No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories, possessions or the District of Columbia (the "**United States**") or to a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act) (a "**U.S. Person**") unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person, see "Plan of Distribution".*

***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Innocan Pharma Corporation at 1015, 926 – 5 Avenue SW Calgary, Alberta, telephone 403-777-1519, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

New Issue June 4, 2020

INNOCAN PHARMA CORPORATION

Minimum: $2,500,000
Maximum: $10,000,000

Price $0.18 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of a minimum of 13,888,888 units (the "**Units**") (the "**Minimum Offering**") and up to a maximum of 55,555,555 Units (the "**Maximum Offering**") of Innocan Pharma Corporation (the "**Company**" or "**Innocan**") at a price of $0.18 per Unit (the "**Offering Price**"). Each Unit consists of one common share in the capital of the Company (each, a "**Unit Share**") and one common share purchase warrant of the Company (each whole common share purchase warrant a "**Warrant**"). Each Warrant will be transferable and will entitle the holder thereof to acquire, subject to adjustment in certain circumstances, one common share in the capital of the Company (each, a "**Warrant Share**") at an exercise price of $0.25 for a period of 36 months following the Closing Date (as hereinafter defined). 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 (as herein defined) on the CSE (as herein defined) 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. The Warrants shall be governed by the terms of a warrant indenture (the "**Warrant Indenture**") to be dated as of the Closing Date (as hereinafter defined) between the Company and Odyssey Trust Company, as warrant agent (the "**Warrant Agent**"). The Warrants will not be listed or quoted on any stock exchange or market.

The Units will be offered pursuant to the terms of an agency agreement (the "**Agency Agreement**") dated as of June 4, 2020, among the Company and Mackie Research Capital Corporation ("**Mackie Research**") as co-lead agent and sole bookrunner, and Canaccord Genuity Corp. as co-lead agent (together with Mackie Research, the "**Lead Agents**") and including Haywood Securities Inc. and PI Financial Corp. (collectively, with the Lead Agents, the "**Agents**").

The common shares of the Company (the "**Common Shares**") are traded on the Canadian Securities Exchange ("**CSE**") under the symbol "INNO" and on the Frankfurt Stock Exchange (the "**FSE**") under the symbol "IP4". On June 3, 2020, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the CSE was $0.18. The Company has given notice to the CSE to list the Unit Shares and the Warrant Shares (including the Unit Shares and Warrant Shares issuable upon due exercise of the Over-Allotment Option (as hereinafter defined) and the Advisory Fee Shares, Compensation Shares, Advisory Fee Warrant Shares and Compensation Warrant Shares (as hereinafter defined). Listing will be subject to the Company fulfilling all of the requirements of the CSE.

There is currently no market through which the Warrants may be sold, see "*Risk Factors*".

Price: $0.18 per Unit

	Price to the Public[(1)]	Agents' Fee[(2)]	Net Proceeds to the Company[(3)]
Per Unit	$0.18	$0.0144	$0.1656
Minimum Offering.....	$2,500,000	$200,000	$2,300,000
Maximum Offering	$10,000,000	$800,000	$9,200,000

(1) The Offering Price was determined by arm's length negotiation between the Company and the Lead Agents on behalf of the Agents, with reference to the prevailing market price of the Common Shares.

(2) Assuming no purchasers from the president's list. The Company has agreed to pay the Agents a cash fee (the "**Agents' Fee**") equal to 8% of the gross proceeds from the Offering (reduced to between 2.5% and 4% for certain purchasers on the president's list (including any gross proceeds raised on exercise of the Over-Allotment Option)). The Agents will also receive, as additional compensation, non-transferable compensation options (the "**Compensation Options**") to purchase that number of Units (each a "**Compensation Unit**") that are equal to 8% of the Units sold pursuant to the Offering (reduced to between 2.5% and 4% for certain purchasers on the president's list) (including any Over-Allotment Units (as hereinafter defined) sold pursuant to the exercise of the Over-Allotment Option). Each Compensation Option is exercisable to purchase one Compensation Unit at a price of $0.18 for a period of 24 months from the Closing Date. Each Compensation Unit is comprised of one Common Share (each a "**Compensation Share**") and one compensation warrant (each a "**Compensation Warrant**"). Each Compensation Warrant is exercisable to purchase one Common Share (each a "**Compensation Warrant Share**") at a price of $0.25 for a period of 36 months from the Closing Date. The Company may also pay additional fees to arm's-length finders resident in Israel in up to 5% cash and/or 5% in additional Compensation Options for sales made to purchasers resident in Israel who are on the president's list. In addition to the Agents' Fee, the Agency Agreement provides that the Company shall pay the Lead Agents the following capital markets advisory fee (the "**Advisory Fee**") for certain strategic advising and support services rendered: (A) if the closing of the Offering results in gross proceeds of at least $5,000,000, the Company shall pay to the Lead Agents: (i) $250,000, payable by way of the issuance of Units (each an "**Advisory Fee Unit**") at a deemed price equal to the Offering Price on the Closing Date and; (ii) $50,000 in cash; (B) if the closing of the Offering results in gross proceeds of between $3,000,000 and $5,000,000, the Company shall pay to Lead Agents: (i) $200,000, payable by way of the issuance of Advisory Fee Units at a deemed price equal to the Offering Price on the Closing Date and; (ii) $50,000 in cash; and (C) if the closing of the Offering results in gross proceeds of below $3,000,000, the Company shall pay to the Lead Agents: (i) $125,000 payable by way of the issuance of Advisory Fee Units at a deemed price equal to the Offering Price on the Closing Date and; (ii) $50,000 in cash. Each Advisory Fee Unit is comprised of one Common Share (each an "**Advisory Fee Share**") and one Warrant (each whole Warrant an "**Advisory Fee Warrant**"). Each Advisory Fee Warrant is exercisable to purchase one Common Share (each a "**Advisory Fee Warrant Share**") at a price of $0.25 for a period of 36 months from the Closing Date. The Advisory Fee Units issued pursuant to the Advisory Fee shall be subject to a voluntary lock up for 60 days from the Closing of the Offering. This Prospectus also qualifies the distribution of the Compensation Options, the Advisory Fee Units and the securities issuable upon the exercise thereof. See "*Plan of Distribution*".

(3) Assuming no purchasers from the president's list. After deducting the Agents' Fee, but before deducting the expenses of the Offering (estimated to be approximately $250,000), which will be paid from the proceeds of the Offering.

The Agents have been granted an over-allotment option (the "**Over-Allotment Option**"), exercisable, in whole or in part, at the sole discretion of the Agents, for a period of 30 days from and including the Closing Date, to offer and sell up to an additional 15% of the number of Units sold pursuant to the Offering (the "**Over-Allotment Units**") at the Offering Price. Each Over-Allotment Unit consists of one Unit Share (each an "**Over-Allotment Share**") and one Warrant (each an "**Over-Allotment Warrant**"). The Over-Allotment Option may be exercised by the Agents: (i) to acquire Over-Allotment Units at the Offering Price, or (ii) to acquire Over-Allotment Shares at a price of $0.1619 per Over-Allotment Share, or (iii) to acquire Over-Allotment Warrants at a price of $0.0181 per Over-Allotment Warrant, or (iv) to acquire any combination of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Shares and Over-Allotment Warrants that may be issued under the Over-Allotment Option does not exceed 8,333,333 Over-Allotment Shares and 8,333,333 Over-Allotment Warrants (assuming completion of the Maximum Offering). The Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants are collectively referred to herein as the "**Over-Allotment Securities**". If the Over-Allotment Option is exercised in full for Over-Allotment Units, the total "Price to the Public", "Agents' Fee" and "Net Proceeds to the Company" will be $11,500,000, $920,000 and $10,580,000, respectively (assuming there are no purchasers from the president's list). This Prospectus qualifies the distribution of the Over-Allotment Securities. See "*Plan of Distribution*".

The following table sets out the maximum number of securities issuable under the Over-Allotment Option and the Compensation Options:

Agents' Position	Maximum Number of Securities	Exercise Period	Exercise Price
Over-Allotment Option	8,333,333 Over-Allotment Units	For a period of 30 days from and including the Closing Date	$0.18 per Over-Allotment Unit ($0.1619 per Over-Allotment Share and $0.0181 per Over-Allotment Warrant)
Compensation Options	4,444,444 Compensation Options[(1)]	24 months from the Closing Date	$0.18 per Compensation Unit

(1) 5,111,111 Compensation Options assuming exercise of the Over-Allotment Option in full.

Unless the context otherwise requires, when used herein, all references to the "Offering", "Units", "Unit Shares", "Warrants", "Warrant Shares", "Compensation Options", "Compensation Units", "Compensation Shares", "Compensation Warrants" and "Compensation Warrant Shares" assumes the exercise of the Over-Allotment Option and includes the Over-Allotment Securities.

Investing in the Units is speculative and involves significant risks. You should carefully review and evaluate the risk factors contained in this Prospectus and in the documents incorporated by reference herein before purchasing the Units, see "*Forward-Looking Information*" and "*Risk Factors*". Potential investors are advised to consult their own legal counsel and other professional advisors in order to assess the income tax, legal and other aspects of the Offering.

The Offering is not underwritten or guaranteed by any person. The Offering is being conducted on a "best efforts" agency basis by the Agents who conditionally offer the Units for sale, pursuant to the approval of certain legal matters by Gowling WLG (Canada) LLP, on behalf of the Company, and by DLA Piper (Canada) LLP on behalf of the Agents. See "*Plan of Distribution*".

Subscriptions for the Units will be received subject to rejection or allotment, in whole or in part, and the Agents reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about the week of June 8, 2020, or such other date as may be agreed upon by the Company and the Agents (the "**Closing Date**"). In connection with the Offering, and subject to applicable laws, the Agents may over-allot or effect transactions that are intended to stabilize or maintain the market price of the Common Shares at levels other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

It is anticipated that the Unit Shares and Warrants will be delivered under the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited in electronic form. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Unit Shares and Warrants on behalf of owners who have purchased Units in accordance with the book-based system. No definitive certificates will be issued unless specifically requested or required. Notwithstanding the foregoing, all Unit Shares and Warrants and any Warrant Shares, offered and sold in the United States or to or for the account or benefit of U.S. Persons who are institutional "accredited investors" as such term is defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the U.S. Securities Act (the "**U.S. Accredited Investors**"), and who are not "qualified institutional buyers," as such term is defined in Rule 144A under the U.S. Securities Act ("**Qualified Institutional Buyers**", and together with the U.S. Accredited Investors, the "**U.S. Purchasers**") will be issued in certificated, individually registered form. See "*Plan of Distribution*".

Information contained on the Company's website shall not be deemed to be a part of this Prospectus or incorporated by reference herein and may not be relied upon by prospective investors for the purpose of determining whether to invest in the securities qualified for distribution under this Prospectus.

The Company's head and registered office is located at 1015, 926 – 5 Avenue SW, Calgary, Alberta T2P 0N7.

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GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise, the "**Company**", "**Innocan**", "**we**", "**us**" and "**our**" refer to Innocan Pharma Corporation.

An investor should rely only on the information contained or incorporated by reference in this Prospectus. Neither the Company nor the Agents have authorized anyone to provide investors with additional or different information. The Company and the Agents are not making an offer to sell or seeking offers to buy the Units in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing or incorporated by reference in this Prospectus is accurate only as at the respective dates thereof, regardless of the time of delivery of the Prospectus or of any sale of the Units. The Company's business, financial condition, results of operations and prospects may have changed since that date.

All currency amounts in this Prospectus are stated in Canadian dollars, unless otherwise noted.

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

USD	Year Ended December 31, 2019	Year Ended December 31, 2018
Closing [Daily Average]	1.2988	1.3643
High	1.3600	1.3642
Low	1.2988	1.2288
Average	1.3629	1.2957

FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain certain "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect", "likely", "may", "will", "should", "intend", or "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

[1] As reported by the Bank of Canada, obtained from http://www.bankofcanada.ca.

- the successful completion of this Offering, and the timing thereof;
- general market conditions;
- the Company's expectations regarding its revenue, expenses and operations;
- the performance of the Company's business and operations;
- the Company's anticipated cash needs, its needs for additional financing, changes to its dividend policies and the use of the net proceeds from this Offering;
- the intention to grow the business, operations and potential activities of the Company;
- the Company's intention to build a pharmaceutical CBD-integrated product line focused on addressing the specific needs of patients and the medical community;
- the expected growth in the number of people using the Company's products and the number of physicians recommending the Company's products;
- medical benefits, viability, safety, efficacy and dosing of CBD;
- expectations with respect to future production costs and capacity;
- the intention to achieve the Company's development goals in the announced and expected time frames;
- the commercialization of the Company's products including the use of CBD loaded exosomes;
- market reception of the Company's products and other new delivery mechanisms produced by the Company;
- the completion and success of the Company's research and development of treatments for COVID-19 Coronavirus ("**COVID-19**");
- direct or indirect distribution in the Canadian marketplace;
- direct or indirect distribution in the EU marketplace;
- expectations with respect to the future growth of its products, including formulation development and services, including third party use of the Company's product development services;
- procurement of patent protection;
- clearance of product through appropriate pharmaceutical regulatory authorities in various national jurisdictions;
- laws and any amendments thereto applicable to the Company's products and services;
- dependence on third party research and collaboration;
- the occurrence of natural disasters, infectious diseases (including COVID-19) hostilities, acts of war or terrorism;
- the economic health of the U.S. and international markets given the COVID-19 pandemic as well as the consequences of government action in response to COVID-19;
- the ability or willingness of a health facility, laboratory or clinic to continue to direct efforts toward the execution of certain clinical trials; and
- the ongoing business relationships with various third-party research and clinical entities with which the Company is engaged and the ability of these businesses to continue operations given the COVID-19 pandemic.

Forward-looking statements contained in certain documents incorporated by reference in this Prospectus are based on the key assumptions described in such documents. Certain of the forward-looking statements contained herein and incorporated by reference concerning the general expectations of the Company related thereto, and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources, as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise.

Purchasers are cautioned that the above cautionary statements are not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in forward-looking statements. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Prospectus or in any document incorporated by reference. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.

CAUTIONARY NOTE REGARDING THIRD PARTY RESEARCH AND INDUSTRY DATA

Certain third party research and industry data contained (or incorporated by reference) in this Prospectus is based upon publically available information from government or other independent industry or scientific publications, trials and reports or based on estimates derived from such publications, trials and reports. Government and industry publications, trials and reports generally indicate that they have obtained their information from sources believed to be reliable, but none of the Company or the Agents, nor any of their representatives, have conducted their own independent verification of such information. While the Company and the Agents believe this information to be reliable, third party information is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties inherent in any statistical or scientific survey. In addition, this third party information has been prepared as of a specific date and therefore does not contemplate changes in facts and circumstances following such date. None of the Company or the Agents nor any of their representatives has independently verified any of the research, findings or data from independent third party sources referred to in this Prospectus or ascertained the underlying assumptions relied upon by such sources. Unless specifically stated, none of the third party information cited in this Prospectus is incorporated by reference herein. All third party information source references are provided for the reader's convenience only and do not form a part of this Prospectus.

CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES

The Company uses certain non-GAAP performance measures such as adjusted operating loss in this Prospectus or in documents incorporated by reference herein, which are not measures calculated in accordance with IFRS and have limitations as analytical tools. These performance measures have no meaning under IFRS and therefore amounts presented may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance such as net income (loss) or other data prepared in accordance with IFRS.

MARKETING MATERIALS

Any "template version" of "marketing materials" (as such terms are defined in National Instrument 41-101 – General Prospectus Requirements) will be incorporated by reference into the final short form prospectus. However, any such template version of marketing materials will not form part of the final short form prospectus to the extent that the contents of the template version of marketing materials are modified or superseded by a statement contained in the final short form prospectus. Any template version of marketing materials filed after the date of this Prospectus and before the termination of the distribution under the

Offering (including any amendments to, or an amended version of, the Marketing Materials (as defined herein) is deemed to be incorporated in this Prospectus.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

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

Name of Person	**Name and address of Agent**
Iris Bincovich	Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5
Yoram Drucker	Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5
Ron Mayron	Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5
Ralph C.L. Bossino	Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5
Eyal Flom	Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5
Nir Avram	Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5
Ziv Haft CPA	Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, each of which has been filed with the securities regulatory authorities in each of the provinces of Canada, excluding Québec, are specifically incorporated by reference and form an integral part of this Prospectus:

(a) the final long form prospectus of the Company dated September 12, 2019 (the "**IPO Prospectus**"), except for the sections in the IPO Prospectus titled, "Eligibility For Investment, "Certain Canadian Federal Income Tax Considerations" and "Experts";

(b) the Company's audited consolidated financial statements as at and for the financial years ended December 31, 2019 and 2018, and related notes thereto, together with the independent auditors' report thereon (the "**Annual Financial Statements**");

(c) the management's discussion and analysis for the financial year ended December 31, 2019 (the "**Annual MD&A**");

(d) the Company's consolidated financial statements as at and for the three month period ended March 31, 2020 and related notes thereto;

(e) the management's discussion and analysis for the three month period ended March 31, 2020;

(f) the material change report of the Company dated October 3, 2019, in respect of: (i) the closing of the Company's initial public offering (IPO); (ii) concurrent with the closing of the IPO, the closing of a share exchange transaction with Innocan Pharma Ltd. ("**Innocan Israel**"), private placement and various note conversion transactions;

(g) the material change report of the Company dated January 27, 2020, in respect of: (i) the Company's successful research study advancing its development of a cannabidiol targeted injection delivery platform; (ii) the Company's entering into of an expanded research and license agreement with the commercial arm of the Hebrew University on January 21, 2020; and (iii) the appointment of Peter Bloch as a director of the Company, replacing Daryl Fridhandler who resigned from the position of Director and Corporate Secretary on January 22, 2020, and the appointment of Eyal Flom as Corporate Secretary of the Company on the same date;

(h) the material change report of the Company dated April 30, 2020 in respect of: (i) the entering into by Innocan Israel of a distribution agreement with Active Therapeutics Ltd., part of Natural Resources (NW) Ltd. of Lancashire, United Kingdom to distribute Innocan's scientifically CBD based derma cosmetic products in the UK and Ireland (the "**Active Therapeutics Distribution Agreement**"); (ii) the filing by the Company of a new patent application for a cannabis-based formula targeting the pain, swelling and inflammation associated with hemorrhoids; (iii) Innocan Israel entering into a sponsored research agreement dated April 17, 2020 with Ramot at Tel Aviv University to collaborate with Ramot to develop a novel, revolutionary approach to treat COVID-19 by using CBD loaded exosomes; (iv) the exercise by Tamar Innovest Limited (formerly Solsken Ltd.) ("**Tamar**"), the Company's major shareholder, of its intention to exercise its right to license the Company's formulations and know-how of existing CBD products and new CBD formulations pursuant to the cooperation agreement between Tamar and Innocan Israel dated April 15, 2019; and (v) the entering into of an investor relations consulting agreement (the "**Green Times Consulting Agreement**") with Green Times Consulting Ltd. ("**Green Times**") pursuant to which Green Times will render certain investor relations consulting services to the Corporation for a two (2) month term. The Corporation had agreed to issue 1,437,661 Common Shares to Green Times at a price of $0.1725 per share as partial consideration for entering into the Green Times Consulting Agreement and for the services rendered thereunder;

(i) the material change report of the Company dated May 15, 2020 in respect of the pricing of the Offering;

(j) the material change report of the Company dated June 2, 2020 in respect of the amendment to the pricing of the Offering;

(k) the material change report of the Company dated May 28, 2020 in respect of: (i) the entering into of a letter of intent with binding provisions (the "**ADVA LOI**") with Adva Biotechnology Ltd. ("**ADVA**") to provide a framework for the production of exosomes and related

development services by ADVA; and (ii) the filing of an international patent application for a topical pharmaceutical composition used to treat the symptoms of itching and inflammation associated with psoriasis;

(l) the amended and restated standard term sheet in respect of the Offering dated June 4, 2020 (the "**Term Sheet**"); and

(m) the amended and restated investor presentation of the Company dated June 4, 2020 (together with the Term Sheet, the "**Marketing Materials**").

Any documents of the type referred to in paragraphs (a)-(m) above or similar material and any documents required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management's discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of this Offering will be deemed to be incorporated by reference in this Prospectus and will automatically update and supersede information contained or incorporated by reference in this Prospectus.

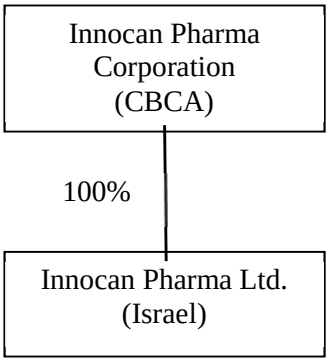
Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies, replaces or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

DESCRIPTION OF THE BUSINESS

General

The Company was incorporated on May 31, 2018 under the *Canada Business Corporations Act* ("**CBCA**"). On September 12, 2019 the articles of the Company were amended to increase the maximum number of directors to nine (9) and to remove the Company's "private issuer" restrictions. The Common Shares of the Company were admitted for trading on the CSE on September 25, 2019 under the ticker symbol INNO and on the Frankfurt Stock Exchange on April 3, 2020 under the ticker symbol IP4. The Company is a reporting issuer in Alberta, British Columbia and Ontario.

As of the date hereof, the Company carries on business through its wholly-owned subsidiary:



Summary of the Business

The Company, through its wholly-owned subsidiary, Innocan Israel, is a pharmaceutical tech company that focuses on the development of several drug delivery platforms combining cannabidiol ("**CBD**") with other pharmaceutical ingredients as well as the development and sale of CBD-integrated pharmaceuticals. The Company's operations and research and development activities are based in Israel.

The current business of the Company can be described as four distinct operating segments relating to the incorporation of CBD in the formulation of pharmaceutical products: (i) the research and development of the treatment of COVID-19 (and other viruses causing lung inflammation, such as SARS and Middle East Respiratory Syndrome ("**MERS**") as well as other central nervous system diseases such as epilepsy and Alzheimer's disease) by using CBD loaded exosomes ("**CLX**"); (ii) the research and development of the use of CBD loaded liposomes to provide pain relief and treat epilepsy and other central nervous system disorders and other indications; (iii) the commercialization and sale of branded CBD integrated pharmaceutical and topical treatment products for relief of psoriasis symptoms as well as the treatment of muscle pain and rheumatic pain; and (iv) third party research, development and licensing services. These business segments are discussed in more detail below.

(i)Research and Development of Treatments of COVID-19 and other conditions using CBD Loaded Exosomes (CLX)

Background

The world is suffering from a rapid rise in illness due to the fast growing spread of the COVID-19 pandemic. The lungs are the organ most affected by COVID-19, causing pneumonia that rapidly progresses to acute respiratory distress syndrome ("**ARDS**") and can further result in respiratory failure, septic shock, multi-organ failure, and in the most severe cases, death.

Exosomes have emerged as promising nanocarriers for drug delivery and targeted therapy. Exosomes are natural membrane vesicles of endosomal origin, secreted by various cells including mesenchymal stem cells ("**MSCs**"). Exosomes carry proteins, lipids, and genetic materials reflective of their cell origins, which facilitate intercellular communication and induce a multitude of biological effects, locally or distally, such as repairing tissue damage, suppressing inflammatory responses and modulating the immune system. Exosomes are easily traceable and target specific areas.

Recent studies have demonstrated that exosomes derived from MSCs can promote regeneration and improve immune reaction processes in damaged tissues. Exosomes contain anti-inflammatory agents that are able to target inflamed organs[2].

COVID-19

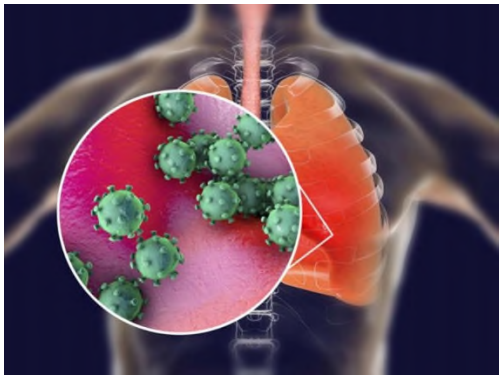
COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 ("**SARS-CoV-2**"). The disease was first identified in December, 2019 in Wuhan, China, the capital of China's Hubei province. The disease has since spread globally, resulting in the ongoing coronavirus pandemic.

As of May 3, 2020, more than 3.56 million cases have been reported across 185 countries and territories[3], resulting in more than 248,000 deaths. More than 1,157,000 people have recovered[4].

The virus is primarily spread between people during close contact, often via small droplets produced by coughing, sneezing, or talking. Once these droplets are produced, they usually fall to the ground or on to surfaces rather than remaining in the air. People may also become infected by touching a contaminated surface and then touching their eyes, nose, or mouth. The virus can survive on surfaces for up to 72 hours. It is most contagious during the first three days after the onset of symptoms, although spread may be possible before symptoms appear and in later stages of the disease.

The World Health Organization ("**WHO**") declared the coronavirus outbreak a Public Health Emergency of International Concern on January 30, 2020 and a pandemic on March 11, 2020. Community spread of COVID-19 has occurred in most countries across all six WHO regions.

The lungs are the organs most affected by COVID-19 because the virus accesses host cells via the enzyme angiotensin-converting enzyme 2 ("**ACE2**"), which is most abundant in type II alveolar cells of the lungs. COVID-19 can cause pneumonia that can rapidly progress to ARDS and further result in inflammation, respiratory failure, septic shock, and/or multi-organ failure.



The virus can also affect gastrointestinal organs as ACE2 is abundantly expressed in the glandular cells of gastric, duodenal and rectal epithelium. ACE2 is present in the brain, and there is growing evidence of neurological manifestations in people with COVID-19. It is not certain if the virus can directly infect the brain by crossing the barriers that separate the circulation of the brain and the general circulation. Common

[2] https://www.frontiersin.org/articles/10.3389/fphar.2016.00231/full
[3] https://www.worldometers.info/coronavirus/
[4]https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6

neurological presentations include a loss of smell, headaches, nausea, and vomiting. The virus can also cause acute myocardial injury and chronic damage to the cardiovascular system. ACE2 receptors are highly expressed in the heart and are involved in heart function[5].

As of April 2020, there is no specific treatment for COVID-19. Research is, however, ongoing. There are multiple attempts in progress to develop a vaccine. In late February 2020, the WHO said it did not expect a vaccine against severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), the causative virus, to become available in less than 18 months[6].

Research into potential treatments started in January 2020 and several antiviral drugs are in clinical trials[7]. It seems that cell therapy may play a role in treating the COVID-19 infection and body immune system reaction. Several clinical studies are being conducted using different stem cells treatments and exosomes[8].

All new treatments and drugs under development will need to go through clinical studies to demonstrate safety and effectiveness for treating COVID-19.

There is growing concern, including by the director of the Centers for Disease Control and Prevention, that a second wave of coronavirus will emerge in the fall and that its effects are likely to be even more devastating than the first wave[9][10].

The Ramot Research Agreement

On April 17, 2020, Innocan Israel entered into a sponsored research agreement (the "**Ramot Research Agreement**") with Ramot at Tel Aviv University ("**Ramot**") to collaborate with Ramot to develop a novel approach to treat COVID-19 by using CBD loaded exosomes.

Innocan, together with Prof. Dani Offen, Head of the Department of Human Molecular Genetics and Biochemistry at Ramot, plans to develop exosomes as a delivery system to carry CBD to the damaged sites in the lungs caused by COVID-19 (and other viruses causing lung inflammation) as well as other central nervous system diseases such as epilepsy and Alzheimer's disease.

Prof. Offen's team has already successfully loaded exosomes with molecules. They have also succeeded in treating different tissue injuries in animal models, while significantly reducing inflammation and pathological impairment. To date, there have been several clinical studies using exosomes globally, demonstrating their therapeutic potential at different applications[11].

Animal studies have also demonstrated CBD as effective in reducing lung inflammation[12]. Based on these findings, Innocan believes that its CLX therapy has the potential to treat the COVID-19 virus by combining CBD together with exosomes. The suggested combination may have synergetic effects which may increase the potential efficacy of the proposed treatment.

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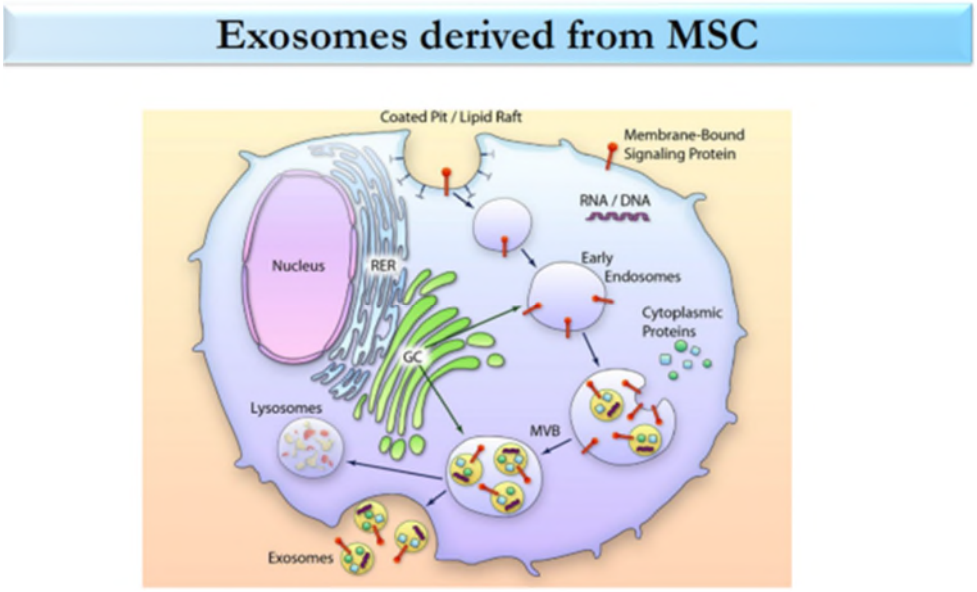
[5] https://onlinelibrary.wiley.com/doi/full/10.1002/jmv.25728
[6] https://www.sciencealert.com/who-says-a-coronavirus-vaccine-is-18-months-away
[7] https://www.reuters.com/article/us-china-health-hospital-idUSKBN20B1M6
[8] https://www.europeanpharmaceuticalreview.com/news/116794/us-researchers-to-study-stem-cell-therapy-in-covid-19-patients/
[9] https://www.msn.com/en-us/health/health-news/cdc-director-warns-second-wave-of-coronavirus-is-likely-to-be-even-more-devastating/ar-BB1304st?li=BBnb7Kz
[10] https://www.theguardian.com/world/2020/apr/20/will-there-be-second-wave-of-coronavirus-
[11] https://clinicaltrials.gov/ct2/results?cond=exosomes&term=mesenchymal+stem+cells+&cntry=&state=&city=&dist=
[12] https://www.ncbi.nlm.nih.gov/pubmed/25356537

Exosomes

MSCs are reported to show therapeutic effects in inflammation and injury. Hundreds of clinical studies are using these cells and several endowments have already been approved for use by the Food and Drug Administration in the U.S. ("**FDA**"). In the recent years, studies have reported that MSC-derived nano patrticals, named "exosomes", have functions similar to those of MSCs, such as repairing tissue damage, suppressing inflammatory responses and modulating the immune system[13].

Exosomes are endosome-derived small membrane vesicles, approximately 30 to 100 nm in diameter, and are released into extracellular fluids by cells in all living systems. They are generated by many cell types and contain proteins and lipids but also mRNAs and microRNA[14]. Exosomes are well suited for small functional molecule delivery. Increasing evidence indicates that exosomes have a pivotal role in cell-to-cell communication[15].

Recently, it has been shown that the secretion of different factors through exosomes orchestrate the principle mechanisms of action of MSCs after infusion. The use of MSC-derived exosomes may provide considerable advantages over their counterpart live cells, potentially reducing undesirable side effects including infusional toxicities (Mesenchymal stem cell-derived exosomes for clinical use)[16]. Exosomes can be loaded with different molecules. Exosomes can carry and deliver molecules to damaged areas and may have therapeutic effect[17].



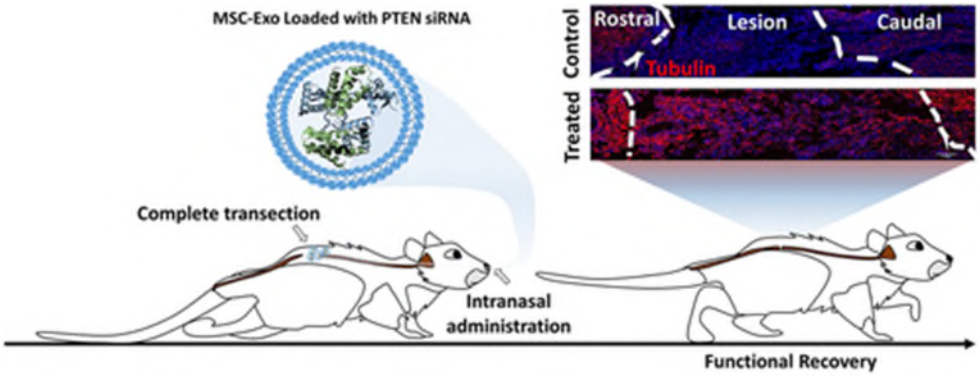
In contrast to transplanted MSCs, the MSC-derived exosomes do not proliferate, are less immunogenic and are easier to store and deliver than MSCs[18]. Exosomes have been characterized, their content was identified

[13] https://www.frontiersin.org/articles/10.3389/fphar.2016.00231/full
[14] https://thejns.org/view/journals/j-neurosurg/122/4/article-p856.xml#b70-jns14770
[15] https://www.sciencedirect.com/science/article/pii/S0006295211009531
[16] https://www.nature.com/articles/s41409-019-0616-z
[17] https://www.ncbi.nlm.nih.gov/pubmed/31454225
[18] Phinney DG, Pittenger MF. Concise Review: MSC-Derived Exosomes for Cell-Free Therapy. Stem Cells. 2017 Apr;35(4):851-858.

and studies from Prof. Offen's laboratory at Tel Aviv University, Israel, demonstrated that they can migrate and concentrate inside inflamatory lesions and recover damaged tissues[19][20] (see top picture below).

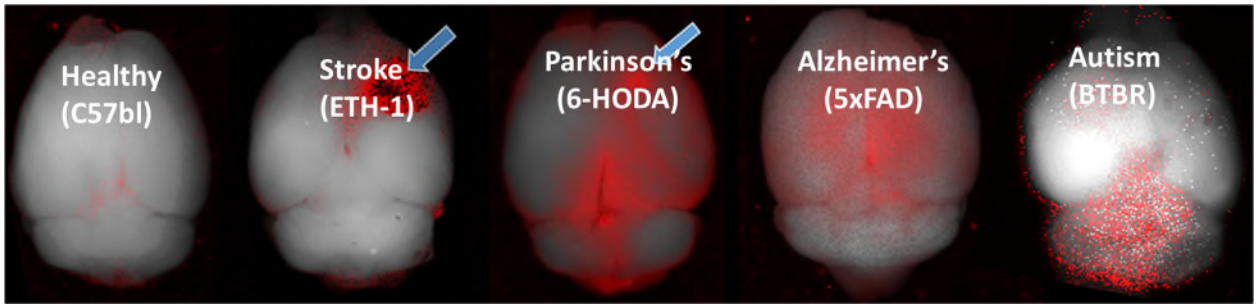
Many studies showed that exosomes can efficiently deliver cargo, such as drugs, to the target cell. Therefore, exosomes can be used to deliver therapeutic cargo for treatment[21].

Recently, research teams led by Prof. Shulamit Levenberg of the Technion – Israel Institute of Technology, Haifa, Israel and Prof. Offen used loaded exosomes in rats with severe spinal cord lesions. These teams demonstrated that intranasal delivery of the loaded exosomes significantly elicited functional recovery in the rats with complete spinal cord injury[22].

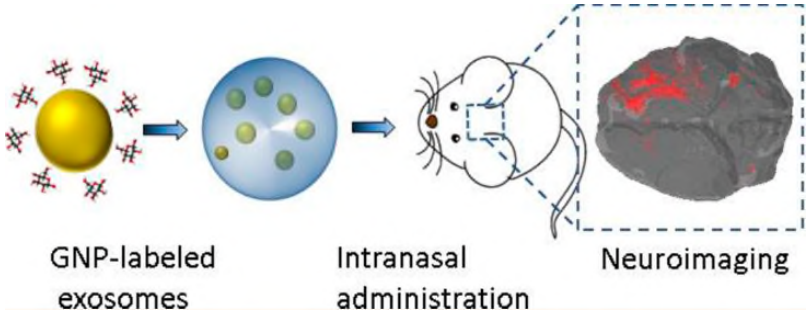


The capacity of exosomes to provide protection to injured tissue after stroke and respiratory distress syndrome was the subject of a recent study[23][24]. In addition, the use of exosomes in the treatment of severe coronavirus pneumonia is also the subject of a recent study entitled sponsored by the Ruijin Hospital in Shanghai, China, titled *A Pilot Clinical Study on Inhalation of Mesenchymal Stem Cells Exosomes Treating Severe Novel Coronavirus Pneumonia*[25]. The estimated primary completion date of this study is May 31, 2020 and the estimated study completion date is July 31, 2020.

[19] Perets N, Betzer O, Shapira R, Brenstein S, Angel A, Sadan T, Ashery U, Popovtzer R, Offen D. Golden Exosomes Selectively Target Brain Pathologies in Neurodegenerative and Neurodevelopmental Disorders. Nano Lett. 2019 Jun 12;19(6):3422-3431.
[20] Betzer O, Perets N, Angel A, Motiei M, Sadan T, Yadid G, Offen D, Popovtzer R. In Vivo Neuroimaging of Exosomes Using Gold Nanoparticles. ACS Nano. 2017 Nov 28;11(11):10883-10893.
[21] Yeo RW, Lai RC, Zhang B, Tan SS, Yin Y, Teh BJ, Lim SK. Mesenchymal stem cell: an efficient mass producer of exosomes for drug delivery. Adv Drug Deliv Rev 2013 Mar;65(3):336-41.
[22] Guo S, Perets N, Betzer O, Ben-Shaul S, Sheinin A, Michaelevski I, Popovtzer R, Offen D, Levenberg S. Intranasal Delivery of Mesenchymal Stem Cell Derived Exosomes Loaded with Phosphatase and Tensin Homolog siRNA Repairs Complete Spinal Cord Injury. ACS Nano. 2019 Sep 24;13(9):10015-10028.
[23] Otero-Ortega L, Laso-García F, Gómez-de Frutos M, Fuentes B, Diekhorst L, Díez-Tejedor E, Gutiérrez-Fernández M. Role of Exosomes as a Treatment and Potential Biomarker for Stroke. Transl Stroke Res. 2019 Jun;10(3):241-249.
[24] Horie S, Gonzalez HE, Laffey JG, Masterson CH. Cell therapy in acute respiratory distress syndrome. J Thorac Dis. 2018 Sep;10(9):5607-5620.
[25] https://clinicaltrials.gov/ct2/show/NCT04276987



Exosomes migrate damaged areas in the brain.



Brain imaging by gold nano articles.

CBD

For several years, CBD derived from the cannabis plant has been the subject of research and medicine because of its value in the treatment of many clinical conditions and its safety profile in humans. Certain studies have demonstrated that CBD exerts a number of beneficial pharmacological effects such as anti-inflammatory, antiemetic, antipsychotic and neuroprotective properties[26]. Moreover, certain studies have demonstrated that CBD treatment decreased airway hyper-responsiveness and reduced inflammation in bronchoalveolar lavage fluid. CBD treatment has also been found to decrease the inflammatory processes in a model of allergic asthma and there was an inverse correlation between CBD levels and lung function in asthmatic patients[27]. Preclinical studies showed that CBD has numerous cardiovascular benefits, including reduced blood pressure and response to stress[28].

CBD has been tested in several animal models and has been shown to protect organs via multiple anti-inflammatory pathways[29]. Recent publications indicate that COVID-19 affects the endothelial cells in several organs, including the lung, heart, kidney and intestine and there is evidence of direct viral infection of the endothelial cells and diffuse endothelial inflammation[30].

[26] Atalay S, Jarocka-Karpowicz I, Skrzydlewska E. Antioxidative and Anti-Inflammatory Properties of Cannabidiol. Antioxidants (Basel). 2019 Dec 25;9(1).
[27] Vuolo F, Abreu SC, Michels M, Xisto DG, Blanco NG, Hallak JE, Zuardi AW, Crippa JA, Reis C, Bahl M, Pizzichinni E, Maurici R, Pizzichinni MMM, Rocco PRM, Dal-Pizzol F. Cannabidiol reduces airway inflammation and fibrosis in experimental allergic asthma. Eur J Pharmacol. 2019 Jan 15;843:251-259.
[28] Jadoon KA, Tan GD, O'Sullivan SE. A single dose of cannabidiol reduces blood pressure in healthy volunteers in a randomized crossover study. JCI Insight. 2017 Jun 15;2(12).
[29] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7023045/; https://www.ncbi.nlm.nih.gov/pubmed/29632236
[30] https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)30937-5/fulltext

Innocan's unique approach to the research of the treatment of severe COVID-19 patients is based on the following three (3) elements:

1. Exosomes demonstrated benefits in many medical conditions, including the "homing" to lesions. The fact that exosomes are a thousand times smaller than cells, may allow them to easily approach endothelial infected cells and reduce the diffuse endothelial inflammation.

2. CBD is known for its anti-inflammatory and immune modality. Its safety profile is known and it is being used in several different clinical studies.

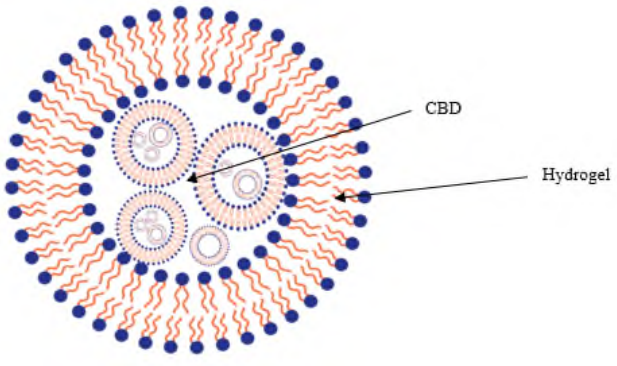
3. Professor Offen has developed novel patent-pending technology to load exosomes with different molecules. It is developing a platform to allow the loading of CBD to the exosome. This combination may have synergetic effects in treating COVID-19 patients suffering from acute respiratory distress as well as other indications related to the central nervous system such as epilepsy and Alzheimer's disease.

This unique approach, administrated by inhalation, targets the main infected organ directly and may be also tested for other lung infections and central nervous system diseases and disorders.

The development of CBD-loaded exosomes will involve several milestones, and is subject to various risk factors and uncertainties, such as loading the chosen cannabinoids such as CBD to MSC-Exosomes and proof of concept in animal models of various diseases as well as reliance on third-party research and collaboration, including sub-licensing. See "*Use of Proceeds – Business Objectives and Milestones"* and the "*Risk Factors"* outlined in this Prospectus and the IPO Prospectus including, *Risk Factors – Effectiveness of CBD in treating certain conditions and the adoption of CBD by the market", "Risk Factors – International Regulatory Risks", "Risk Factors – Dependence on third-party research and collaboration", "Risk Factors – Additional Financing", "Risk Factors – Achieving our projected development goals in the announced and expected time frames", "Risk Factors – Commercialization of the CBD Loaded Exosomes Operating Segment".*

(ii) CBD Loaded Liposomes

Innocan Israel has entered into a worldwide exclusive research and license agreement with Yissum Research and Development Company ("**Yissum**"), the commercial arm of the Hebrew University of Jerusalem, Israel, in respect of the design, preparation, characterization and evaluation of hydrogels containing CBD (or other cannabinoids) loaded liposomes. The development is led by Prof. Hezi Barenholz, head of the Membrane and Liposome department at the Hebrew University, which was the inventor of over 30 patent families, two of which underlie Doxil – an FDA approved drug for breast cancer treatment. This unique technology platform may be implemented for several indications (such as epilepsy, pain relief, different inflammation and central nervous system disorders). A patent was filed on the technology by Yissum on October 7, 2019.



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

The Company believes that its unique CBD loaded liposome platform technology ("**LPT**") facilitates exact therapeutic dosing and a controlled release of CBD into the bloodstream. The Company further believes that its LPT has the potential to become a licensing platform to large pharmaceutical companies for specific indications and/or cannabinoids.

The development of LPT will involve several milestones and is subject to various risk factors and uncertainties. See "*Use of Proceeds – Business Objectives and Milestones"* and "*Risk Factors"* in this Prospectus and the IPO Prospectus including, *Risk Factors – Effectiveness of CBD in treating certain conditions and the adoption of CBD by the market", "Risk Factors – International Regulatory Risks", "Risk Factors – Dependence on third-party research and collaboration", "Risk Factors – Additional Financing", "Risk Factors – Achieving our projected development goals in the announced and expected time frames"*.

(iii) CBD integrated pharmaceuticals and topical treatments (Branded Products)

Innocan's topical treatments will include cannabinoid components alongside existing, FDA proven active ingredients[31] and, in certain patents, a cream, lotion or gel based "smart delivery" system which releases the active ingredients when they are needed. In addition to expected higher potency than most market products with limited to no side effects, these topical treatments may enable Innocan to design these topical drugs to be affordable to consumers through optimal/minimal use of expensive cannabinoid components.[32] This can be compared to topical products of certain of Innocan's competitors' which do not have the benefit of a smart delivery system and therefore contain higher amounts of cannabinoid component or active ingredient to achieve an effective result.

In pain relief markets there are a number of topical pharmaceuticals and medications with varying degrees of effectiveness, and a large portion of the more effective pharmaceuticals include steroids and/or other ingredients with known potential undesirable side effects which are unfavorably viewed in the market. Perhaps the most noticeable trait in this market, especially as it pertains to pain relief, is that while advances

[31] FDA website https://www.fda.gov/downloads/AboutFDA/CentersOffices/CDER/UCM135691.pdf
[32] https://www.psoriasis.org/about-psoriasis/treatments/topicals/steroids

are being made, developments of such pharmaceuticals has been slow, in part because scientists do not fully understand the mechanics of how chronic pain works.[33]

The Company intends to leverage the FDA OTC Drug Monograph System, which allows for the fast-tracking of finished U.S. over-the-counter ("**OTC**") products into the U.S. market to make Innocan's branded products commercially available during the second and third quarters of 2020.

In parallel, the Company developed the following lines of cosmetic products to be sold in the European Union (EU), Canada and the US:

(1) *"R&G - Relief & Go" Pain Relief OTC Pharmaceutical Products* – the patent pending OTC pain relief line of products combine three mechanisms in one: (a) Menthol & Methyl Salicylate which acts as a topical analgesic; (b) Magnesium which acts as a muscle relaxant and (c) CBD which is used for its anti-inflammatory effects and for pain relief. 1.5 billion people worldwide are affected by pain[34] and 50% of all doctor visits are pain related[35]. Studies indicate that patients prefer topical treatment options over oral medicines[36]. It was estimated that the OTC local pain market opportunity was expected to reach US$6.7B in 2019 with a projected 16% market increase from 2019 - 2024[37].

(2) *"Shir" sophisticated premium derma-cosmetic line of products* – These products contain a tailored blend of highly concentrated ingredients formulated with CDB. Innocan Israel has signed two (2) manufacturing and supply agreements with European and US facilities. Manufacturing is underway with eight (8) products available starting from the second quarter of 2020. On January 27, 2020, Innocan Israel entered into the Active Therapeutics Distribution Agreement with Active Therapeutics Ltd. to distribute these products in the UK and Ireland.

[33] https://www.webmd.com/special-reports/opioids-pain/20180314/opioid-alternatives
[34] https://www.painmed.org
[35] Institute of Medicine Report from the Committee on Advancing Pain Research Care and Education: Relieving Pain in America, a Blue Print for Transforming Prevention, Education and Research: The National Academy Press, 2011.
[36] American Pain Society.
[37] TC Pain Management, US July 2019, Mintel's Quarterly Cannabis Tracker, US April 2019.

The cosmetic products are expected to be manufactured in the U.S., Canada and Portugal and are expected to be distributed in the EU, Canada and the U.S. by local distributors, in accordance with the applicable laws and regulations in these territories both related to the sale of cosmetic products and the sale of products containing CBD.

The following table details the estimated commercial availability of Innocan's products for each of Canada, the U.S. and the EU:

	Canada	**United States**	**European Union**
Manufacturing and commercial availability*	Q3 ─ Q4/2020	Q3/2020	Q2/2020

*Estimates only and will be dependent on the finalization of additional distribution agreements during Q2-Q4 of 2020 including partnering with a Health Canada licensed producer for the purposes of distribution of its products in Canada. See "*Other Business Information – Regulatory Landscape*". As a result of COVID-19, the shipping from the manufacturing site to the various locations (i.e., distributors) could take longer than usual and are uncertain at this time.

(iv) Third Party Research, Development and Licensing Services

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

RECENT DEVELOPMENTS

On September 25, 2019, the Company completed its initial public offering ("**IPO**") of 6,111,112 units (each, an "**IPO Unit**") at a price of $0.18 per IPO Unit and listing on the CSE. Each IPO Unit consisted of one Common Share and one-half of one common share purchase warrant (each, an "**IPO Warrant**"). Each IPO Warrant entitles the holder thereof to acquire one Common Share at a price of $0.30 until September 25, 2021, subject to acceleration in certain circumstances.

On September 25, 2019, the Company also closed: (i) a share exchange transaction (the "**Share Exchange**") pursuant to which the Company acquired, immediately prior to closing of the IPO, 100% of the issued and outstanding shares of Innocan Israel from the shareholders of Innocan Israel (the "**Innocan Israel Shareholders**"), on the basis of 735 Common Shares for each Innocan Israel share, resulting in 120,888,390 Common Shares being issued to Innocan Israel Shareholders; (ii) a private placement with Tamar pursuant to a private placement subscription agreement entered into on April 15, 2019 pursuant to which Tamar purchased 4,000,000 Common Shares at US$0.125 per Common Share for aggregate proceeds of US$500,000; (iii) a note conversion transaction pursuant to which the Company converted the unsecured note issued by the Company to Tamar representing US$500,000, due and payable on September 30, 2019, into Common Shares at US$0.09435 per Common Share for an aggregate total of 5,299,417 Common Shares (the "**Tamar Note**"); and (iv) additional note conversion transactions pursuant to which the Company converted two unsecured notes representing an aggregate $398,070 issued by the Company, due and payable on September 30, 2019, into Common Shares at $0.12 per Common Share for an aggregate total of 3,317,250 Common Shares.

On October 7, 2019, the Company announced that Yissum filed a provisional patent covering a unique cannabinoids loaded liposome platform technology developed under the Company's funded research agreement.

On November 5, 2019, the Company announced that it had signed a manufacturing agreement (the "**Fancystage Manufacturing Agreement**") with Fancystage Unipessoal LDA of Portugal ("**Fancystage**") to manufacture its CBD cosmetic products for sale in the European market. Fancystage specializes in private label cosmetic manufacturing for international brands and produces high-quality cosmetic products according to Good Manufacturing Practices for cosmetic products (GMP). Pursuant to the Fancystage Manufacturing Agreement, Fancystage will manufacture Innocan's CBD cosmetic products in accordance with Innocan's formulations as developed by Innocan's research and development team led by Nir Avram, a senior pharmaceutical scientist with more than 30 years' experience.

On November 18, 2019, the Company announced that it had signed a manufacturing agreement (the "**Biogenesis Manufacturing Agreement**") with Biogenesis Inc. of New Jersey, U.S. ("**Biogenesis**") to manufacture the Company's CBD based cosmetic and OTC topical products for sale in the U.S. market. Under the Biogenesis Manufacturing Agreement, Biogenesis agreed to manufacture Innocan's CBD OTC topical and cosmetic products in accordance with Innocan's formulations as developed by Innocan's research and development team. In addition, Biogenesis will be responsible for procurement of raw materials (other than CBD inputs which are the responsibility of Innocan) according to Innocan specifications, manufacturing and filing and packaging services under this agreement.

On January 13, 2020, the Company announced that test results of its unique CBD loaded liposomal platform technology developed under the Company's previously announced funded research agreement with Yissum, demonstrated high loading of CBD, indicating the potential of a new way of administration by injection. The platform enables the delivery of cannabinoids by injection of hydrogel-cannabinoid-loaded liposomes into the bloodstream or to a specific body part. The controlled release of CBD (or other

cannabinoids) from the liposomes may allow 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 conditions.

On January 30, 2020, Innocan filed a U.S. provisional patent application entitled "Compositions for Hemorrhoid Treatment" (62/967,614). The patent application describes a special cannabis-based formula, to treat the pain, swelling and inflammation associated with hemorrhoids.

On January 16, 2020, after having filed a U.S. provisional patent application (62/696,341) in June 2018 and a Patent Cooperation Treaty ("**PCT**") patent application (PCT/IL2019/050776) in July 2019, the application was published and contains a patent pending integrated topical CBD pain relieving product derived from industrial hemp called Relief & Go. Relief & Go is designed with the intention of providing treatment for pain associated with muscle and joint pain, minor burns and back pain, and includes a combined cannabis and magnesium topical pain-relieving technology.

On January 21, 2020, Innocan Israel signed a Research and License Agreement with Yissum (the "**Yissum Research and License Agreement**"). The Yissum Research and License Agreement was entered into as a result of the exercise of Innocan Israel's option under the research and option agreement between Innocan Israel and Yissum entered into on August 26, 2018 (the "**Yissum Agreement**") in respect of the design, preparation, characterization and evaluation of hydrogels containing CBD (or other Cannabinoids) loaded liposomes and steroid loaded liposomes, all as more particularly described in the IPO Prospectus. The Yissum Research and License Agreement finalized the terms of the license agreement between the parties based on the parameters described in the IPO Prospectus and the scope of the business and defined the specific royalties Yissum is entitled to receive in various scenarios.

On January 22, 2020, the Company announced the appointment of Peter Bloch as a director of the Company, replacing Daryl Fridhandler who resigned from the position of Director and Corporate Secretary on January 22, 2020, and the appointment of Eyal Flom as Corporate Secretary of the Company on the same date. Mr. Bloch replaced Mr. Fridhandler on the Company's audit committee.

On January 28, 2020, the Company announced that it has signed the Active Therapeutics Distribution Agreement pursuant to which Active Therapeutics agreed to distribute Innocan's scientifically CBD based derma cosmetic products in the UK and Ireland.

On March 25, 2020, Innocan Israel filed a U.S. provisional patent application entitled "Pain Relieving Otic Compositions" (U.S. provisional patent 62/994,360). This provisional patent claims pharmaceutical compositions comprising a cannabinoid and an additional analgesic agent. The additional agent may be an analgesic or an anesthetic and the composition may comprise a glycerin carrier, an oil such as olive oil and an emulsifier.

On March 26, 2020, after having filed a U.S. provisional patent on March 28, 2019 (62/825,316) entitled "Antipruritic Compositions", Innocan filed an international patent application (PCT/IL2020/050364) claiming priority from the U.S. provisional patent. This international patent application makes claim of a topical pharmaceutical composition comprised of a cannabinoid and antihistamine to relieve pruritus. The composition comes in various forms, including liquid, gel, cream, foam, and ointment. The claims describe a formulation that contains various antihistamines, skin protectants and corticosteroids to effectuate the healing process.

On April 3, 2020, the Common Shares commenced trading on the FSE under the symbol "IP4".

On April 17, 2020, Innocan Israel entered into the Ramot Research Agreement to collaborate with Ramot to develop a novel approach to treat COVID-19 by using CLX. Ramot filed a U.S. provisional patent on April 7, 2020 (81266 (Ramot ref. 2020003) entitled "CBD Delivery by Exosomes") covering a composition of cell-derived particle encapsulating cannabinoids for use in treating diseases that can benefit from cannabinoids, and a method of treating diseases with such a composition. The Company plans to further develop the claimed platform and technology as part of the Ramot Research Agreement with the aim of filing an international patent application claiming priority from the above filed U.S. application.

On May 1, 2020, the Company announced that Professor Daniel Offen joined Dr. Josef Geldwert, Professor Michael David and Professor Chezy Barenholz on Innocan Israel's Scientific Advisory Committee.

On May 21, 2020, the Company announced that Innocan Israel entered into the ADVA LOI with ADVA.

On May 27, 2020, the Company 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.

OTHER BUSINESS INFORMATION

Employees

InnoCan Israel currently has three (3) full time employees (the Chief Executive Officer, the Finance Manager and a Brand and Project Manager), three (3) part time employees (including the Chief Technology Officer) and intends to rely on contractors to provide lab and regulatory services. Ms. Iris Bincovich was appointed President and Chief Executive Officer of the Company on May 30, 2019 and the Chief Financial Officer of the Company, Nelson Halpern, serves under a consulting agreement on an as needed basis.

Intellectual Property Rights

We rely upon various intellectual property rights to maintain proprietary control over our technology and to develop and maintain our competitive position. We maintain proprietary concepts, inventions and technology as confidential information and disclose them to third parties under the protection of confidentiality agreements. Our existing and ongoing technological innovations are also protected as trade secrets.

We have five (5) patent applications in our patent portfolio and continue to expand our cannabinoid-based therapeutics portfolio of targeted healing products. The following is a summary of these patent applications:

- In June 2018, Innocan Israel submitted a U.S. provisional patent application containing a novel pain relief drug formulation (U.S. provisional, 62/696,341). A full international patent application was filed in July 2019, claiming priority from the U.S. provisional patent (PCT Patent Application No. PCT/IL2019/050776). The application was published in December 2019 and contains a patent pending integrated topical CBD pain relief product derived from industrial hemp – CanaRelief. CanaRelief is designed with the intention of providing treatment for pain associated with muscle and joint pain, minor burns and back pain, and includes a combined CBD and magnesium topical pain-relieving technology. In due course, Innocan Israel anticipates that if this patent is approved, it will provide Innocan Israel with a novel pain relief formulation as addressed in the application. The approval process for the patent application is expected to take several years. Innocan Israel plans to submit the patent in the relevant jurisdictions where the subject product will be sold and manufactured (Canada, USA, and Europe). The potential expiry date of the patent, if

obtained, will be in 2039. The patent expiration date may be extended according to the laws of the jurisdictions in which it is registered.

- In January 2020, Innocan Israel filed a U.S. provisional patent application entitled "Compositions for Hemorrhoid Treatment" (US patent provisional 62/967,614). The patent application describes a special formula which is cannabinoid-based to treat the pain, swelling and inflammation associated with hemorrhoids.

- In March 2020, Innocan Israel filed a U.S. provisional patent application entitled "Pain Relieving Otic Compositions" (U.S. patent provisional 62/994,360). This provisional patent claims pharmaceutical composition comprising a cannabinoid and an additional analgesic agent. The additional agent may be an analgesic or an anesthetic and the composition may comprise a glycerin carrier, an oil such as olive oil and an emulsifier.

- In March 2019, Innocan Israel filed a U.S. provisional patent entitled "Antipruritic Compositions" (U.S. provisional, 62/825,316). In March 2020, Innocan Israel filed an international patent application (PCT patent application no. PCT/IL2020/050364) claiming priority from the U.S. patent provisional. This PCT makes claim of a topical pharmaceutical composition comprising a cannabinoid and an antihistamine to relieve pruritus. This composition comes in various forms - liquid, gel, cream, foam, or ointment. The claims describe a formulation that contains various antihistamines, skin protectants and corticosteroids to effectuate the healing process. The approval process for the patent application is expected to take several years. Innocan Israel plans to submit the patent in the relevant jurisdictions where the subject product will be sold and manufactured (Canada, USA, and Europe). The potential expiry date of the patent, if obtained, will be in 2040. The patent expiration date may be extended according to the laws of the jurisdictions in which it is registered.

- In May 2019, Innocan Israel was assigned a U.S. provisional patent application entitled "Compositions for Treatment of Psoriasis of the Scalp" (US patent provisional 63/029,627). The patent application makes claim of a topical pharmaceutical composition used to treat the symptoms of itching and inflammation associated with psoriasis.

In addition to the five (5) patent applications described above, Yissum has submitted a patent application which is licensed to Innocan Israel pursuant to the Yissum Research and License Agreement and Ramot has submitted a patent application which will be licensed to Innocan Israel pursuant to the Ramot Research Agreement. The following is a summary of these patent applications:

- In April 2020, Ramot filed a U.S. provisional application for the development of a CBD delivery platform utilizing exosome technology. The claims in this application are directed to a composition comprised of cell-derived particle encapsulating cannabinoids, for use in treating diseases that can benefit from cannabinoids, and a method of treating diseases with such a composition. The claimed platform and technology will be further developed under the Ramot Research Agreement during the coming year with the aim of filing an international patent application claiming priority from the above U.S. application. The application will be targeted toward various jurisdictions including the U.S., Europe and Canada, as well as other commercially relevant countries, within a year from the U.S. provisional filing. It is expected that other patent applications will be filed by Ramot in alignment with the research and development process. All such patents, patent applications and technologies are owned by Ramot but will be licensed to the Company pursuant to the terms of the Ramot Research Agreement. See "*Description of the Business*" and "*Material Contracts*".

- In October 2019, Yissum filed a U.S. provisional patent application. The claims in this application are directed to a unique cannabinoids loaded liposome platform technology developed under the Company's funded research agreement with Yissum. This patent application and technology is owned by Yissum but is licensed to the Company pursuant to the terms of the Yissum Research and License Agreement. See "*Description of the Business*" and "*Material Contracts*".

The Company also relies on trademark rights to protect certain of our product names and our corporate identity. Our policy is to enhance our common law trademark rights by obtaining trademark registrations in Canada, Europe and the U.S., where appropriate. We have obtained or applied for trademark registrations for several trade names, including Innocan Pharma, R&G Relief & Go and Shir. We believe that the protections afforded under the applicable trademark laws will be adequate to protect our trademarks.

Regulatory Landscape

Except as updated below, the regulatory landscape applicable to the production and distribution of CBD products in the United States, the EU and Canada is as described in the IPO Prospectus.

Canadian Regulations

On October 17, 2019, the Regulations under the *Cannabis Act* were amended to establish rules for the legal production and sale of three (3) new classes of cannabis: (i) edibles; (ii) cannabis extracts; and (iii) cannabis topicals. Throughout late 2019 and early 2020, these new classes of cannabis became available for purchase online and in physical stores across most provinces.

The Company must identify and partner with a Health Canada licensed producer for the purposes of distribution of its products in Canada. The Company believes, but provides no assurance, that this will occur by the third or fourth quarter of 2020.

Innocan works closely with regulatory consultants and legal specialists in the jurisdictions where it currently conducts and intends to conduct its business in order to comply with applicable legal and regulatory requirements in such jurisdictions. Applicable regulations include cosmetic label and claim reviews, product safety assessments and product notification and registration.

CONSOLIDATED CAPITALIZATION

Since the date of the Company's Annual Financial Statements, there have been no material changes to the Company's share and loan capitalization on a consolidated basis.

As at the close of business on June 3, 2020, the Company had 145,529,690 Common Shares issued and outstanding. Upon completion of the Offering, the Company will issue a minimum of 13,888,888 Unit Shares, 13,888,888 Warrants and 1,111,111 Compensation Options (assuming no purchasers from the president's list) as well as 694,444 Advisory Fee Shares and 694,444 Advisory Fee Warrants in the event of the Minimum Offering and a maximum of 55,555,555 Unit Shares, 55,555,555 Warrants and 4,444,444 Compensation Options (63,888,888 Unit Shares, 63,888,888 Warrants and 5,111,111 Compensation Options if the Over-Allotment Option is exercised in full) as well as 1,388,888 Advisory Fee Shares and 1,388,888 Advisory Fee Warrants in the event of the Maximum Offering and therefore there will be an aggregate of 160,113,022 Common Shares issued and outstanding in the event of the Minimum Offering and 202,474,133 Common Shares issued and outstanding in the event of the Maximum Offering (210,807,466 Common Shares outstanding if the Over-Allotment Option is exercised in full).

USE OF PROCEEDS

Proceeds

The net proceeds to the Company from the Offering are estimated to be: (i) $2,300,000, after deducting the payment of the Agent's Fee of $200,000 (assuming there were no purchasers from the president's list) in the event of the Minimum Offering; and (ii) $9,200,000, after deducting the payment of the Agents' Fee of $800,000 (assuming there were no purchasers from the president's list) in the event of the Maximum Offering, but in each case before deducting the expenses of the Offering (estimated to be approximately $250,000) and the cash portion of the Advisory Fee. If the Over-Allotment Option is exercised in full for Over-Allotment Units following the Maximum Offering, the net proceeds to the Company from the Offering are estimated to be $10,580,000, after deducting the Agents' Fee of $920,000, (assuming there were no purchasers from the president's list) but before deducting the expenses of the Offering and the cash portion of the Advisory Fee.

Principal Purposes

The Company currently anticipates using the net proceeds from the Offering as set forth in the following table:

Principal Purpose	**Approximate Use of Net Proceeds of Minimum Offering**	**Approximate Use of Net Proceeds of Maximum Offering**
Operating Expenses	$60,000	$766,000
Research and Product Development Expenses	$995,000	$4,962,000
Sales and Marketing Expenses	$485,000	$1,615,000
General and Administrative Expenses	$680,000	$787,000
Other Expenses	$80,000	$1,070,000
Total (assuming no exercise of the Over-Allotment Option)	$2,300,000	$9,200,000

The above noted allocation represents the Company's intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Actual expenditures may differ from the estimates set forth above. There may be circumstances where for sound business reasons, the Company reallocates the use of proceeds, see "*Risk Factors – Discretion in the Use of Proceeds*" and "*Risk Factors – Additional Financing*".

Until applied, the net proceeds will be held as cash balances in the Company's bank account or invested in certificates of deposit and other instruments issued by banks or obligations of or guaranteed by the Government of Canada or any province thereof.

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

future. See "*Risk Factors"* for further disclosure of the risk of negative cash flows from its operating activities.

If the Over-Allotment Option is exercised in full for Over-Allotment Units, the Company will receive additional net proceeds of $1,380,000 after deducting the Agents' Fee (assuming there were no purchasers from the president's list) but before deducting the expenses of the Offering and the cash portion of the Advisory Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be added to general working capital.

Business Objectives and Milestones

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

A. Research and Development

Business Objective	**Milestone**	**Expenditures Incurred to Date – (CAD)**	**Estimated Costs Related to Business Objectives – (CAD)** [(12)]	**Expected Time Period**[(11) (12)]
I. Production of CBD Loaded Exosome				
	Literature research	-	-	Completed
	Exosome production: ADVA LOI	~15,000	~35,000	Q2/20
	Mesenchymal Stem Cell Exosome (MSC-EXO) preparation and characterization	~80,000	~30,000 (25,000)	Q2-Q3/20
	Production of MSC-EXO loaded with CBD[(1)]	(not yet commenced)	~485,000 (120,000)	Q2-Q3/20
	In Vitro proof of concept[(2)]	(not yet commenced)	~140,000 (60,000)	Q3/20
	Animal model testing[(3)]	(not yet commenced)	~350,000 (100,000)	Q3-Q4/20
	Safety, toxicity, PK [(4)]	(not yet commenced)	~420,000 (150,000)	Q3-Q4/20
	Human testing[(5) (6)]	(not yet commenced)	~1,120,000 (0)	H1/21
	Total Exosome Budget		**~2,580,000 (455,000)**	
	Phase I/IIb	(not yet commenced)	(to be determined)	H2/21 - H1/22
	Phase II	(not yet commenced)	(to be determined)	Q4/22 - Q4/23

Business Objective	Milestone	Expenditures Incurred to Date – (CAD)	Estimated Costs Related to Business Objectives – (CAD) (12)	Expected Time Period (11) (12)
	Phase III	(not yet commenced)	(to be determined)	H1/24 - H2/25
II. Yissum Agreement				
	Development of initial matrix of liposomal formulations of cannabidiol	~350,000	-	Completed
	Characterization of the physicochemical properties, drug loading, short-term stability and release in the presence of serum	~500,000	-	Completed
	Liposome technology animal proof of concept (7)	~50,000	~350,000 (120,000)	Q2-Q3/20
	Animal models at 4 different indications(8) (one indication only)	(not yet commenced)	~900,000 (150,000)	Q3-Q4/20
	Safety, toxicity, PK(9)	(not yet commenced)	~420,000 (120,000)	Q4/20-Q1-21
	Total Liposome Budget		**~1,670,000 (390,000)**	
	Phase I/IIb	(not yet commenced)	(to be determined)	Q3/21 - Q4/24
	Phase II	(not yet commenced)	(to be determined)	2025
	Phase III	(not yet commenced)	(to be determined)	2025/2026
III. Branded Products	Post marketing study(10)	-	~280,000 (120,000)	Q2-Q4/20
	Other expenses	-	~432,000 (30,000)	Q2/20-Q2/21
Total:			**~$4,962,000 (995,000)**	

Notes:

(1) CLX Production – Production of the CBD loaded exosome at the designated MSC medium.

(2) In Vitro Proof of Concept – Show in vitro efficacy of the CLX on cell lines representing inflammatory damage at recognized models.

(3) Animal Model Proof of Concept – Test CLX on animal accepted lung inflammatory model to mimic COVID-19 disease mechanism.

(4) Safety – Check toxicity, distribution, pharmacokinetic (PK) parameters in order to establish the safety profile of the CLX.

(5) Regulatory IND submission – To receive approval to use the products on humans for compassionate treatment / Phase I/IIa.

(6) First in Human / Phase I/IIa – conducting the use of CLX on humans as compassionate treatment / Phase I/IIA.

(7) Liposome technology animal proof of concept – showing the ability of the liposome to contain therapeutic amount of CBD, to release the CBD to the tissue and blood at the control way and the ability to inject it at the organ.

(8) Animal Models at Four (4) Different Indications – Test the technology on different animal model indications, such as Pain Relief, Parkinson's Disease, Epilepsy and Multiple Sclerosis.

(9) Safety – Check toxicity, distribution, pharmacokinetic (PK) parameters in order to establish the safety profile of the liposome technology.

(10) The OTC monograph process which allows for OTC drugs to be sold without individual product licensing will allow Innocan to commence the manufacture and sale of the products in the U.S. market in all relevant distribution channels and to promote the products under the OTC monograph guidelines without further FDA approval. Management expects that post-marketing studies will be various clinical studies and will occur simultaneously with the launch of the products. Such studies will be conducted to enable production validation, brand recognition and market awareness, based on clinical review.

(11) The expected time-periods are management estimates only. Actual time-periods may vary from estimates due to factors beyond the Company's control including delays which may result from COVID-19. See "*Risk Factors*".

(12) Bracketed numbers are based on the Minimum Offering. The Minimum Offering would allow the Company to advance in fewer indications per project.

For additional context related to project milestones, the following represents a general overview of the various phases associated with research and development work:

(a) **Phase I**: Phase I involves a relatively small number of subjects (e.g., 15-30) and is intended to gather initial safety information. The purpose is to determine a safe dose range in which the drug can be administered, metabolized, and pharmacologically effective with minimum toxicity. The safety and pharmacokinetics of the doses in these studies usually include testing to help establish the relationship between drug dose and plasma concentration levels, as well as therapeutic or toxic effects. The results of the Phase I studies instruct the development of Phase II. When the results of Phase I demonstrate therapeutic potential effect and evidenced to be safe, the Phase can be considered to be "Phase I/IIA", meaning that the results are demonstrating both the safety profile of the product, and also initial efficacy results.

(b) **Phase II**: Phase II involves a larger number of subjects that possess the targeted condition (e.g., between 40-100). In Phase II, the purpose is to determine a minimum and maximum effective dose (dose-ranging study and pharmacokinetic data). Clear evidence is established to confirm that the mechanism of action observed in animals is observed in humans. Phase II may be divided into two subparts: Phase IIA is a pilot study, which is used to determine initial efficacy (and in some cases can be a part of the Phase I), and Phase IIB uses controlled studies on larger numbers of patients. Sufficient data regarding tolerability and efficacy of a number of different dose regimens should be available to support the dose regimen to be evaluated in Phase III trials. At this point, the sponsor and the FDA usually confer to discuss the data and plans for Phase III.

(c) **Phase III**: Phase III studies are considered "pivotal", designed to collect all essential data to fulfill the safety and efficacy criteria that the FDA requires to approve the application for the U.S. marketplace. Phase III studies are usually larger than Phase II and are typically double-blind, randomized, controlled studies that are often conducted at multiple sites. In this phase, detailed data are gathered about the effectiveness of the new drug compound in comparison to control treatments. Subjects are followed to evaluate side effects and safety. Additionally, Phase III studies establish effectiveness of final formulation, indications for clinical use, labeling, marketing claims, drug product stability, packaging, and storage conditions.

B. Sales, Marketing and Business Development

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

Business Objective	Estimated Cost Related to Business Objectives (CAD) [(1)]	Time Period
Brand and reputation awareness	~730,000 (110,000)	Q2 2020 – Q2 2021
Online and offline marketing	~230,000 (20,000)	Q2 2020 – Q2 2021
Distributors marketing support	~230,000 (45,000)	Q2 2020 – Q2 2021
Personnel	~340,000 (285,000)	Q2 2020 – Q2 2021
Public relations	~45,000 (15,000)	Q4 2019 – Q2 2021
Business development	~40,000 (10,000)	Q4 2019 – Q2 2021
Total:	**$1,615,000** **(485,000)**	

(1) Bracketed numbers are based on the Minimum Offering.

The below table illustrates managements' expectations regarding approximate timelines associated with each development and production stage, some of which would run in parallel, before Innocan's branded products will be commercially available:

Stage / Process	Time	Estimated Start Time	Estimated End Time
Anti-Age study	6 weeks	Q2/20	Q3/20
Hydration study	14 days	Q2/20	Q2/20

Warehouse and logistics	6 weeks	Q2/20	Q3/20
Second production	4 months	Q3/20	Q4/20
Negotiation of distribution and marketing agreements	4 – 6 months	Q2/20	Q4/20

PLAN OF DISTRIBUTION

Pursuant to an Agency Agreement to be entered into between the Company and the Agents, the Company will engage the Agents to offer for sale to the public on a "best efforts" agency basis, and the Agents have agreed to issue and sell, a minimum of 13,888,888 Units for aggregate gross proceeds of a minimum of $2,500,000 and up to 55,555,555 Units for aggregate gross proceeds of a maximum of $10,000,000 payable in cash to the Company against delivery of the Units, subject to the terms and conditions of the Agency Agreement. The Offering Price has been determined based upon arm's length negotiations between the Company and the Agents, in the context of the market. While the Agents have agreed to use their best efforts to sell the Offered Units, the Agents are not obligated to purchase any Units that are not sold.

The Agents have been granted the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Agents, for a period of 30 days from and including the Closing Date, to offer and sell up to an additional 15% of the number of Units sold pursuant to the Offering at the Offering Price. Each Over-Allotment Unit consists of one Over-Allotment Share and one Over-Allotment Warrant. The Over-Allotment Option may be exercised by the Agents: (i) to acquire Over-Allotment Units at the Offering Price, or (ii) to acquire Over-Allotment Shares at a price of $0.1619 per Over-Allotment Share, or (iii) to acquire Over-Allotment Warrants at a price of $0.0181 per Over-Allotment Warrant, or (iv) to acquire any combination of Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants, so long as the aggregate number of Over-Allotment Shares and Over-Allotment Warrants that may be issued under the Over-Allotment Option does not exceed 8,333,333 Over-Allotment Shares and 8,333,333 Over-Allotment Warrants (assuming completion of the Maximum Offering). This Prospectus qualifies the distribution of the Over-Allotment Securities.

Under the terms and conditions of the Agency Agreement, the Company is expected to agree to indemnify and save harmless the Agents, their respective affiliates, directors, officers, employees and partners against certain liabilities, including civil liabilities under Canadian provincial securities legislation, or to contribute to any payments the Agents may be required to make in the foregoing respect.

Under the Agency Agreement and in consideration of the services rendered by the Agents in connection with the Offering, the Company is expected: (i) to pay the Agents an Agents' Fee equal to 8% of the gross proceeds of the Offering other than with respect of sales to certain purchasers on a "president's list" of the Company on which a reduced fee of 4%, 3% and 2.5% of the gross proceeds from the sale of Units shall be paid, respectively, to those purchasers who are: (a) residents outside of Israel, (b) residents of Israel and Europe and (c) existing securityholders of the Company, respectively, and (ii) to issue to the Agents Compensation Options that will entitle the Agents to purchase that number of Compensation Units as is equal to 8% of the total number of Units sold under the Offering, other than with respect of sales to certain purchasers on a "president's list", for which the Agents shall be issued Compensation Options that will entitle the Agents to purchase that number of Compensation Units as is equal to 4%, 3% and 2.5%, respectively of the number of Units sold to those purchasers who are: (a) residents outside of Israel, (b) residents in Israel and Europe and (c) existing securityholders of the Company, respectively. Each Compensation Option shall entitle the Agents to acquire one Compensation Unit at the Offering Price for a period of 24 months from the Closing Date. The Compensation Options and the Over-Allotment Securities are qualified for distribution under this short form prospectus. The Company may pay additional fees to

arm's-length finders resident in Israel in up to 5% cash and/or 5% in additional Compensation Options for sales made to purchasers resident in Israel who are on the president's list.

In addition to the Agents' Fee, the Agency Agreement provides that the Company shall pay the Lead Agents the Advisory Fee for certain strategic advising and support services rendered: (A) if the closing of the Offering results in gross proceeds of at least $5,000,000, the Company shall pay to the Lead Agents: (i) $250,000, payable by way of the issuance of Advisory Fee Units at a deemed price equal to the Offering Price on the Closing Date and; (ii) $50,000 in cash; (B) if the closing of the Offering results in gross proceeds of between $3,000,000 and $5,000,000, the Company shall pay to Lead Agents: (i) $200,000, payable by way of the issuance of Advisory Fee Units at a deemed price equal to the Offering Price on the Closing Date and; (ii) $50,000 in cash; and (C) if the closing of the Offering results in gross proceeds of below $3,000,000, the Company shall pay to the Lead Agents: (i) $125,000 payable by way of the issuance of Advisory Fee Units at a deemed price equal to the Offering Price on the Closing Date and; (ii) $50,000 in cash. Each Advisory Fee Unit is comprised of one Advisory Fee Share and one Advisory Fee Warrant. Each Advisory Fee Warrant is exercisable to purchase one Advisory Fee Warrant Share at a price of $0.25 for a period of 36 months from the Closing Date. The Advisory Fee Units issued pursuant to the Advisory Fee shall be subject to a voluntary lock up for 60 days from the Closing of the Offering. This Prospectus also qualifies the distribution of the Advisory Fee Units and the securities issuable upon the exercise thereof.

The Offering is not underwritten or guaranteed by any person. The closing of the Offering is expected to occur on or about the week of June 8, 2020, or such later date as the Company and the Agents may agree but in no event later than the date that is 90 days after the date of the receipt for the final short form prospectus. Pending closing of the Offering, all subscription funds will be deposited and held by the Lead Agents in trust under the terms and conditions of the Agency Agreement until the Minimum Offering is raised. If the Closing Date does not occur within 90 days from the date a receipt is issued for the final short form prospectus or such other time as may be permitted by applicable securities legislation and consented to by persons or companies who subscribed within that period and the Lead Agents, or if the Minimum Offering is not raised, the Offering will be discontinued and all subscription monies will be returned to subscribers without interest, set-off or deduction.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Lead Agents reserve the right to close the subscription books at any time without notice. Registration of interests in and transfers of Unit Shares or Warrants held through CDS or its nominee will be made electronically through the NCI system of CDS. Unit Shares and Warrants registered to CDS or its nominee will be deposited electronically with CDS on an NCI basis on the Closing Date. A purchaser of Units will receive only a customer confirmation from the registered dealer, which is a CDS participant, and from or through which Units are purchased.

Under the Agency Agreement, the Company is expected to agree with the Agents not to, directly or indirectly, issue or sell, agree or offer to issue or sell, enter into an arrangement to issue or sell, in a public offering or by way of a private placement or otherwise, or otherwise lend, transfer, assign, pledge, dispose, make any short sale or engage in any hedging transaction of (or announce any intention to do any of the foregoing) any Common Shares, any securities convertible into or exchangeable for Common Shares or any other equity securities of the Company, except in conjunction with: (i) the Offering; (ii) the exchange, transfer, conversion or exercise rights of existing outstanding securities or commitments to issue securities (including under the employee option plan); or (iii) under arm's length acquisitions, for a period of 90 days after the filing of the Final Prospectus without the prior written consent of Mackie Research, such consent not to be unreasonably withheld or delayed provided that the Company may redeem and repay in the form of Common Shares, the secured convertible debentures issued and outstanding.

In addition, under the Agency Agreement, the Company is expected to agree to use its best efforts to cause its officers, directors, insiders and five percent (5%) shareholders to enter into lock up agreements in favor of the Agents, under which each of such individuals will agree, for a period of 120 days after the Closing Date, not to offer, sell, contract to sell, lend, transfer or pledge or otherwise dispose of, any securities of the Company, without the prior written consent of the Agents, which consent will not be unreasonably withheld or delayed.

The Company has given notice to the CSE to list the Unit Shares and the Warrant Shares (including any issuable upon exercise of the Over-Allotment Option) as well as the Compensation Shares, Advisory Fee Shares, Advisory Fee Warrant Shares and the Compensation Warrant Shares on the CSE. Listing will be subject to the Company fulfilling all of the listing requirements of the CSE. There is currently no market through which the Warrants may be sold, see "*Risk Factors*".

The Offering is being made in each of the provinces of Canada, excluding Québec. The Units will be offered in each of the relevant provinces of Canada through those Agents or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Agents. Subject to applicable law, the Agents may offer the Units in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Lead Agents.

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy Units in the United States. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**1933 Act**") or any state securities laws and may not be offered or sold in the United States except in transactions exempt from the registration requirements of the 1933 Act and all applicable state securities laws.

The Agency Agreement is expected to provide that offers and sales may be made in the United States to qualified institutional buyers (as defined in Rule 144A of the 1933 Act) in accordance with the Rule 144A of the 1933 Act and in compliance with state securities laws. In addition, until 40 days after the later of the commencement of this Offering and the Closing Date, an offer or sale of Units within the United States by a dealer (whether or not participating in this Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from such registration requirements. Terms used in this paragraph have the meanings given to them by Regulation S under the 1933 Act.

The Units offered hereby have not been, and will not be, registered under the US Securities Act or any state securities laws, and may not be offered or sold within the United States absent registration or pursuant to an applicable exemption from the registration requirements of the US Securities Act, and applicable state securities laws. Accordingly, except to the extent permitted by the Agency Agreement, the Units may not be offered or sold within the United States. Each Agent has agreed that it will not offer or sell Units within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Agency Agreement provides that the Agents, acting through their U.S. registered broker dealer affiliate, may offer and sell the Units pursuant to the Agency Agreement to "accredited investors" (within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act in the United States in compliance with the exemption from the registration requirements of the U.S. Securities Act contained in Rule 506 of Regulation D. The Agency Agreement also provides that the Agents will offer and sell the Units outside the United States in accordance with Regulation S under the U.S. Securities Act. The Units that are sold in the United States or to, or for the account or benefit of, a U.S. person, will be restricted securities within the meaning of Rule 144 of the U.S. Securities Act and will contain a restriction or legend to the effect that such securities have not been registered under the U.S. Securities Act and may only be offered, sold or otherwise transferred pursuant to certain exemptions from

the registration requirements of the U.S. Securities Act. This document does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States.

This document does not constitute a prospectus under the Israeli Securities Law and has not been filed with or approved by the Israel Securities Authority. To the extent that the offer of the Units is made in the State of Israel, the offer is only addressed to persons who qualify as one of the types of investors listed in the First Addendum to the Israeli Securities Law (the "**Addendum**") which include joint investment in trust funds, provident funds, insurance companies, banks (purchasing for their own account or for the accounts of their clients who are investors listed in the Addendum), portfolio managers (purchasing for their own account or for the accounts of their clients who are investors listed in the Addendum), investment advisors (purchasing for their own account), members of the Tel Aviv Stock Exchange (purchasing for their own account or for the accounts of their clients who are investors listed in the Addendum), underwriters (purchasing for their own account), venture capital funds, corporate entities wholly owned by investors listed in the Addendum, entities with equity in excess of NIS 50 million and "qualified individuals" (purchasing for their own account), each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors. Qualified investors may be required to submit written confirmation that they fall within the scope of the Addendum, before making any purchase of Units in this Offering.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

Offering

The Offering consists of Units, each of which is comprised of one Unit Share and one Warrant. The Units will separate into Unit Shares and Warrants immediately upon the Closing Date. The Units are offered at the Offering Price.

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares, an unlimited number of non-voting shares, an unlimited number of first preferred shares, issuable in series, and an unlimited number of second preferred shares, issuable in series. As at the close of business on June 3, 2020, there were 145,529,690 Common Shares, no non-voting shares, no first preferred shares and no second preferred shares issued and outstanding.

The holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and are entitled to one vote in respect of each Common Share held at such meetings. The holders of Common Shares are entitled to receive dividends if, as and when declared by the board of directors of the Company. In the event of liquidation, dissolution or winding-up of the Company, the holders of Common Shares are entitled to share ratably in any distribution of the property or assets of the Company, subject to the rights of holders of any other class of securities of the Company entitled to receive assets or property of the Company upon such distribution in priority or ratably with the holders of Common Shares.

As of the date of this Prospectus, the Company has neither declared nor paid any dividends on its Common Shares since the date of its incorporation. Any payments of dividends on the Common Shares will be made in accordance with the CBCA, and will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the board of directors of the Company may consider appropriate under the circumstances. It is unlikely that the Company will pay dividends in the immediate or foreseeable future.

Warrants

The following is a summary of the principal attributes of the Warrants and certain anticipated provisions of the Warrant Indenture mentioned hereunder. The summary does not purport to be complete and is qualified in its entirety by the detailed provisions of the Warrant Indenture. A copy of the Warrant Indenture may be obtained on request from the Company's Chief Financial Officer and will be filed under the Company's profile at www.sedar.com and reference should be made to the Warrant Indenture for the full text of the attributes of the Warrants.

Each whole Warrant entitles its holder, upon the payment of the exercise price of $0.25, to purchase one Warrant Share for a period of 36 months from the Closing Date. Commencing on the date that is 12 months following the Closing Date, if the daily VWAP of the Common Shares on the CSE for any period of 20 consecutive trading days equals or exceeds $0.50, the Company may, upon providing the Acceleration Notice to the holders of the Warrants, accelerate the expiry date of the Warrants to the date that is 30 days following the date of the Acceleration Notice.

The Company will designate the Warrant Agent, in its Calgary office, as agent for the Warrants. Prior to the closing of the Offering, the Company may name any other agent with respect to the Warrants.

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

i. the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of any outstanding warrants or options);

ii. the subdivision, redivision or change of the Common Shares into a greater number of shares;

iii. the consolidation, reduction or combination of the Common Shares into a lesser number of shares;

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

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

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

i. the reclassification of the Common Shares;

ii. the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the Company's outstanding Common Shares or a change of the Common Shares into other shares); or

iii. the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100th) of a Common Share, as the case may be.

The Company will covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, the Company will give notice to Warrant holders of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fraction of a Warrant Share will be issued upon the exercise of a Warrant and no cash payment will be made in lieu thereof. Fractional Warrant Shares will be rounded down to the nearest whole number of Warrant Shares. Warrant holders are not entitled to any voting rights or pre-emptive rights or any other rights conferred upon a person as a result of being a holder of Common Shares.

From time to time, the Company and the Warrant Agent, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which will be defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (2) adopted by an instrument in writing signed by the holders of not less than 66⅔% of the aggregate number of all then outstanding Warrants.

The Warrants may not be exercised in the United States, or by or for the account of a U.S. Person or a person in the United States except pursuant to exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws, and the holder has delivered to the Company a written opinion of counsel, in form and substance satisfactory to the Company; provided, however, that a U.S. Purchaser that purchased the Warrants from the Company pursuant to Rule 144A or Rule 506(b) under Regulation D of the U.S. Securities Act for its own account, or for the account of another U.S. Purchaser for which it exercised sole investment discretion with respect to such original purchase (an "**Original Beneficial Purchaser**") will not be required to deliver an opinion of counsel if it exercises the Warrants for its own account or for the account of the Original Beneficial Purchaser, if any, if each of it and such Original Beneficial Purchaser, if any, was either an Institutional Accredited Investor or Qualified Institutional Buyer, as applicable, at the time of its purchase and exercise of the Warrants.

The Warrants and the Warrant Shares have not been and will not be registered under the U.S. Securities Act or any applicable state securities laws, and the Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares be

registered or delivered to an address in the United States unless an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws is available and provided that, subject to certain exceptions, the Company has received an opinion of counsel of recognized standing to such effect in form and substance satisfactory to the Company.

PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12-month period before the date of this Prospectus.

Date	Type of Security Issued	Number of Securities Issued	Issuance / Exercise Price per Security
September 25, 2019	Units[(1)]	6,111,112	$0.18
September 25, 2019	Compensation Options[(2)]	611,111	$0.18
September 25, 2019	Common Shares	120,888,390	Issued on the Share Exchange
September 25, 2019	Common Shares	4,000,000	US$0.125
September 25, 2019	Common Shares[(3)]	5,299,417	US$0.09435
September 25, 2019	Common Shares	3,317,250	$0.12
September 25, 2019	Options[(4)]	100,000	$0.30
September 25, 2019	Options[(5)]	11,926,477	$0.18
October 6, 2019	Options[(6)]	80,000	$0.32
January 26, 2020	Options[(7)]	100,000	$0.14
April 19, 2020	Options[(8)]	400,000	$0.16
April 27, 2020	Common Shares[(9)]	1,437,661	$0.1725

Notes:

(1) Each Unit was issued on the IPO and consisted of one (1) common share and one half of one (1) common share purchase warrant (the "**IPO Warrant**"). Each whole IPO Warrant entitles the holder thereof to purchase a Common Share at a price of $0.30 until September 25, 2021, subject to Warrant Acceleration (as defined in the IPO Prospectus).

(2) Issued to the IPO Agent as agent upon completion of the IPO. Each compensation option is exercisable into a Common Share at an exercise price of $0.18 until September 25, 2021.

(3) Issued upon conversion of the Tamar Note.

(4) Granted under the Company's Option Plan to an investor relations consultant.

(5) Granted under the Company's Option Plan.

(6) Granted under the Company's Option Plan.

(7) Granted under the Company's Option Plan to an investor relations consultant.

(8) Granted under the Company's Option Plan.

(9) Granted pursuant to the Green Times Consulting Agreement.

TRADING PRICE AND VOLUME

The outstanding Common Shares are traded on the CSE under the trading symbol "INNO". The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Common Shares from the date the Common Shares began trading on the CSE to the date of this Prospectus.

Period	High	Low	Volume
June 1-3 2020	0.23	0.16	6,366,023
May 2020	0.30	0.185	14,574,985
April 2020	0.35	0.06	7,698,887
March 2020	0.11	0.05	240,913
February 2020	0.125	0.075	917,860
January 2020	0.285	0.09	747,860
December 2019	0.25	0.14	95,100
November 2019	0.35	0.18	247,250
October 2019	0.4	0.25	558,195

On June 3, 2020, the last day of trading prior to the date of this Prospectus, the closing price per Common Share on the CSE was $0.18.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Gowling WLG (Canada) LLP, counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations pursuant to the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable to a purchaser who acquires a Unit pursuant to this Offering. For purposes of this summary, references to Common Shares include Unit Shares and Warrant Shares unless otherwise indicated.

This summary applies only to a purchaser who is a beneficial owner of Unit Shares and Warrants acquired pursuant to this Offering and who, for the purposes of the Tax Act, and at all relevant times: (i) deals at arm's length and is not affiliated with the Company or the Agents; and (ii) acquires and holds the Unit Shares, Warrants and any Warrant Shares acquired on the exercise of the Warrants as capital property (a "**Holder**"). Generally, the Common Shares and Warrants will be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business of trading or dealing in securities or has acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (a) that is a "financial institution" for purposes of the mark-to-market rules contained in the Tax Act; (b) that is a "specified financial institution", as defined in the Tax Act; (c) an interest in which is a "tax shelter investment", as defined in the Tax Act; (d) that has made a functional currency reporting election under the Tax Act; (e) that has entered or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement", as defined in the Tax Act, with respect to the Common Shares or the Warrants; or (f) that receives dividends on the Common Shares under or as part of

a "dividend rental arrangement", as defined in the Tax Act. Such Holders should consult with their own tax advisors with respect to an investment in Units. Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident corporation (or pursuant to the Tax Proposals, a non-resident person a group of persons (comprised of any combination of non-resident corporations, non-resident individuals or non-resident trusts) that do not deal at arm's length) for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors with respect to the consequences of acquiring Units.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof, counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published by it in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that the Tax Proposals will be enacted substantially as proposed; however, no assurance can be given that the Tax Proposals will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or the CRA's administrative policies or assessing practices, whether by legislative, governmental, administrative or judicial decision or action, nor does it take into account any provincial, territorial or foreign income tax legislation or considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

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

Allocation of Cost

A Holder who acquires Units pursuant to this Offering will be required to allocate the purchase price paid for each Unit on a reasonable basis between the Unit Share and the Warrant comprising each Unit in order to determine their respective costs to such Holder for the purposes of the Tax Act.

For its purposes, the Company has advised counsel that, of the $0.18 subscription price for each Unit, it intends to allocate $0.1619 to each Unit Share and $0.0181 to each Warrant. Although the Company believes that this allocation is reasonable, it is not binding on the CRA or on a Holder, and the CRA may not be in agreement with such allocation. Counsel express no opinion with respect to such allocation.

Adjusted Cost Base of Unit Share

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

Exercise of Warrants

No gain or loss will be realized by a Holder of a Warrant upon the exercise of a Warrant to acquire a Warrant Share. When a Warrant is exercised, the Holder's cost of the Warrant Share acquired thereby will be equal to the adjusted cost base of the Warrant to such Holder, plus the amount paid on the exercise of the Warrant. For the purpose of computing the adjusted cost base to a Holder of each Warrant Share acquired on the exercise of a Warrant, the cost of such Warrant Share must be averaged with the adjusted

cost base to such Holder of all other Common Shares (if any) held by the Holder as capital property immediately prior to the exercise of the Warrant.

Holders Resident in Canada

The following section of this summary is generally applicable to a Holder who, for purposes of the Tax Act, is or is deemed to be resident in Canada at all relevant times (a "**Resident Holder**"). A Resident Holder whose Common Shares might not otherwise qualify as capital property, may in certain circumstances, make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem the Common Shares, and every other "Canadian security" (as defined in the Tax Act), held by such Resident Holder in a taxation year of the election and all subsequent taxation years to be capital property. This election does not apply to Warrants. Resident Holders should consult with their own tax advisors regarding this election.

Expiry of Warrants

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

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Common Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from "taxable Canadian corporations" (as defined in the Tax Act). Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act.

In the case of a Resident Holder that is a corporation, the amount of any such taxable dividends that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year.

A Resident Holder that is a "private corporation" or a "subject corporation", as defined in the Tax Act, may be liable to pay an additional tax under Part IV of the Tax Act (which may be refundable in certain circumstances) on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

Dispositions of Common Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Common Share or Warrant (other than on the exercise of a Warrant) will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base to the Resident Holder of the Common Share or Warrant immediately before the disposition or deemed disposition. The tax treatment of capital gains

and capital losses is discussed in greater detail below under the subheading "*Capital Gains and Capital Losses*".

Capital Gains and Capital Losses

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

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

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which will include taxable capital gains, which may be refundable in certain circumstances.

Minimum Tax

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

Holders Not Resident in Canada

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

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Common Shares will generally be subject to Canadian withholding tax at the rate of 25% on the gross amount of such dividend, unless such rate is reduced by the terms of an applicable tax treaty or convention. Under the *Canada-United States Tax Convention (1980)*, as amended (the "**Treaty**"), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the

U.S. for purposes of the Treaty and fully entitled to benefits under the Treaty (a "**U.S. Holder**") is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the Company's voting shares).

Dispositions of Common Shares and Warrants

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

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

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

ELIGIBILITY FOR INVESTMENT

In the opinion of Gowling WLG (Canada) LLP counsel to the Company, and DLA Piper (Canada) LLP, counsel to the Agents, based on the current provisions of the Tax Act and the regulations thereunder, in force as of the date hereof, and any specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, the Unit Shares, Warrants, and Warrant Shares, if issued on the date hereof, would be qualified investments for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan, tax-free savings account, as those terms are defined in the Tax Act (collectively referred to as "**Registered Plans**") or a deferred profit sharing plan ("**DPSP**") (as defined in the Tax Act), provided that:

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

ii. in the case of the Warrants, the Warrant Shares are qualified investments as described in (i) above and neither the Company, nor any person with whom the Company does not deal at arm's length, is an annuitant, a beneficiary, an employer or a subscriber under or a holder of such Registered Plan or DPSP.

Notwithstanding the foregoing, the holder or subscriber of, or an annuitant under a Registered Plan, as the case may be, (the "**Controlling Individual**") will be subject to a penalty tax in respect of Unit Shares, Warrant Shares or Warrants held in the Registered Plan if such securities are a "prohibited investment" (as defined in the Tax Act) for the particular Registered Plan. A Unit Share, Warrant Share or Warrant generally will be a "prohibited investment" for a Registered Plan if the Controlling Individual does not deal at arm's length with the Company for the purposes of the Tax Act or the Controlling Individual has a "significant interest" (as defined in subsection 207.01(4) the Tax Act) in the Company. However, a Unit Share or Warrant Share will not be a prohibited investment for a Registered Plan if such securities are "excluded property" (as defined in subsection 207.01(1) of the Tax Act) for such Registered Plan. Controlling Individuals should consult their own tax advisors as to whether the Unit Shares, Warrant Shares, or Warrants will be a prohibited investment in their particular circumstances.

RISK FACTORS

An investment in the Units is speculative and involves a high degree of risk. When evaluating the Company and its business, prospective purchasers of the Units should consider carefully the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus, including those risks identified and discussed under the heading "*Risk Factors*" in the IPO Prospectus, which is incorporated by reference herein.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company is unaware of or that are currently deemed immaterial, may also adversely affect the Company and its business. In these circumstances, the market price of our securities, including Common Shares, could decline, and you may lose all or part of your investment.

Risks Related to our Business and Industry

Catastrophic events and economic, political and market conditions may impact the Company's business.

Infectious disease outbreaks (including COVID-19, MERS, SARS, H1N1 influenza virus, BSE, avian influenza, or other material outbreaks of disease) could result in restrictions adversely affecting the Company's business operations. Such outbreaks may negatively impact the general economy. The Company could suffer harm to its business, including, but not limited to, significant revenue decreases, should there be a sustained negative impact on economic conditions as a result of disease outbreak. This includes disruptions resulting from: (i) shortages of employees, (ii) unavailability of contractors and subcontractors, (iii) interruption of supplies from third parties upon which the Company relies, (iv) restrictions that governments impose to address the infectious disease outbreak, and (v) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others.

Limited Operating History and Uncertainty of Future Revenues

The Company has a limited operating history and, accordingly, potential investors will have a limited basis on which to evaluate the Company's ability to achieve its business objectives. The future success of the Company is dependent on management's ability to implement its strategy. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable

revenue streams will be achieved and there is no certainty that the Company will be able to successfully establish a market for its products. The Company faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operations and develop revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company's business, financial condition and results of operations.

Revenue Generation and Liquidity

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities and the continued development of the Company will require additional financing. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

Any doubt about the Company's ability to continue as a going concern may materially and adversely affect the price of the Common Shares, thereby making it more difficult for the Company to obtain financing. Any doubt about the Company's ability to continue as a going concern may also adversely affect the Company's relationships with current and future collaborators, contract manufacturers and investors, who may become concerned about its ability to meet its ongoing financial obligations. If potential collaborators decline to do business with the Company or potential investors decline to participate in any future financings due to such concerns, the Company's ability to increase its financial resources may be limited. Further, the failure to raise such capital could result in the delay or indefinite postponement of current business objectives or in the inability of the Company to discharge its liabilities in the normal course of business.

Effectiveness of CBD in treating certain conditions and the adoption of CBD by the market

Despite scientific evidence of the effectiveness of cannabis extracts in general, and of cannabinoids, in particular, CBD integrated drugs are still in their infancy, if not in terms of product development, then in terms of market acceptance. Initially, this was due to the negative perception of drug manufacturers and consumers incorrectly perceiving CBD products as marijuana, thereby applying the unfavourable stigma of marijuana to CBD products and questioning their safety, efficacy and quality. However, with the liberalization of CBD and cannabis laws, public perspective is changing, such that the main barriers to a major uptake in sales of CBD integrated drugs in general, and CBD integrated pain and psoriasis drugs, in particular are: (i) the reluctance and slow momentum of the larger players in adopting the "cannabis" drug paradigm; and (ii) the lengthy time to market of new cannabinoid integrated drugs owing to the purveyors of said drugs following the standard FDA new drug application process.[38] There can be no assurance that CBD will be effective in treating any or all of the conditions targeted by the Company's research and product development efforts or that CBD will be widely adopted for treatment of these conditions by the market.

International Regulatory Risks

The Company intends to expand internationally. As a result, it is and will become further subject to the laws and regulations of (as well as international treaties among) the foreign jurisdictions in which it operates or imports or exports products or materials. In addition, the Company may avail itself of proposed

[38] https://www.fda.gov/newsevents/newsroom/pressannouncements/ucm611046.htm

legislative changes in certain jurisdictions to expand its product portfolio, which expansion may include business and regulatory compliance risks as yet undetermined. Failure by the Company to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on the Company's business, financial condition and results of operations. In future, there is the possibility that any such international jurisdiction could determine that the Company was not or is not compliant with applicable local regulations. If the Company's historical or current sales or operations were found to be in violation of such international regulations, the Company may be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties, damages, fines, the curtailment or restructuring of the Company's operations or asset seizures and the denial of regulatory applications.

There has been an increasing movement in certain foreign markets to increase the regulation of natural health products, which will impose additional restrictions or requirements. In addition, there has been increased regulatory scrutiny of marketing claims under existing and new regulations. Such anticipated regulatory and standards changes may introduce some risk and impact the Company's operations if its products or advertising activities are found to violate existing or new regulations or if we are not able to affect necessary changes to our products in a timely and efficient manner to respond to new regulations.

Reliance on Third-Party Suppliers, Service Providers and Distributors

The Company intends to maintain a full supply chain for material portions of the production and distribution process of its products. The Company's suppliers, service providers and distributors may elect, at any time, to breach or otherwise cease to participate in supply, service or distribution agreements, or other relationships, on which the Company's operations may rely. Loss of its suppliers, service providers or distributors could disrupt the Company's business and operations. The Company currently relies on certain third-party manufacturers. Disruption of operations at any of the facilities of these manufacturers could adversely affect inventory supplies and the Company's ability to meet product delivery deadlines.

Success of Quality Control Systems

The quality and safety of the Company's products are critical to the success of its business and operations. As such, it is imperative that the Company (and its third-party service provider's) quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality training program, and adherence by employees to quality control guidelines. Although the Company endeavors to ensure that all of its service providers have implemented and adhere to high caliber quality control systems, any significant failure or deterioration of such quality control systems could have a material adverse effect on the Company's business and operating results.

Dependence on third-party research and collaboration

The Company has entered into various research agreements with several universities to conduct studies related to the Company's products. These studies may take several years to complete and, thus, require considerable resources from the Company. Obtaining positive, timely and conclusive results from these studies is an essential condition of regulatory approval and, therefore, product commercialization. There can be no assurance of satisfactory results and the lack thereof may considerably hinder or preclude the development, approval and commercialization of the Company's products. Further, the Company intends to enter into a sub-licensing agreement with a pharmaceutical company as a means of funding ongoing projects. Should any sub-licensing agreement not be obtained, the Company would need to find alternative sources to finance the regulatory process and clinical trials, which could include raising additional funds from non-dilutive sources (e.g., grants) or via other kinds of investments in order to advance the research and development aspect of the Company's products. The failure to obtain such a sub-licensing agreement could put the Company's ongoing projects at risk of not being completed.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Negative Cash Flow from Operations

During the fiscal year ended December 31, 2019, the Company had negative cash flow from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have a cash flow positive status in the future. To the extent that the Company has negative cash flow in any future period, certain of the proceeds from the Offering may be used to fund such negative cash flow from operating activities, see "*Use of Proceeds*".

Achieving our projected development goals in the announced and expected time frames

From time to time, the Company sets goals for, and makes statements regarding, the expectations and timing of the accomplishment of certain objectives that are material to our success, such as the commencement and completion of clinical trials, expected results, anticipated regulatory submission and approval dates, and timing of product launches, including but not limited to, for the proposed treatments of COVID-19 and other conditions using CBD-loaded exosomes. The actual timing of these events can vary dramatically due to factors such as delays or failures in clinical trials, the uncertainties inherent in the regulatory approval process, and delays in achieving manufacturing or marketing arrangements sufficient to commercialize products. There can be no assurance that the Company's clinical trials will be successful or will be completed at all, that the Company will make regulatory submissions or receive regulatory approvals as planned, or that the Company will be able to adhere to its current schedule for the launch of CLX therapy, CBD-based treatments or any other future product candidates the Company may develop. If the Company fails to achieve one or more of these milestones as planned, there is a risk that the Company's operations, financial condition and the price of the Company's common shares could be materially adversely affected. In the past, following periods of volatility in the market price of public company securities, shareholders have often instituted class action securities litigation against those companies. There is a risk that the Company could be subject to such litigation.

Commercialization of the CBD Loaded Exosomes Operating Segment

There is no assurance the development of CLX will result in a commercial product or be adopted as a treatment for COVID-19 in one or more markets. There are several risks associated with the development of CLX, including the requisite multiple stages of development. If the Company is not successful in any of these developmental stages, the expected development timeline could be delayed or the work could be abandoned completely. The production of CLX would also require expedited up-scaling in order to bring to the market. If these scaling up efforts are not successful, the Company's business, operations and financial condition could be materially adversely effected.

Risks Related to the Offering

Discretion in the Use of Proceeds

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading "*Use of Proceeds*" if they believe it would be in the Company's best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

No Market for Warrants

There is currently no market through which the Warrants may be sold. The purchasers may not be able to resell the Warrants purchased under this short form prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants, and the extent of issuer regulation.

Warrants are Speculative in Nature and May Not Have Any Value

The Warrants do not confer any rights of Common Share ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire Common Shares at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Warrants may exercise their right to acquire Common Shares and pay an exercise price of $0.25 per Common Share, subject to certain adjustments, for a period of 36 months following the Closing Date, after which date any unexercised Warrants will expire and have no further value. Moreover, following the completion of the Offering, the market value of the Warrants, if any, is uncertain and there can be no assurance that the market value of the Warrants will equal or exceed their imputed offering price.

Volatile Market Price of the Common Shares

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by government and regulatory authorities, the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares.

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

Risk Factors Related to Dilution

The Company may issue additional securities in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of Common Shares, and other than as disclosed in the IPO Prospectus, shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants.

MATERIAL CONTRACTS

There are no contracts of the Company that are material to the Company, other than the material contracts disclosed in the IPO Prospectus, contracts entered into in the ordinary course of business and the contracts set forth below:

(a) the Agency Agreement between the Company and the Agents dated June 4, 2020, which was entered into in respect of the Offering;

(b) the Warrant Indenture between the Company and the Warrant Agent to be entered into in respect of the Offering;

(c) the Ramot Research Agreement;

(d) the Yissum Research and License Agreement;

(e) the Active Therapeutics Distribution Agreement; and

(f) the Green Times Consulting Agreement.

LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed upon on behalf of the Company by Gowling WLG (Canada) LLP, and on behalf of the Agents by DLA Piper (Canada) LLP. As at the date hereof, the partners and associates of Gowling WLG (Canada) LLP and DLA Piper (Canada) LLP each as a group, beneficially own, directly and indirectly, in the aggregate, less than one percent of the Common Shares.

PROMOTERS

Ron Mayron, Iris Bincovich, Yoram Drucker, Eyal Flom and Nir Avram are considered promoters of the Company, in connection with the transactions described in the IPO Prospectus and in connection with their roles in founding and organizing the business of the Company and InnoCan Israel.

AUDITOR, TRANSFER AGENT AND REGISTRAR

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

The registrar and transfer agent for the Common Shares is Odyssey Trust Company.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

CERTIFICATE OF THE COMPANY

June 4, 2020

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, excluding Québec.

(Signed) "Iris Bincovich"	(Signed) "Nelson Halpern"
Chief Executive Officer	Chief Financial Officer

On behalf of the Board of Directors:

(Signed) "Yoram Drucker"	(Signed) "Ron Mayron"
Director	Director

CERTIFICATE OF THE PROMOTERS

June 4, 2020

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, excluding Québec.

(Signed) "Iris Bincovich"

(Signed) "Ron Mayron"

(Signed) "Eyal Flom"

(Signed) "Nir Avram"

(Signed) "Yoram Drucker"

CERTIFICATE OF THE AGENTS

June 4, 2020

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, excluding Québec.

MACKIE RESEARCH CAPITAL CORPORATION

(Signed) "Howard Katz"

Managing Director

CANACCORD GENUITY CORP.

(Signed) "Graham Saunders"

Vice Chairman

HAYWOOD SECURITIES INC.

(Signed) "Beng Lai"

Managing Director

PI FINANCIAL CORP.

(Signed) "Blake Corbet"

Managing Director