months period ended September 30, 2019, due to the IPO and the listing on the CSE. The share based compensation and share issuance, are related to specific events, and are not expected to repeat on a regular basis.

Finance Expense

For the nine months period ended September 30, 2019, finance expense, net, amounted to USD 2,099,000, as compared to USD 12 for the nine months period ended September 30, 2018. The increase in finance expense, net, in the nine months period ended September 30, 2019 was a result of an increase in fair value of warrants (mainly as a result of the increase in share price from issuance to September 30, 2019). For the three months period ended September 30, 2019, finance expense, net, amounted to USD 2,097,000, as compared to USD 10 for the three months period ended September 30, 2018. The increase in finance expense, net, in the three months period ended September 30, 2019 was mainly as a result of an increase in fair value of warrants.

3. LIQUIDITY AND CAPITAL RESOURCES

The Corporation has financed itself through the issuance of Common Shares and raising additional capital. On September 25, 2019, following the execution of the Share Exchange Agreement, the Corporation completed the Offering. The 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. Should the Corporation be unable to continue to obtain outside financing and or commence earning revenue to sustain a commercial operation, the Corporation may be unable to continue as a going concern.

Since inception, the Corporation has not generated any revenues and expects to continue financing itself in the foreseeable future, through the issuance of equity. The Corporation has generated an accumulated deficit of USD 5,521,000 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 addressed by the Solsken Limited ("Solsken") USD 2,000,000 private placement (discussed above under "Significant Financial Developments during the Period").

As of September 30, 2019, the Corporation had working capital of USD 13,000 (USD 184,000 at December 31, 2018), which consisted of current assets of cash and cash equivalents and other receivables and current liabilities of other accounts payable, accrued liabilities and a derivative liability.

As of September 30, 2019, 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.

Nine months period ended September 30, 2019 compared to the Nine Months Period Ended September 30, 2018

During the nine months period ended September 30, 2019, the Corporation's overall position of cash and cash equivalents has increased by USD 2,564,000. This increase in cash and cash equivalents was mainly a result of the Solsken private placement, the Convertible Notes and the IPO funds (discussed above under " Significant Financial Developments during the Period").

This increase in cash can be mainly attributed to the following:

- The Corporation's net cash used in operating activities during the nine months period ended September 30, 2019 was USD 1,667,000 as compared to USD 192,000 for the nine months period ended September 30, 2018. The net cash used in operating activities in the nine months period ended September 30, 2019 is mainly due to a loss of USD 4,246,000, offset by a change in fair value of the derivative liability of USD 2,053,000.
- Cash provided by financing activities during the nine months period ended September 30, 2019 was USD 4,250,000 as compared to USD 976,000 for the nine months period ended September 30, 2018. The cash provided in the nine months period ended September 30,

2019, resulted from the issuance of Common Shares and warrants in the aggregate amount of USD 4,250,000.

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 following is a summary of transactions with key management personnel during the nine months period ended September 30, 2019 and the nine months period ended September 30, 2018.

	Nine months period ended September 30, 2019 (USD in thousands)	**Nine months period ended September 30, 2018 (USD in thousands)**
Share based compensation to directors, employees and service providers	248	141

The Corporation has transactions with key management personnel.

	Nine months period ended September 30, 2019 (USD in thousands)	**Nine months period ended September 30, 2018 (USD in thousands)**
Salary expense to the CEO	284(*)	57
Salary expense to the VP Business development	224(*)	76
Salary expense to the Board of director's Chairman	179(*)	67
Salary expense to the CFO	60(*)	38

(*) Including share based payment expense of: USD 66,000 to the CEO, USD 37,000 to each of the VP Business development and the Board of director's Chairman and USD 6,000 to the CFO, and USD 52,000 bonus expense to each of the CEO, VP Business development, and Board of director's Chairman.

	As of September 30, 2019 (USD in thousands)	**As of December 31, 2018 (USD in thousands)**
Balances owing to (from) the CEO	1	(13)
Balances owing to the VP Business development	6	27
Balances owing to the Board of director's Chairman	3	8
Balances owing to the CFO	19	11

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK EXPOSURES

The Corporation's financial instruments consist of cash and cash equivalents and, unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest or credit risk 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 of September 30, 2019, the Corporation had a USD 13,000 working capital balance (December 31, 2018 - USD 184,000), and the Corporation has little exposure to liquidity risk as the Corporation presently has limited 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 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 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 US dollars.

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 applies 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.

Derivative Fair Value Measurement

During the May to June 2018 period, InnoCan Israel signed SPAs with certain Investors according to which InnoCan Israel 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 an initial public offering or a reverse merger (discussed above under "Significant Financial Developments during the Period").

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 derivative financial liability as at September 30, 2019 amounted to USD 213,000.

During April 2019, InnoCan Israel entered into various arrangements with Solsken. As part of these arrangements, InnoCan Israel issued warrants to Solsken (discussed above under "Significant Financial Developments during the Period").

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 derivative financial liability as at September 30, 2019 amounted to USD 1,845,000.

During September 2019, the Corporation issued 6,111,112 units (discussed above under "Significant Financial Developments during the Period"), as part of the Offering. Each unit consists of one Common Share (each, a "Unit Share") and one-half of one Common Share purchase warrant (each whole common share purchase warrant, a "Warrant").

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 derivative financial liability as at September 30, 2019 amounted to USD 369,000.

The fair value of the derivatives 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 a contingent claim on InnoCan assets, and therefore, their value may be modeled as financial derivative contracts.

8. NEW ACCOUNTING POLICIES ADOPTED

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset, until the carrying amount is reduced to zero.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application.

As of September 30, 2019, the Corporation has car leases, the impact on the interim statement of financial position as of May 14, 2019 (the lease commencement date) is as follows:

	Under previous policy	The change	Under IFRS 16
	US Dollars in thousands		
Non-current assets:			
Property, plant and equipment	9	71	80
Current liabilities:			
Other accounts payable	(143)	(18)	(161)
Non-current liability:			
Long term lease liability	-	(41)	(41)

9. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

None

10. FINANCIAL COMMITMENTS

As of September 30, 2019, there is a restricted deposit in the amount of USD 22,000, which has been pledged as security 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 Common Shares and warrants outstanding as of the date of this MD&A:

Common Shares – As of November 27, 2019, 143,866,169 Common Shares were issued and outstanding.

Share Purchase Warrants

Investors	Number Of Warrants	Exercise Price	Exercisable at November 27, 2019	Expiry Date
InnoCan Israel Warrants	1,342,110	CAD 0.09	1,342,110	TBD (1)
Solsken A Warrants	13,981,916	USD 0.125(2)	13,981,916	April 15, 2021 (2)
Solsken B Warrants	2,000,000	USD 0.175(3)	2,000,000	August 15, 2021 (3)
Unit Warrants	3,666,667	CAD 0.30	3,666,667	September 25, 2021(4)

Notes:

(1) These warrants are exercisable until the earlier of (i) December 31, 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.

(2) Exercisable at a price of USD 91.875 per share, or USD 0.125 (based on a 1:735 Share Exchange Agreement ratio between InnoCan Israel and the Corporation) 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 (based on a 1:735 Share Exchange Agreement ratio between InnoCan Israel and the Corporation) in Common Shares following the Closing.

(3) Exercisable at a price of USD 128.63 per share, or USD 0.175 (based on a 1:735 Share Exchange Agreement ratio between InnoCan Israel and the Corporation) 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.

(4) Each Unit Warrant entitles the holder thereof to acquire one Common Share at an exercise price of CAD 0.30 for a period of 24 months following September 25, 2019, subject to acceleration in certain cases.

Between January and March 2019, InnoCan Israel issued 2,081 Common Shares of NIS 0.01 par value to different investors for a total consideration of NIS 507,000 (approximately USD 141,854) on the same terms as the crowdfunding private placement.

During April 2019, InnoCan Israel issued 28,840 Ordinary Shares of NIS 0.01 par value as part of the agreement with Solsken (discussed above under "Significant Financial Developments during the Period").

On September 25, 2019, as part of the Offering, the Corporation issued 120,888,390 Common Shares to the former InnoCan shareholders.

On September 25, 2019 the Corporation issued 9,299,417 Common Shares to Solsken (discussed above under "Significant Financial Developments during the Period").

On September 25, 2019 the Corporation issued 3,317,250 Common Shares (discussed above under "Significant Financial Developments during the Period").

On September 25, 2019 the Corporation issued 6,111,112 Common Shares as part of the Offering (discussed above under "Share Exchange & Related Transactions").

Incentive Stock Options

The Corporation has a stock option plan (the "**Plan**"), which is intended to provide an incentive to retain, in the employ of the Corporation, persons of training, experience, and ability, to attract new employees, officers, directors, consultants and service providers, to encourage the sense of proprietorship of such persons, and to stimulate the active interest of such persons in the development and financial success of the Corporation by providing them with opportunities to purchase Common shares of the Corporation pursuant to the Plan.

The following table reflects the activity with respect to options of the Corporation from September 25, 2019 (following the Offering) to September 30, 2019:

	Number of Options	Weighted Average Exercise Price (CAD)
Balance outstanding September 25, 2019 (prior to Offering)	-	-
Granted	12,026,477	0.18
Forfeited	(69,846)	-
Balance outstanding September 30, 2019	**11,956,631**	**0.18**
Exercisable options	4,094,826	0.18

During the nine months period ended September 30, 2019, the Corporation recorded an expense in the amount of USD 248,000.

SUBSEQUENT EVENTS:

1. On October 6, 2019, the Corporation granted 80,000 options to a service provider, each exercisable for one Common Share of the Corporation. The options have an exercise price of CAD 0.32 per share. The options will be vested over a period of one year, which begins on the grant date, and will expire 3 years following the grant date.
2. During October and November 2019, InnoCan Israel entered into a manufacture and supply agreements with a supplier from Portugal and the United States, to manufacture InnoCan's cannabidiol (CBD) cosmetic products, based on formulas provided to the supplier by InnoCan.
3. On October 25, 2019, the Corporation granted 200,000 options to a service provider, each exercisable for one Common Share of the Corporation. The options have an exercise price of CAD 0.30 per share. The options will be vested over a period of 4 months, which begins on the grant date, and will expire 2 years following the grant date.

12. RISKS AND UNCERTAINTIES

Risks Related to Our Business and Industry

Going Concern

The Corporation has financed itself by the issuance of Common Shares. Following the execution of the Share Exchange Agreement, the Corporation has completed the IPO. The consideration raised will continue to fund the research, development and commercialization of the technology and marketing activity until reaching sufficient operating profit. Should the Corporation be unable to continue to obtain outside financing and or commence earning revenue to sustain a commercial operation, the Corporation may be unable to continue as a going concern.

Since inception, the Corporation has not generated any revenues and expects to continue to finance itself through raising adequate funds in the foreseeable future. In addition, it has incurred a net loss of USD 4,246,000 for the nine months period ended September 30, 2019 and generated an accumulated deficit of USD 5,521,000 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 million private placement (discussed above under "Significant Financial Developments during the Period"), other arrangements with Solsken and additionally with the 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 the Corporation is looking to operate or sell its products, such as the compliance regimes under the Food and Drug Administration ("FDA"), European Medicines Agency ("EMA"), 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 in the countries that the Corporation is looking to be active. To the Corporation's knowledge, it is complying or is 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 their 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 the Corporation's IPO. 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 stage 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 the 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 flow. 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 current 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 regard 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.

Additional information:
The corporation files annual and interim financial reports and MD&A information circulus, and other information with certain Canadian regulatory authorities. The documents filed with Canadian securities regulatory authorities are available at www.sedar.com.

November 27, 2019
Iris Bincovich
President