

INNOCAN PHARMA CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2020

UNAUDITED

INNOCAN PHARMA CORPORATION

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INNOCAN PHARMA CORPORATION
UNAUDITED CONDENSED INTERIM CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
(US Dollars in thousands)

	<u>Note</u>	<u>September 30,</u> 2020	<u>December 31,</u> 2019
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		1,787	1,973
Other accounts receivable		<u>940</u>	<u>514</u>
Total current assets		<u>2,727</u>	<u>2,487</u>
NON-CURRENT ASSETS:			
Property, plant and equipment, net		6	9
Right-of-use asset, net		<u>59</u>	<u>86</u>
Total non-current assets		<u>65</u>	<u>95</u>
TOTAL ASSETS		<u>2,792</u>	<u>2,582</u>

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION
UNAUDITED CONDENSED INTERIM CONSOLIDATED
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(US Dollars in thousands)

	Note	September 30, 2020	December 31, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade accounts payable		432	27
Other accounts payable		203	443
Warrants	7	1,668	661
Total current liabilities		2,303	1,131
NON-CURRENT LIABILITIES:			
Long term lease liability		10	38
Total non-current liabilities		10	38
SHAREHOLDERS' EQUITY:			
Share capital	4	-	-
Additional share capital		8,750	6,023
Accumulated deficit		(8,271)	(4,610)
Total Shareholders' equity		479	1,413
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,792	2,582

“Iris Bincovich”

Iris Bincovich
Chief Executive Officer

“Yoram Drucker”

Yoram Drucker
Audit Committee Chair

November 26, 2020

Date of approval of the
Financial statements

The accompanying notes are an integral part of the consolidated financial statements.

INNOCAN PHARMA CORPORATION
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE
LOSS

(US Dollars in thousands except loss per share)

	<u>Note</u>	Three months period ended September 30,		Nine months period ended September 30,	
		2020	2019	2020	2019
		Unaudited		Unaudited	
Sales and marketing expense		191	215	566	401
Research and development expense	5	491	113	1,319	254
General and administrative expense	6	486	1,193	1,587	1,492
Operating loss		1,168	1,521	3,472	2,147
Finance income		(47)	-	-	-
Finance expense		440	2,097	189	2,099
Loss before income taxes		1,561	3,618	3,661	4,246
Income taxes		-	-	-	-
Total comprehensive loss		1,561	3,618	3,661	4,246
Basic and diluted loss per share		\$ (0.009)	\$ (0.03)	\$ (0.023)	\$ (0.04)
Weighted average number of common shares		175,686,794	122,150,905	157,171,118	112,790,021

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION
UNAUDITED CONDENSED INTERIM CONSOLIDATED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(US Dollars in thousands, except for number of shares)

	<u>Share capital</u>	<u>Additional paid in capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance at January 1, 2020	-	6,023	(4,610)	1,413
Changes during the period:				
Issuance of common shares, net	-	2,216	-	2,216
Exercise of warrants	-	15	-	15
Share based compensation	-	496	-	496
Total comprehensive loss for the period	-	-	(3,661)	(3,661)
Balance at September 30, 2020	-	8,750	(8,271)	479

	<u>Share capital</u>	<u>Additional paid in capital</u>	<u>Accumulated deficit</u>	<u>Total</u>
Balance at January 1, 2019	*	1,402	(1,275)	127
Changes during the period:				
Issuance of common shares, net	*	141	-	141
Issuance of common shares and warrants to Solsken	*	1,802	-	1,802
Share issuance – Solsken pre IPO	*	1,000	-	1,000
Share issuance – February CLA conversion	*	304	-	304
Issuance of shares - IPO	-	693	-	693
Share based compensation	-	248	-	248
Total comprehensive loss for the period	-	-	(4,246)	(4,246)
Balance at September 30, 2019	*	5,590	(5,521)	69

* Represents an amount lower than 1 thousand.

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION
UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(US Dollars in thousands)

	Nine months period ended September 30, 2020	Nine months period ended September 30, 2019
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net comprehensive loss for the period	(3,661)	(4,246)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	30	1
Share based compensation	496	248
Change in fair value of a warrants	143	2,053
Interest charged on lease liabilities	4	-
Decrease (increase) in other accounts receivable	(426)	333
Decrease in research liability	-	(163)
Increase in trade accounts payable	405	-
Increase (decrease) in other accounts payable	(242)	107
Financial expenses, net	46	-
Net cash used in operating activities	<u>(3,205)</u>	<u>(1,667)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(19)
Net cash used in investing activities	<u>-</u>	<u>(19)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common shares, net	-	2,250
Issuance of common shares and warrants	3,079	2,000
Exercise of warrants	15	-
Principal paid on lease liabilities	(29)	-
Net cash provided by financing activities	<u>3,065</u>	<u>4,250</u>
Effects of exchange rate changes on cash and cash equivalents	(46)	*
Net Increase in cash and cash equivalents	(186)	2,564
Cash and cash equivalents at the beginning of the period	<u>1,973</u>	<u>214</u>
Cash and cash equivalents at the end of the period	<u><u>1,787</u></u>	<u><u>2,778</u></u>

* Represents an amount lower than 1 thousand.

The accompanying notes are an integral part of the financial statements.

INNOCAN PHARMA CORPORATION
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
(US Dollars)

NOTE 1 - GENERAL:

1. InnoCan Pharma Corporation (the "Company"), a Canadian company, was incorporated as a corporation in Canada and commenced its activity in May 2018. The Company's registered office is in Calgary, Canada.
2. The Company is a publicly listed company on the Canadian Securities Exchange (the "CSE") trading under the symbol INNO and is the parent company of InnoCan Pharma Ltd. ("InnoCan") (together: the "Group") that was incorporated in Israel in October 2017 and commenced its operations in November 2017. InnoCan is a pharmaceutical company which specializes in integrating cannabinoids with existing proven drugs to enhance their capabilities by harnessing the cannabinoids healing properties and interaction with the human body's endocannabinoid system. InnoCan is at a pre-clinical stage (see also Note 1.5). InnoCan is expected to conduct activities mainly in the US, Canadian and European markets. In October 2019, InnoCan announced its plans to enter the CBD beauty market and to manufacture cannabidiol (CBD) cosmetic products. InnoCan is expected to be selling its cannabidiol (CBD) cosmetic products mainly in the US, Canadian and European markets.
3. On September 3, 2018, the Company's shareholders approved a share exchange agreement (the "Share Exchange Transaction") between the Company and InnoCan, according to which the Company will purchase InnoCan by way of issuance of common shares at a ratio of 735 common shares of the Company for each share of InnoCan, to the shareholders of InnoCan. Following the Share Exchange Transaction on September 25, 2019, the Company completed the initial public offering (the "IPO") of 6,111,112 units of the Company at a price of CAD 0.18 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Unit Warrant"). Each Unit Warrant entitles the holder thereof to acquire one common share at an exercise price of CAD 0.30 for a period of 24 months following September 25, 2019. If in the period following the closing of the IPO until the end of the 24 months follows, the closing price of the common shares of the Company, is equal to or greater than CAD 0.35 for any 20 consecutive trading days, the Company may, upon providing written notice to the holders of warrants, accelerate the expiry date of the warrants to the date which is 30 days following the date of such written notice. By September 30, 2020, the Company did not reach the target share price. The Unit Warrants are transferable but are not listed or quoted on any stock exchange or market. Concurrently with the closing of the transaction, the Company received gross proceeds of CAD 1,100 thousand (approximately USD 829 thousand).

INNOCAN PHARMA CORPORATION
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
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NOTE 1 - GENERAL (CONT.):

4. On May 11, 2020, the Company filed a preliminary short form prospectus in Canada, in connection with a marketed public offering (the "Offering"). On June 10, 2020, the Company closed the Offering, pursuant to which the Company issued 28,423,943 units of the Company (the "Units") at a price of CAD 0.18 per Unit for gross proceeds of CAD 5,116,310 (approximately USD 3,822 thousand). Each Unit is comprised of one common share and one warrant. Each warrant is exercisable into one common share at an exercise price of CAD 0.25 until June 10, 2023. If in the period commencing June 10, 2021, the closing daily volume weighted average trading price ("VWAP") of the common shares of the Company, is equal to or greater than CAD 0.50 for any 20 consecutive trading days, the Company may, upon providing written notice to the holders of warrants, accelerate the expiry date of the warrants to the date which is 30 days following the date of such written notice (see also Note 7).

5. Since inception, the Group has not generated revenue and expects to continue to finance itself through raising adequate funds in the foreseeable future. The Group incurred a net loss of USD 3,661 thousand for the nine-month period ended September 30, 2020 and generated USD 8,271 thousand of accumulated deficit since inception. These events and conditions, along with other matters as described in Note 3(A), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. This could result in adjustments to the amounts and classifications of assets and liabilities in the Company's consolidated financial statements and such adjustments could be material.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 annual report.

Significant accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

INNOCAN PHARMA CORPORATION
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NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONT.):

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2020 (the date on which the Group's next annual financial statements will be prepared up to) that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

NOTE 3 - SIGNIFICANT EVENTS AND TRANSACTIONS:

A. Covid-19 effect

The world is currently experiencing an event with macroeconomic consequences, originating from the spread of the Corona virus (COVID-19) in many countries around the world (hereinafter - the "Coronavirus" or the "Event"). Following the Event, many countries are taking significant measures to try to prevent the spread of the Coronavirus, such as restrictions on civilian movement, gatherings, transit restrictions on passengers and goods, closing borders between countries, etc. (hereinafter – the "Measures"). As a result, the Event and the actions taken by the various countries have significant implications on many economies worldwide. InnoCan had commenced manufacturing and production of its topical product lines through contracts including supply of packaging materials via Chinese companies. As packaging materials were delayed, the production of some of these products was subsequently delayed beyond the date of September 30, 2020. In addition, the Event and measures taken by governments, substantially influence the Group's marketing and business development abilities, especially of a new brand. These uncertainties may affect the future cash flow and sales of the Group, the amounts of which cannot be determined at this time.

The World Health Organization declared coronavirus and COVID-19 a global health emergency on January 30, 2020. Since then, the Group has experienced significant disruption to its operations in the following respects:

1. Disruptions in the manufacturing and supply of the Group's products from major manufacturers;
2. Uncertainty concerning the future sales growth rate;
3. Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the Group's primary products.

INNOCAN PHARMA CORPORATION
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
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NOTE 3 - SIGNIFICANT EVENTS AND TRANSACTIONS (CONT.):

B. The "Ramot Research Agreement"

On April 17, 2020, InnoCan entered into a sponsored research agreement (the "Ramot Research Agreement") with Ramot at Tel Aviv University Ltd ("Ramot"). The Ramot Research Agreement allows InnoCan to receive the research results of Ramot in respect of the development of Cannabidiol loaded exosomes (the "CLX Research") and grants InnoCan an exclusive option to enter into an agreement to license, on a worldwide basis, the results of the CLX Research (the "Option"). Under the Ramot Research Agreement, InnoCan will provide financing for the CLX Research in the amount of USD 446 thousand over a period of 18 months in exchange for the Option. InnoCan may exercise the Option at any time during the Research until the date that is thirty days from InnoCan's receipt of the final report in respect of the CLX Research (which is due during the fourth quarter of 2021) by notifying Ramot in writing ("Option Exercise Notice"). Upon the Option Exercise Notice, InnoCan will negotiate with Ramot the terms and conditions of a license agreement. Between April 2020 and September 2020, InnoCan paid an amount of USD 182 thousand to Ramot. The total expense incurred during the period between April 2020 and September 2020 amounted to approximately USD 285 thousand.

NOTE 4 - SHAREHOLDERS' EQUITY:

Composition:

	<u>Number of shares as of September 30, 2020</u>	
	<u>Authorized</u>	<u>Issued and outstanding</u>
Common shares without nominal par value	<u>Unlimited</u>	<u>175,705,591</u>
	<u>Number of shares as of December 31, 2019</u>	
	<u>Authorized</u>	<u>Issued and outstanding</u>
Common shares without nominal par value	<u>Unlimited</u>	<u>143,866,169</u>

On August 17, 2020, an agent involved in the June 2020 Offering (see also Note 1.4), exercised 27,500 Compensation Units that are comprised of one common share and one Compensation Warrant.

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NOTE 4 - SHAREHOLDERS' EQUITY (CONT.):

Changes in the number of issued Common Shares from December 31, 2019 to September 30, 2020 are as follows:

	Number of Common Shares
Balance December 31, 2019	143,866,169
Warrants exercise	253,360
Shares issued – June 2020 Offering	31,250,492
Shares issued – service provider	335,570
Balance September 30, 2020	175,705,591

Share based compensation for service providers, directors and employees

1. On January 25, 2020, the Company granted 100,000 options to a service provider of the Company, each exercisable for one common share of the Company at an exercise price of CAD 0.14 per share. The options are fully vested at the grant date, and will expire 2 years following the grant date. The fair value of the options was obtained using the Black Scholes (1973) on the date of the grant based on certain unobservable inputs, including:

- The expected volatility of the existing business is 66%
- The dividend growth rate is 0%

2. On April 19, 2020, the Company granted 400,000 options to a director of the Company, each exercisable for one common share of the Company at an exercise price of CAD 0.16 per share. The options are fully vested at the grant date and will expire 5 years following the grant date.

The fair value of the options was obtained using the Black Scholes (1973) on the date of the grant based on certain unobservable inputs, including:

- The expected volatility of the existing business is 75%
- The dividend growth rate is 0%

3. On June 11, 2020, the Company granted an aggregated amount of 1,520,000 options to several directors and consultants of the Company, each exercisable for one common share of the Company at an exercise price of CAD 0.16 per share. The options are fully vested at the grant date and will expire 5 years following the grant date.

The fair value of the options was obtained using the Black Scholes (1973) on the date of the grant based on certain unobservable inputs, including:

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

(US Dollars)

NOTE 4 - SHAREHOLDERS' EQUITY (CONT.):

Share based compensation for service providers, directors and employees (cont.)

– The expected volatility of the existing business is 75%

– The dividend growth rate is 0%

4. On July 2, 2020, the Company granted an aggregated amount of 825,000 options to several directors, employees and consultants of the Company, each exercisable for one common share of the Company at an exercise price of CAD 0.16 per share. 725,000 options are fully vested at the grant date and will expire 5 years following the grant date. 100,000 options vest in 12 equal installments of 8,333 options every quarter starting from October 1, 2020, and expire 5 years following the grant date.

The fair value of the options was obtained using the Black Scholes (1973) on the date of the grant based on certain unobservable inputs, including:

– The expected volatility of the existing business is 75%

– The dividend growth rate is 0%

5. On August 27, 2020, the Company granted 150,000 options to a service provider of the Company, each exercisable for one common share of the Company at an exercise price of CAD 0.22 per share. A third of the options is vested at the grant date, an additional third of the options is vested three months from the grant date, and an additional third of the options will vest six months from the grant date. The options will expire 2 years following the vesting date of each installment.

The fair value of the options was obtained using the Black Scholes (1973) on the date of the grant based on certain unobservable inputs, including:

– The expected volatility of the existing business is 75%

– The dividend growth rate is 0%

In the nine-month period ended September 30, 2020, the Company recorded share-based compensation expenses of USD 496 thousand, which is included in selling and marketing expenses, research and development expenses, or general and administrative expenses, based on the grantee.

INNOCAN PHARMA CORPORATION
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
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NOTE 4 - SHAREHOLDERS' EQUITY (CONT.):

Share based compensation for service providers, directors and employees (cont.)

	Nine months period ended September 30, 2020	
	Number of options	Weighted average exercise price (CAD)
Options outstanding at beginning of period	12,106,477	0.18
Granted – exercise price CAD 0.14	100,000	0.14
Granted – exercise price CAD 0.16	2,745,000	0.16
Granted – exercise price CAD 0.22	150,000	0.22
Expired – exercise price CAD 0.30	(100,000)	0.30
Expired – exercise price CAD 0.18	(1,558,769)	0.18
Options outstanding at end of period	13,442,708	0.18
Exercisable options	12,652,708	0.18

	The year ended December 31, 2019	
	Number of options	Weighted average exercise price (CAD)
Options outstanding at beginning of period	-	-
Granted - exercise price CAD 0.30	300,000	0.30
Granted - exercise price CAD 0.32	80,000	0.32
Granted – exercise price CAD 0.18	11,926,477	0.18
Forfeited	(200,000)	-
Options outstanding at end of period	12,106,477	0.18
Exercisable options	3,865,492	0.18

INNOCAN PHARMA CORPORATION
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NOTE 5 - RESEARCH AND DEVELOPMENT EXPENSES:

	Three months period ended September 30,		Nine months period ended September 30,	
	2020	2019	2020	2019
	(USD in thousands)			
Research expenses	371	56	1,011	120
Salary and related expenses	31	51	153	106
Share based compensation	28	-	64	-
Other	61	6	91	28
	<u>491</u>	<u>113</u>	<u>1,319</u>	<u>254</u>

NOTE 6 - GENERAL AND ADMINISTRATIVE EXPENSES:

	Three months period ended September 30,		Nine months period ended September 30,	
	2020	2019	2020	2019
	(USD in thousands)			
Issuance expenses	-	555	321	555
Share based compensation	102	248	312	248
Salary and related expenses	69	163	294	299
Professional and legal services	249	150	440	271
Other	66	77	220	119
	<u>486</u>	<u>1,193</u>	<u>1,587</u>	<u>1,492</u>

INNOCAN PHARMA CORPORATION
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED
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NOTE 7 - FINANCIAL INSTRUMENTS:

The Company accounts for warrants issued to investors under IFRS 9 and they are treated as a liability since the exercise price is not denominated in the functional currency of the Company. Warrants issued to service providers are accounted for under IFRS 2 and are treated as equity.

1. Tamar InnoVest A Warrants

During April 2019, the Company issued 13,981,916 warrants (after giving effect to the Share Exchange, see also Note 1.3) to Tamar InnoVest Limited (formerly Solsken Limited) (the "Tamar InnoVest A Warrants"). Each Tamar InnoVest A Warrant is exercisable at a price of USD 0.125 (based on a 1:735 share exchange agreement ratio between InnoCan and the Company). During August 2020, the Company and Tamar InnoVest Limited extended the Tamar InnoVest A Warrants expiry date from April 15, 2021 to April 15, 2023, subject to acceleration in certain cases. The Company recorded the change in fair value due to the amended expiry date in profit and loss.

2. Tamar InnoVest B Warrants

During April 2019, the Company issued 2,000,000 warrants (after giving effect to the Share Exchange, see also Note 1.3) to Tamar InnoVest Limited (formerly Solsken Limited) (the "Tamar InnoVest B Warrants"). Each Tamar InnoVest B Warrant is exercisable at a price of USD 0.175 (based on a 1:735 share exchange agreement ratio between InnoCan and the Company). During August 2020, the Company and Tamar InnoVest Limited extended the Tamar InnoVest B Warrants expiry date from August 15, 2021 to August 15, 2023, subject to acceleration in certain cases. The Company recorded the change in fair value due to the amended expiry date in profit and loss.

3. September 2019 Unit Warrants

In connection with September 25, 2019 IPO (see also Note 1.3), the Company issued 3,055,556 warrants (the "September 2019 Unit Warrants") to investors. Each September 2019 Unit Warrant entitles the holder thereof to acquire one common share at an exercise price of CAD 0.30 for a period of 24 months following September 25, 2019, subject to acceleration in certain cases.

4. June 2020 Unit Warrants

In connection with June 10, 2020 Offering (see also Note 1.4), the Company issued 28,423,943 warrants (the "June 2020 Unit Warrants") to investors. Each June 2020 Unit Warrant entitles the holder thereof to acquire one common share at an exercise price of CAD 0.25 for a period of 36 months following June 10, 2020, subject to acceleration in certain cases.

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(US Dollars)

NOTE 7 - FINANCIAL INSTRUMENTS (CONT.):

The following table compares the carrying amounts and fair values of the Company's financial liabilities as at September 30, 2020:

	As at September 30, 2020		As at December 31, 2019	
	US Dollars in thousands		US Dollars in thousands	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Tamar InnoVest A Warrants	(552)	(552)	(488)	(488)
Tamar InnoVest B Warrants	(67)	(67)	(48)	(48)
September 2019 Unit Warrants	(32)	(32)	(125)	(125)
June 2020 Unit Warrants	(1,017)	(1,017)	-	-
Total	(1,668)	(1,668)	(661)	(661)

The following table sets out the Company's liabilities that are measured and recognized at fair value in the financial statements:

	Fair value measurements using input type			
	September 30, 2020			
	US Dollars in thousands			
	Level 1	Level 2	Level 3	Total
Derivative financial liability (warrants)	-	-	(1,668)	(1,668)
	December 31, 2019			
	US Dollars in thousands			
	Level 1	Level 2	Level 3	Total
Derivative financial liability (warrants)	-	-	(661)	(661)

The fair value measurements of the warrants presented in the table above, were estimated using a Monte Carlo simulation analysis, based on a variety of significant unobservable inputs and thus represent a level 3 measurement within the fair value hierarchy.

The key inputs that were used in measuring the fair value of the warrants as of September 30, 2020 were as follows:

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NOTE 7 - FINANCIAL INSTRUMENTS (CONT.):

- A risk free interest rate of 0.28%,
- an expected volatility of 75% and
- expected dividend yield of 0.

The key inputs that were used in measuring the fair value of the warrants as of December 31, 2019 were as follows:

- A risk free interest rate of 1.7%,
- expected volatility of 66% and year and expected dividend yield of 0.

Movement in number of warrants:

	Number of warrants
Balance at January 1, 2019	1,342,110
Changes during 2019:	
<u>Additions</u>	
Issuance of Tamar InnoVest A Warrants	13,981,916
Issuance of Tamar InnoVest B Warrants	2,000,000
Issuance of September 2019 Unit Warrants (See also Note 1.3)	3,055,556
Convertible notes options	3,317,250
<u>Exercise</u>	
SPA warrants	(217,560)
Convertible notes options	(3,317,250)
<u>Expirations</u>	
SPA Warrants	(1,124,550)
Closing balance at December 31, 2019	19,037,472
Changes during 2020:	
<u>Additions</u>	
Issuance of June 2020 Unit Warrants (See also Note 1.4)	28,423,943
Closing balance at September 30, 2020	47,461,415

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NOTE 7 - FINANCIAL INSTRUMENTS (CONT.):

The derivative financial liabilities as at September 30, 2020 and December 31, 2019 are as follows:

	Fair Value of warrants
	US Dollars in thousands
balance at January 1, 2019	60
Changes during 2019:	
<u>Additions</u>	
Tamar InnoVest A and B Warrants	198
September 2019 Unit Warrants	115
Convertible notes options	18
<u>Changes in FV</u>	
Tamar InnoVest A and B Warrants	338
September 2019 Unit Warrants	10
Convertible notes options	69
SPA Warrants	12
<u>Exercise</u>	
Convertible notes options	(87)
SPA Warrants	(6)
<u>Expirations</u>	
SPA Warrants	(66)
balance at December 31, 2019	661
Changes during 2020:	
<u>Additions</u>	
June 2020 Unit Warrants	863
<u>Changes in FV</u>	
Tamar InnoVest A and B Warrants	83
September 2019 Unit Warrants	(93)
June 2020 Unit Warrants	154
balance at September 30, 2020	1,668

* All amounts were recorded according to their fair value, according to a third party appraisal.