

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

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

Item 2. Date of Material Change

June 10, 2020

Item 3. News Release

The news release disclosing the material change was issued on June 10, 2020, through the facilities of Newsfile Corp.

Item 4. Summary of Material Change

On **June 10, 2020**, the Company closed its marketed short form prospectus offering pursuant to which it issued 28,423,943 units of the Company (the "**Units**") at a price of \$0.18 per Unit for gross proceeds of \$5,116,309.74 (the "**Offering**"). The Offering was led by Mackie Research Capital Corporation, as sole bookrunner, and Canaccord Genuity Corp. as co-lead agents (the "**Lead Agents**"), together with Haywood Securities Inc. and PI Financial Corp. (together with the Lead Agents, the "**Agents**").

Each Unit is comprised of one common share of the Company (a "**Common Share**") and one Common Share purchase warrant of the Company (a "**Warrant**"). Each Warrant is exercisable into one Common Share at a price of \$0.25 until June 10, 2023.

Tamar Innovest Limited, the Company's largest shareholder, and a company managed by Ralph Bossino, a director of the Company, purchased 3,888,889 Units in the Offering for an aggregate purchase price of \$700,000. Tamar now owns or exercises control or direction of 34,385,706 common shares of the Company, representing approximately 19.6% of the total issued and outstanding shares of the Offering following closing of the Offering.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

On **June 10, 2020**, the Company closed its marketed short form prospectus offering pursuant to which the Company issued 28,423,943 units of the Company (the "**Units**") at a price of \$0.18 per Unit for gross proceeds of \$5,116,309.74 (the "**Offering**"). The Offering was led by Mackie Research Capital Corporation, as sole bookrunner, and Canaccord Genuity Corp. as co-lead agents (the "**Lead Agents**"), together with Haywood Securities Inc. and PI Financial Corp. (together with the Lead Agents, the "**Agents**").

Each Unit is comprised of one common share of the Company (a "**Common Share**") and one Common Share purchase warrant of the Company (a "**Warrant**"). Each Warrant is exercisable into one Common Share at a price of \$0.25 until June 10, 2023.

Commencing on June 10, 2021, if the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange for any period of 20 consecutive trading days equals or exceeds \$0.50, the Company may, upon providing written notice to the holders of the Warrants (the "**Acceleration Notice**"), accelerate the expiry date of the Warrants to the date that is 30 days following the date of the Acceleration Notice.

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

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

Tamar Innovest Limited, the Company's largest shareholder, and a company managed by Ralph Bossino, a director of the Company, purchased 3,888,889 Units in the Offering for an aggregate purchase price of \$700,000. Tamar now owns or exercises control or direction of 34,385,706 common shares of the Company, representing approximately 19.6% of the total issued and outstanding shares of the Offering following closing of the Offering.

Tamar's participation in the Offering constitutes a "related party transaction" as defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") requiring the Company, in the absence of exemptions, to obtain a formal valuation for, and minority shareholder approval of, the "related party transaction". The Company is relying on an exemption from the formal valuation and minority shareholder approval requirements of MI 61-101 as the fair market value of the Tamar's participation in the Offering does not exceed 25% of the market capitalization of the Company as determined in accordance with MI 61-101.

In connection with the Offering, the Agents received an aggregate of 1,848,003 compensation options (each a "**Compensation Option**"), each such Compensation Option being exercisable to purchase one compensation unit at a price of \$0.18 until June 10, 2022 (each a "**Compensation Unit**"), each such Compensation Unit being comprised of one Common Share and one Warrant; and, the Lead Agents received 1,388,888 advisory fee units (each an "**Advisory Fee Unit**"), each such Advisory Fee Unit being comprised of one Common Share and one Warrant, which is exercisable to purchase one Common Share at a price of \$0.25 until June 10, 2023. In addition, certain finders also received an aggregate of 302,233 Warrants of the Company, each such Warrant being exercisable into one Common Share at a price of \$0.25 until June 10, 2023.

5.2 Disclosure for Restructuring Transactions

Not Applicable

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

Not Applicable

Item 7. Item 7 - Omitted Information

No information has been omitted from this material change report.

Item 8. Executive Officer

Iris Bincovich, Chief Executive Officer
+972-54-3012842

Item 9. Date of Report

June 18, 2020