

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 21, 2020 and May 27, 2020, respectively

**Item 3. News Release**

The news releases disclosing the material changes were issued on May 22, 2020 and May 28, 2020 respectively, through the facilities of Newsfile Corp.

**Item 4. Summary of Material Change**

- On **May 21, 2020**, the Company's wholly-owned subsidiary, Innocan Pharma Ltd. ("**Innocan Israel**"), entered into a letter of intent ("**LOI**") with Adva Biotechnology Ltd. ("**ADVA**") dated May 21, 2020, which sets out the indicative terms of an exosome production and development agreement (the "**Exosome Production Agreement**") which the parties intend to negotiate and conclude within 120 days from the date of the LOI. The LOI contains binding provisions pursuant to which ADVA will commence production of exosomes that in turn will be loaded with CBD ("**CLX**") to be used towards the Company's efforts to develop a treatment for COVID-19 and additional central nervous system indications.
- On **May 27, 2020**, the Company's wholly-owned subsidiary, Innocan Pharma Ltd. ("**Innocan Israel**"), filed an international patent application for a novel cannabis-based psoriasis treatment.

**Item 5. Full Description of Material Change**

5.1 Full Description of Material Change

- A. On **May 21, 2020**, the Company's wholly-owned subsidiary, Innocan Pharma Ltd. ("**Innocan Israel**"), entered into a letter of intent ("**LOI**") with Adva Biotechnology Ltd. ("**ADVA**") dated May 21, 2020. The LOI sets out the indicative terms of an exosome production and development agreement (the "**Exosome Production Agreement**") which the parties intend to negotiate and conclude within 120 days from the date of the LOI. ADVA is an Israeli company that specializes in the development of end-to-end advanced therapy manufacturing solutions.

The Exosome Production Agreement will provide a framework for the production of exosomes and related development services by ADVA. As part of Innocan's research and development activities with the Tel Aviv University led by Prof. Daniel Offen, Innocan intends to load the produced exosomes with CBD ("**CLX**") to be used towards its efforts to develop a treatment for COVID-19 and additional central nervous system indications.

The services to be provided by ADVA will be provided in three stages:

Stage 1: pilot study involving producing exosomes from 4 to 6 production runs according to the specifications of Innocan, expected to be completed in 6 to 8 weeks.

Stage 2: production of exosomes from 4 to 5 different donors, conducting comparable tests, production process optimization and characterization of the final exosome product.

Stage 3: upscaling the finalized exosome product for commercial production.

Pursuant to the LOI, the requirement to complete Stage 1 of the services is immediately binding on the parties. Innocan is required to make certain payments to ADVA: (i) within 5 days following the signing of the LOI, and (ii) upon the successful completion of Stage 1. The immediate impact of the LOI is that ADVA will commence production of the exosomes, thereby accelerating the research and development of CLX prior to entering into the Exosome Production Agreement.

- B. On **May 27, 2020**, Innocan Israel filed an international patent application for a novel cannabis-based psoriasis treatment. This patent application makes claim of a topical pharmaceutical composition used to treat the symptoms of itching and inflammation associated with psoriasis. Psoriasis can be defined as a skin condition which accelerates the life cycle of skin cells. It is usually considered to be a chronic condition. The symptoms of psoriasis are stinging, itching, and pain.

Innocan believes that its expanding intellectual property portfolio of cannabis-based products to be a source of both potential breakthroughs in pain therapy and for further opportunities across a broad spectrum of inflammatory indications with currently unmet medical needs.

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 28, 2020