

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

InnoCan Pharma Corporation (the "**Company**" or "**InnoCan**")
10 Hamenofim Street
Herzliya, Israel 4672561

Item 2. Date of Material Change

May 11, 2020 and May 14, 2020.

Item 3. News Release

The news releases disclosing the material changes were issued on May 11, 2020 and May 14, 2020 respectively, through the facilities of Newsfile Corp.

Item 4. Summary of Material Change

- On May 11, 2020, the Company filed and was receipted for a preliminary short form prospectus with the securities regulatory authorities in all provinces of Canada (except Québec) in connection with a marketed public offering of units of the Company ("**Units**") for gross proceeds of up to \$10,000,000 (the "**Offering**") plus a 15% over-allotment option.

Each Unit shall be comprised of one common share (a "**Common Share**") and an amount of Common Share purchase warrant (a "**Warrant**"). Each Warrant is exercisable into one Common Share at an exercise price determined in the context of the market. The final pricing of each Unit, the exercise price of each Warrant, the amount of Warrant to be included in each Unit, and the term of each Warrant will be determined in the context of the market prior to the filing of the short form prospectus in respect of the Offering.

The Offering is being conducted on a "best efforts" basis and is being led by Mackie Research Capital Corporation, as sole bookrunner, and Canaccord Genuity Corp. as co-lead agents (the "**Lead Agents**"), together with Haywood Securities and PI Financial Corp. (together with the Lead Agents, the "**Agents**").

Closing of the Offering is currently expected to be on or about the week of May 28, 2020, subject to certain conditions.

- On May 14, 2020, the Company announced that it had priced the Offering at a price of \$0.20 per Unit. Each Unit shall be comprised of one Common Share and one Warrant. Each Warrant is exercisable into one Common Share at an exercise price of \$0.25 for a period of 36 months following completion of the Offering.

Commencing on the date that is 12 months following the Closing Date, if the daily volume weighted average trading price ("**VWAP**") of the Common Shares on the Canadian Securities Exchange for any period of 20 consecutive trading days equals or exceeds \$0.50, the Company may, upon providing written notice to the holders of the Warrants (the "**Acceleration Notice**"), accelerate the expiry date of the Warrants to the date that is 30 days following the date of the Acceleration Notice.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

- A. On May 11, 2020, the Company filed and was receipted for a preliminary short form

prospectus with the securities regulatory authorities in all provinces of Canada (except Québec) in connection with a marketed public offering of units of the Company (“**Units**”) for gross proceeds of up to \$10,000,000 (the “**Offering**”).

Each Unit shall be comprised of one common share (a “**Common Share**”) and an amount of Common Share purchase warrant (a “**Warrant**”). Each Warrant is exercisable into one Common Share (a “**Warrant Share**”) at an exercise price determined in the context of the market. The final pricing of each Unit, the exercise price of each Warrant, the amount of Warrant to be included in each Unit, and the term of each Warrant will be determined in the context of the market prior to the filing of the short form prospectus in respect of the Offering.

The Offering is being conducted on a “best efforts” basis and is being led by Mackie Research Capital Corporation, as sole bookrunner, and Canaccord Genuity Corp. as co-lead agents (the “**Lead Agents**”), together with Haywood Securities Inc. and PI Financial Corp. (together with the Lead Agents, the “**Agents**”).

The Company granted the Agents an option (the “**Over-Allotment Option**”) to cover over-allotments and for market stabilization purposes, exercisable in whole or in part at the sole discretion of the Agents, at any time up to 30 days from the closing of the Offering, to increase the size of the Offering by up to 15% of the number of Units (and/or the components thereof) sold pursuant to the Offering, on the same terms and conditions of the Offering.

The net proceeds raised under the Offering will be used for research and product development expenses, sales and marketing expenses, operating expenses and general and administrative expenses as well as for working capital and general corporate purposes.

The closing of the Offering is currently expected to be on or about the week of May 28, 2020 and is subject to certain conditions including, but not limited to the execution of an agency agreement and the receipt of all necessary regulatory approvals including the approval of the Canadian Securities Exchange (the “**Exchange**”).

The Company will use commercially reasonable efforts to list the Common Shares, and the Warrant Shares on the Exchange, subject to the Company fulfilling all of the listing requirements of the Exchange.

B. On May 14, 2020, the Company announced that it has priced its previously announced Offering at a price of \$0.20 per Unit (the “**Offering Price**”) to raise aggregate gross proceeds of up to \$10,000,000.

Each Unit shall be comprised of one Common Share and one Warrant. Each Warrant is exercisable into one Common Share (a “**Warrant Share**”) at a price of \$0.25 for a period of 36 months following completion of the Offering.

Commencing on the date that is 12 months following the Closing Date, if the daily volume weighted average trading price (“**VWAP**”) of the Common Shares on the Canadian Securities Exchange for any period of 20 consecutive trading days equals or exceeds \$0.50, the Company may, upon providing written notice to the holders of the Warrants (the “**Acceleration Notice**”), accelerate the expiry date of the Warrants to the date that is 30 days following the date of the Acceleration Notice.

5.2 *Disclosure for Restructuring Transactions*

Not Applicable

Item 6. *Item 6 - Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102 – Continuous Disclosure Obligations*

Not Applicable

Item 7. *Item 7 - Omitted Information*

No information has been omitted from this material change report.

Item 8. *Executive Officer*

Iris Bincovich, Chief Executive Officer

+972-54-3012842

Item 9. *Date of Report*

May 15, 2020