

This short form prospectus is a base shelf prospectus. This short form base shelf prospectus has been filed under legislation in each of the provinces and the territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities, except in respect of any sales pursuant to an at-the-market distribution as contemplated by National Instrument 44-102 – Shelf Distributions.

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

These securities will not be offered or sold to, or for the account or benefit of, persons within the “United States” or “U.S. persons”, as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), unless the securities are registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available.

Information has been incorporated by reference in this short form base shelf 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 chief financial officer of the Company at 1015, 926 – 5 Avenue SW, Calgary, Alberta, Canada, T2P 0N7, telephone 403-777-1519, and are also available electronically at www.sedar.com.

New Issue

May 15, 2022

SHORT FORM BASE SHELF PROSPECTUS



INNOCAN PHARMA CORPORATION

\$100,000,000

Common Shares

Warrants

Units

Subscription Receipts

This short form base shelf prospectus (“**Prospectus**”) relates to the offering for sale from time to time (each, an “**Offering**”) by Innocan Pharma Corporation (the “**Company**” or “**Innocan**”) during the 25-month period that this Prospectus, including any of amendments thereto, remains valid, of up to \$100,000,000 in the aggregate of: (i) common shares (“**Common Shares**”) of the Company; (ii) warrants (“**Warrants**”) to purchase other Securities (as defined below) of the Company; (iii) units (“**Units**”) comprising of one or more of the other Securities, and (iv) subscription receipts (“**Subscription Receipts**”) and together with the Common Shares, Warrants and Units, collectively referred to herein as the “**Securities**”). The Securities may be offered separately or together, in amounts, at prices and on terms determined based on market conditions at the time of the sale and as set forth in an accompanying prospectus supplement (“**Prospectus Supplement**”).

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements and, except in respect of any sales pursuant to an ATM Distribution, delivered to purchasers together with this Prospectus. Each Prospectus Supplement containing the specific terms of any Securities will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The specific terms of any Securities offered will be described in a Prospectus Supplement, including: (i) in the case of Common Shares, the number of Common Shares offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution) and any other specific terms; (ii) in the case of Warrants, the number of Warrants being offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s)

(in the event the offering is a non-fixed price distribution), the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and any procedures that will result in the adjustment of those numbers, the exercise price, the dates and periods of exercise and any other specific terms; (iii) in the case of Units, the number of Units offered, the offering price, the designation, number and terms of the other Securities comprising the Units, and any other specific terms; and (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price (in the event the offering is a fixed price distribution), the manner of determining the offering price(s) (in the event the offering is a non-fixed price distribution), the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities, the designation, number and terms of such other Securities, and any other specific terms. A Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus.

The Securities may be sold through underwriters or dealers, directly by us pursuant to applicable statutory exemptions, or through designated agents from time to time. See “*Plan of Distribution*”. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Company in connection with the offering and sale of the Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the net proceeds to us and any other material terms of the plan of distribution.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. This Prospectus may qualify an “at-the-market distribution”, as defined in National Instrument 44-102 — *Shelf Distributions* (“**NI 44-102**”). If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers including sales in transactions that are deemed to be “at-the-market distributions”, including sales made directly on the Canadian Securities Exchange (the “**CSE**”) or other existing trading markets for the Securities, and as set forth in an accompanying Prospectus Supplement, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution. See “*Plan of Distribution*”.

No underwriter or dealer involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such an underwriter or dealer will over-allot securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the offered Securities or securities of the same class as the Securities distributed under the “at-the-market distribution”, including selling an aggregate number or principal amount of Securities that would result in the underwriter creating an over-allocation position in the Securities.

In connection with any offering of the Securities, subject to applicable laws and other than an “at-the-market distribution”, the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See “*Plan of Distribution*”.

The Common Shares are listed for trading on the CSE under the symbol “INNO”, quoted in the United States on the OTCQB® Venture Market (the “**OTCQB**”) under the symbol “INNPF” and listed for trading in Germany on the Frankfurt Stock Exchange under the symbol “IP4”. On May 13, 2022, the last trading day prior to the filing of this Prospectus, the closing prices of the Common Shares on the CSE was \$0.55, on the OTCQB was US\$0.41 and on Frankfurt Stock Exchange was €0.41.

Unless specified in the applicable Prospectus Supplement, there is no market through which the Subscription Receipts, Warrants and Units may be sold and purchasers may not be able to resell the Subscription Receipts, Warrants and Units purchased under this Prospectus and the Prospectus Supplement. This may affect the pricing of the Subscription Receipts, Warrants and Units in the secondary

market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts, Warrants and Units and the extent of issuer regulation. See “*Risk Factors*”.

Prospective investors should be aware that the purchase of Securities may have tax consequences that may not be fully described in this Prospectus or in any Prospectus Supplement, and should carefully review the tax discussion, if any, in the applicable Prospectus Supplement and in any event consult with a tax advisor.

An investment in the Securities is subject to a number of risks, including those risks described in this Prospectus and documents incorporated by reference into this Prospectus. See “*Risk Factors*” in this Prospectus and in the Company’s Annual Information Form and Annual MD&A incorporated by reference herein.

No person is authorized by the Company to provide any information or to make any representation other than as contained in this Prospectus in connection with the issue and sale of the Securities offered hereunder.

No underwriter has been involved in the preparation of this Prospectus or performed any review of the contents hereof.

Ron Mayron (Executive Chairman and Director), Iris Bincovich (Chief Executive Officer and Director), Yoram Drucker (VP Business Development and Director), Eyal Flom (Director), Ralph Bossino (Director) and Nir Avram (Chief Technology Officer) who each reside outside of Canada, have appointed Gowling WLG (Canada) LLP, 1 First Canadian Place, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5, as their agent for service of process in Canada. Prospective 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, see “*Risk Factors*”.

In this Prospectus, references to the “**Company**”, “**Innocan**”, “**we**”, “**us**” and “**our**” refer to Innocan Pharma Corporation and/or, as applicable, one or more of its subsidiaries. The Company’s head and registered office is located at 1015, 926 – 5 Avenue SW, Calgary, Alberta T2P 0N7.

TABLE OF CONTENTS

Page

GENERAL MATTERS.....	1
CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION.....	1
EXEMPTION.....	2
TRADEMARKS AND SERVICE MARKS.....	2
MARKETING MATERIALS	3
DOCUMENTS INCORPORATED BY REFERENCE	3
THE COMPANY.....	4
CONSOLIDATED CAPITALIZATION	9
USE OF PROCEEDS	9
DESCRIPTION OF SECURITIES BEING DISTRIBUTED	9
PLAN OF DISTRIBUTION.....	11
PRIOR SALES.....	13
TRADING PRICE AND VOLUME.....	13
RISK FACTORS	13
PROMOTERS.....	16
CERTAIN FEDERAL INCOME TAX CONSIDERATIONS	17
LEGAL MATTERS	17
AUDITORS, TRANSFER AGENT AND REGISTRAR.....	17
MATERIAL CONTRACTS.....	17
STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION.....	17
CERTIFICATE OF THE COMPANY.....	C-1
CERTIFICATE OF THE PROMOTERS.....	C-2

GENERAL MATTERS

Investors should rely only on the information contained in or incorporated by reference into this Prospectus or any applicable Prospectus Supplement. The Company has not authorized anyone to provide investors with different information. **Information contained on the Company's website shall not be deemed to be a part of this Prospectus or incorporated by reference herein or in any applicable Prospectus Supplement 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 is not making an offer of these Securities in any jurisdiction where the offer is not permitted. Investors should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the front of this Prospectus or the date of the relevant document incorporated by reference. The Company's business, operating results, financial condition and prospects may have changed since that date.

In this Prospectus, unless stated otherwise or the context requires otherwise, all dollar amounts are expressed in Canadian dollars.

CAUTIONARY NOTE REGARDING 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", "believe", "likely", "may", "will", "should", "intend", "anticipate", "potential", "proposed", "estimate", "project", "continue", "plan", "aim" 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. The Company has based these forward-looking statements on current expectations and projections about future events and financial trends that they believe may affect the Company's financial condition, results of operations, business strategy and financial needs, as the case may be.

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:

- the Company's business objectives and milestones and the anticipated timing of execution;
- the performance of the Company's business and operations;
- the intention to expand the business, operations and potential activities of the Company;
- the projected increase in production capacity;
- the competitive conditions of the pharmaceutical industry;
- the competitive and business strategies of the Company;
- the Company's anticipated operating cash requirements and future financing needs;
- the anticipated future gross revenues and profit margins of the Company's operations;
- the Company's expectations regarding its revenue, expenses and operations;
- impacts of potential litigation;
- the Company's intention to build brands and develop CBD-integrated pharmaceutical products targeted to specific segments of the market;
- the current political, legal and regulatory landscape surrounding medical and recreational cannabis and expected developments in any jurisdiction in which the Company operates or may operate;
- the receipt of any regulatory and stock exchange approvals required at any given time;
- the applicable laws, regulations and any amendments thereof;
- medical benefits, viability, safety, efficacy and dosing of cannabis;
- expectations with respect to the advancement and adoption of new product lines and ingredients;
- the acceptance by customers and the marketplace of new products and solutions;
- the ability to attract new customers and develop and maintain existing customers;
- expectations with respect to future production costs and capacity;
- expectations with respect to the renewal and/or extension of the Company's permits and licences;

- the ability to protect, maintain and enforce the Company's intellectual property rights;
- the ability to successfully leverage current and future strategic partnerships and alliances;
- the ability to attract and retain personnel;
- anticipated labour and materials costs;
- the Company's competitive condition and expectations regarding competition, including pricing and demand expectations and the regulatory environment in which the Company operates; and
- anticipated trends and challenges in the Company's business and the markets and jurisdictions in which the Company operates or may operate.

Forward-looking statements reflect the Company's current expectations and assumptions, and are subject to a number of known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. In making the forward-looking statements included in this Prospectus, and the documents incorporated by reference herein, the Company has made various material assumptions, including, but not limited to:

- the general business, economic, financial market, regulatory and political conditions in which the Company operates will remain positive;
- the Company will continue to be in compliance with regulatory requirements;
- the tax treatment of the Company and its subsidiaries will remain constant and the Company will not become subject to any material legal proceedings;
- the Company will have sufficient working capital and be able to secure additional funding necessary for the continued operation and development of the Company; and
- key personnel will continue their employment with the Company and the Company will be able to obtain and retain additional qualified personnel, as needed, in a timely and cost-efficient manner.

Purchasers are cautioned that the above list of cautionary statements is 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 herein. 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 the foregoing cautionary statement. Investors should read this entire Prospectus, including the Annual Information Form, and each applicable Prospectus Supplement, and consult their own professional advisers to ascertain and assess the income tax and legal risks and other aspects associated with holding Securities.

EXEMPTION

Pursuant to a decision of the *Autorité des marchés financiers* dated April 22, 2022, the Company was granted a permanent exemption from the requirement to translate into French this Prospectus as well as the documents incorporated by reference therein and any Prospectus Supplement to be filed in relation to an "at-the-market distribution". This exemption is granted on the condition that this Prospectus and any Prospectus Supplement (other than in relation to an "at-the-market distribution") be translated into French if the Company offers Securities to Québec purchasers in connection with an offering of Securities other than in relation to an "at-the-market distribution".

TRADEMARKS AND SERVICE MARKS

This prospectus includes trademarks, trade names and service marks which are protected under applicable intellectual property laws for use in connection with the operation of our business, and which are the property of

the Company. All other trade names, trademarks or service marks appearing in this prospectus that are not identified as marks owned by us are the property of their respective owners. Solely for convenience, trademarks, service marks and trade names referred to in this prospectus may be listed without the ®, (TM) and (sm) symbols, however, we will assert, to the fullest extent under applicable law, our applicable rights in these trademarks, service marks and trade names.

MARKETING MATERIALS

Any template version of marketing materials (as such terms are defined in National Instrument 41-101 *General Prospectus Requirements*) that are utilized in connection with the distribution of Securities will be filed under the Company's profile on SEDAR. In the event that such marketing materials are filed after the date of the applicable Prospectus Supplement for the offering and before termination of the distribution of such Securities, such filed versions of the marketing materials will be deemed to be incorporated by reference into the applicable Prospectus Supplement for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this 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 Nelson Halpern, Chief Financial Officer of the Company at 1015, 926 – 5 Avenue SW, Calgary, Alberta, Canada, T2P 0N7, telephone 403-777-1519, and are also available electronically on SEDAR.

The following documents of the Company filed with the securities commissions or similar authorities in Canada are incorporated by reference in this Prospectus:

1. the annual information form of the Company dated April 13, 2022 (the "**Annual Information Form**") in respect of the fiscal year ended December 31, 2021;
2. the audited consolidated financial statements of the Company and the notes thereto as at and for the fiscal years ended December 31, 2021 and 2020, together with the auditor's report thereon (the "**Annual Financial Statements**");
3. the management's discussion and analysis of the Company as at and for the fiscal year ended December 31, 2021 (the "**Annual MD&A**");
4. the management information circular dated May 26, 2021 in respect of the Company's 2021 annual and special meeting held on June 29, 2021; and
5. the material change report dated January 17, 2022 in respect of the second amendment to the research and license agreement between the Company and Yissum Research Development Company of the Hebrew University of Jerusalem Ltd.

Any document of the type referred to in Section 11.1 of Form 44-101F1 – *Short Form Prospectus Distributions* filed by the Company with a securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to 25 months from the date hereof shall be deemed to be incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus modifies or supersedes that statement. Any statement so modified or superseded shall not constitute a part of this Prospectus except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any 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.

Upon filing of a new Annual Information Form and related Annual Financial Statements with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous Annual Information Form, including all amendments thereto, the previous Annual Financial Statements and all interim financial statements (including any interim MD&A's related thereto), material change reports and management information circulars filed prior to the commencement of the fiscal year in which the new Annual Information Form is filed, shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder.

A Prospectus Supplement containing the specific terms of any Securities offered thereunder will be delivered to purchasers of such Securities together with this Prospectus to the extent required under applicable securities laws and will be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement solely for the purposes of the Securities offered hereunder and thereunder.

THE COMPANY

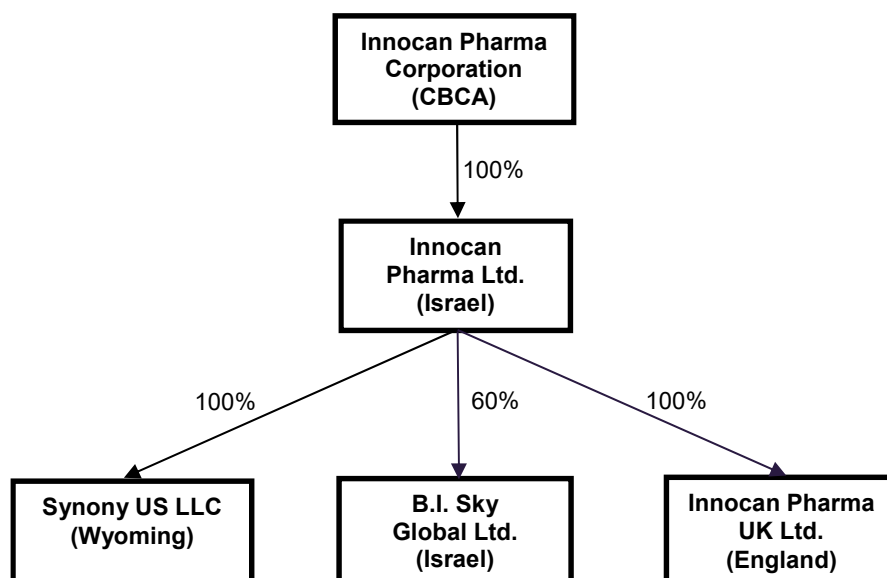
Summary of the Business

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

The current business of the Company can be described as three distinct operating activities relating to the incorporation of CBD (and/or other cannabinoids) 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 Severe Acute Respiratory Syndrome ("**SARS**") and Middle East Respiratory Syndrome ("**MERS**") as well as other central nervous system diseases such as epilepsy and Alzheimer's disease) by using 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; and (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.

Inter-Corporate Relationships

The following chart illustrates the Company's corporate structure as at the date hereof, together with the governing law of each principal subsidiary and the percentage of voting securities beneficially owned by the Company.



Innocan Pharma Ltd. (“**Innocan IL**”): Innocan IL develops, manufactures and commercializes the topical products and manages the research and development projects of the Company based on different agreements with Tel Aviv University and Hebrew University of Jerusalem business development companies.

Innocan Pharma UK Ltd. (“**Innocan UK**”): Innocan UK is a wholly owned subsidiary of Innocan IL, established as a management and financial services supplier of Innocan IL in the European market, regarding the sales of topical products

Synony US LLC (“**Synony**”): Synony is a Wyoming based LLC, established in order to enable the marketing of topical products in the US, through online marketing channels. Synony LLC is not yet active.

B.I. Sky Global Ltd. (“**BI**”): BI is established and owned as a joint venture between Innocan IL (owns 60%) and Branzdon Co Ltd. (“**Brandzon**”) (owns 40%). BI specializes in the online marketing of various products. BI develops, markets and sells products in virtual stores that operate under various online platforms, the most prominent of which is Amazon’s trading platform.

Recent Developments

During the last three years, Innocan has expanded its manufacturing relationships, its patent portfolio, and entered into various research and licensing agreements with academic institutions and laboratories. The Company has also expanded its distribution network into the United Kingdom, France, Germany, Poland and Canada via its partnerships with IPS Holding Group, Polyflame Europe SAS, and Ayurcann Inc. It has also focused on deepening its industry knowledge in establishing an expert advisory committee. Innocan has also expanded its focus on clinical trials, and has conducted several experiments that continue to progress the Company toward human trials.

With respect to Innocan’s current milestones, while the actual timelines and expenses required for each milestone may vary because the execution of the Company’s plans is dependent on the results of its research and development activities, the below table sets out a general overview:

Milestones	Milestone status	Expenditures Incurred to Date (US\$)	Estimated Costs to Achieve Milestone (US\$)	Expected Time Period
Project: CBD-loaded exosomes (the “CLX Project”)				
Literature research	Concluded			
Exosome production	Undergoing production	50,000	90,000	On-going
Exosome characterization	Undergoing production	Part of the payment to Ramot. See Ramot Research Agreement costs below.	See Ramot Research Agreement costs below.	Complete
CBD synthesis for Exosome loading	Work undergoing	150,000	50,000	Q2 22
Loading the CBD in the Exosome	Work undergoing	Part of the payment to Ramot. See Ramot Research Agreement costs below.	See Ramot Research Agreement costs below.	Q2-3 22
In - Vitro	Work undergoing	Part of the payment to Ramot. See Ramot Research Agreement costs below.	See Ramot Research Agreement costs below.	Q3 22

Milestones	Milestone status	Expenditures Incurred to Date (US\$)	Estimated Costs to Achieve Milestone (US\$)	Expected Time Period
Production of the CLX	In preparation	Part of the payment to Ramot. See Ramot Research Agreement costs below.	See Ramot Research Agreement costs below.	Q3 22
In-Vivo (animal study)	In preparation	Part of the payment to Ramot. See Ramot Research Agreement costs below.	See Ramot Research Agreement costs below.	Q3-22
Safety in animals (including Pharmacokinetic, toxicity, bio-distribution)	Waiting for animal model results	-	600,000	Q4 22 – Q4 23
<u>Ramot Research Agreement</u>		1,030,000	1,070,000	
Total pre-clinical		1,230,000	1,810,000	

Project: CBD Loaded Liposomes Technology (the “LPT Project”)

Development of initial matrix of liposomal formulations of cannabidiol	Concluded	Part of the payment to Yissum. See Yissum Research costs below.	Part of the payment to Yissum. See Yissum Research costs below.	
Characterization of the physicochemical properties, drug loading, short-term stability and release in the presence of serum	Concluded	Part of the payment to Yissum. See Yissum Research costs below.	Part of the payment to Yissum. See Yissum Research costs below.	
Small animal study	concluded	Part of the payment to Yissum. See Yissum Research costs below.	Part of the payment to Yissum. See Yissum Research costs below.	
Animal study of different indications	On-going	Part of the payment to Yissum. See Yissum Research costs below.	Part of the payment to Yissum. See Yissum Research costs below.	Q4 21 -Q4 22
Safety in animals (including Pharmacokinetic, toxicity, bio-distribution)	Waiting to animal model results	-	500,000	Q4 22-Q4 23
Yissum Research		2,300,000	1,750,000	The Company and Yissum entered negotiations for a new research and license agreement for the next phase of the research.

Milestones	Milestone status	Expenditures Incurred to Date (US\$)	Estimated Costs to Achieve Milestone (US\$)	Expected Time Period
				The Company is intending to sign a sub-licensing agreement before reaching Phase II.
<u>Total Pre-Clinical (including safety)</u>		2,300,000	2,250,000	
Veterinary application clinical use study		-	1,200,000	H2 23
Project: CBD - OTC & Derma cosmetic (the “Topicals Project”)				
	Production & registration submission done	1,040,000	Budget depends on many parameters, such as nature of distribution agreements to be signed, COVID-19 effect on the market, regulatory changes.	On-Going
	Marketing & brand recognition	600,000	500,000	On-Going
	Efficacy studies	20,000	100,000	On-Going

In general, and as is the case for each of the CLX Project and the LPT Project, in order to develop a new treatment, drug or medical procedure in a clinical research and development context, the following phases are required:

Preclinical: this phase involves the testing in non-human subjects to gather information regarding efficacy, toxicity and pharmacokinetic data; particularly oral bioavailability and half-life of the given drug or treatment.

Phase I: this phase introduces “dose-ranging” on healthy volunteers or genuine patients (this depends on the indication, but could also be considered Phase I/II); the purpose of this phase is to evaluate safety.

Phase II: this phase involves further testing of the given drug or treatment on participants to assess efficacy and monitor for any side effects.

Phase III: this phase expands testing of the given drug or treatment on participants in larger numbers to similarly assess for efficacy, effectiveness and safety.

Phase IV: Post marketing surveillance in public.

With respect to each of the CLX Project and the LPT Project, the Company is in the Preclinical phase of the research and development. In order to commercialize the CLX Project and LPT Project, each of the above-noted phases will need to be completed. The timeline for completion of the CLX Project and LPT Project is unknown at this time.

Regarding the known costs of the CLX Project, LPT Project and Topicals Project, the Company projects the following, as related to its commitments to fund research and development over the next five years:

Business activity	Term of signed agreement/commitment	Expected US\$ commitment for the term	Two-year expected budget ^(1,3)	Expected five year status ⁽²⁾
CLX	Ramot (Tel Aviv University) – current until Q4 23	900,000	4,400,000	At least one licensing agreement, clinical stage.
LPT	Yissum (Hebrew University of Jerusalem) – current until Q4 23	1,750,000	5,600,000	At least one licensing agreement, clinical stage
Topicals	No signed agreements carrying any financial commitment	N/A	see comment	Budget depends on many parameters, such as nature of distribution agreements to be signed, COVID-19 effect on the market, regulatory changes.

Notes:

(1) This budget is a forward-looking budget. Actual budget may vary, as the project develops.

(2) The status of the project depends on actual achievements of the research. Actual results may vary, based on the research and development success and the Company's ability to translate those achievements into licensing agreements and/or sales.

(3) Amounts may vary based on signing of future licensing agreements.

On March 28, 2022, the Company announced the successful completion of its CBD Liposome drug-product physico-chemical characterization, which is currently in the preclinical phase. The next step will be to file for a pre-investigational new drug (“**pre-IND**”) meeting with the US Food and Drug Administration (“**FDA**”) and the Company anticipates doing so within the next three months. At a pre-IND meeting, the Company would present to the FDA all information it has regarding the new characterization and, at that time, the FDA would communicate the requirements for the approval of the new characterization, including next steps regarding research, development, and commercialization.

On April 11, 2022, the Company announced that an article describing subcutaneously injected liposomal cannabidiol (CBD) formulation used as a compassion therapy for pain management in a dog was accepted for publication in Frontiers Veterinary Scientific Journal. The Company expects to pursue license agreements over the next 12 months, before the safety testing stages during 2023. The Company estimates the costs for the next 12 months to be approximately \$1,400,000.

On May 11, 2022, the Company announced that an International Patent Application (“**PCT**”) titled “Protein-bound Cannabinoid Formulations and Uses Thereof” was recently published and received the publication number WO 2022/070191 (the “Patent Application”), claiming priority from a US provisional application filed in October 2020. The Patent Application involves a unique delivery method that allows for the controlled release of CBD into the blood stream with improved pharmacokinetic (PK) performance. The PCT is an outcome of the collaboration between the Company, the Hebrew University, and Professor Barenholz’ team.

COVID-19 Pandemic

The outbreak of the novel coronavirus, commonly referred to as “COVID-19”, has caused companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and their impacts on the Company cannot be reasonably estimated at this time.

As at the date of this Prospectus, the Company has successfully continued operations under COVID-19 protocols. COVID-19 has not resulted in any material delays in the development of our products or research efforts. The Company is not currently experiencing any significant delays or interruptions in service. The Company's workforce has successfully transitioned to working remotely during COVID-19. The Company has been able to operate relatively unaffected by the COVID-19 pandemic.

Notwithstanding the foregoing, if the Company or its vendors and suppliers are unable to continue operations or keep up with increasing demands as a result of COVID-19, customers may experience delays or interruptions in service or the delivery of products, which may be detrimental to the Company's reputation and business. The

Company cautions that it is impossible to fully anticipate or quantify the effect and ultimate impact of the COVID-19 pandemic as the situation is rapidly evolving. The extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions taken by governments to contain it or treat its impact, including shelter in place directives, which, if extended, may impact the economies in which the Company now operates, or may in the future operate, key markets into which the Company sells products and delivers services, and markets through which the Company's key suppliers source their products.

For additional information see also "*Risk Factors – Implications of the COVID-19 Pandemic*".

CONSOLIDATED CAPITALIZATION

The applicable Prospectus Supplement will describe any material changes, and the effect of such material changes, on the share and loan capitalization of the Company that will result from the issuance of Securities pursuant to each Prospectus Supplement.

The Company's consolidated capitalization as at December 31, 2021 and as at May 13, 2022 are set out in the following table:

	December 31, 2021 (audited)	May 13, 2022 (unaudited)
Share Capital	Unlimited common shares	Unlimited common shares
Common Shares	248,496,145	248,518,197
Warrants	9,679,000	9,679,000
Broker Warrants	438,099	430,547
Options	23,578,708	24,978,708

USE OF PROCEEDS

Unless otherwise indicated in the applicable Prospectus Supplement, the Company intends to use the net proceeds from the sale of Securities for working capital requirements or for other general corporate purposes. Each applicable Prospectus Supplement will contain specific information concerning the use of proceeds from that sale of Securities by the Company. Notwithstanding the above, the Company's management has broad discretion in the application of proceeds of an offering of Securities. On the basis of results obtained or for other sound business reasons, the Company may re-allocate funds as required. Accordingly, the Company's actual use of proceeds may vary significantly from any proposed use of proceeds disclosed in any applicable Prospectus Supplement. See "*Risk Factors – Discretion in the Use of Proceeds*".

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The following is a brief summary of certain general terms and provisions of the Securities that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Securities as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Securities, and the extent to which the general terms and provisions described below may apply to such Securities will be described in the applicable Prospectus Supplement.

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares. As at May 13, 2022, the Company had 248,518,197 Common Shares issued and outstanding.

Holders of Common Shares are entitled to dividends if, as and when declared by the board of directors of Innocan, to receive notice of and one vote per Common Share at meetings of shareholders and, upon liquidation, dissolution or winding up of Innocan, to share rateably in such assets of Innocan as are distributable to the holders of Common Shares.

Common Shares may be sold separately or together with certain other Securities under this Prospectus. Common Shares may also be issuable on conversion, exchange, exercise or maturity of certain other Securities qualified for issuance under this Prospectus.

Warrants

Warrants may be offered separately or together with other Securities, as the case may be. Each series of Warrants may be issued under a separate warrant indenture or warrant agency agreement to be entered into between the Company and one or more banks or trust companies acting as Warrant agent or may be issued as stand-alone contracts. The applicable Prospectus Supplement will include details of such agreements, if any, governing the Warrants being offered. The Warrant agent, if any, will be expected to act solely as the agent of the Company and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants. The following sets forth certain general terms and provisions of the Warrants that may be offered under this Prospectus. The specific terms of the Warrants, and the extent to which the general terms described in this section apply to those Warrants, will be set forth in the applicable Prospectus Supplement.

A copy of any warrant indenture or any warrant agency agreement relating to an offering of Warrants will be filed by the Company with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Warrants being offered thereby, which may include, without limitation, the following (where applicable):

- the designation of the Warrants;
- the aggregate number of Warrants offered and the offering price;
- the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- the exercise price of the Warrants;
- the dates or periods during which the Warrants are exercisable;
- the designation and terms of any securities with which the Warrants are issued;
- if the Warrants are issued as a unit with another Security, the date on and after which the Warrants and the other Security will be separately transferable;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- whether such Warrants will be listed on any securities exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- certain material Canadian tax consequences of owning the Warrants; and
- any other material terms and conditions of the Warrants.

Units

The Company may issue Units comprised of one or more of the other Securities described herein in any combination. Each Unit may be issued so that the holder of the Unit is also the holder of each Security included in the Unit; thus, the holder of a Unit may have the rights and obligations of a holder of each included Security. Any Unit agreement under which a Unit may be issued may provide that the Securities included in the Unit may not be held or transferred separately at any time or at any time before a specified date.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Units being offered thereby, which may include, without limitation, the following (where applicable):

- the designation, number and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately;

- any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units;
- certain material Canadian tax consequences of owning the Securities comprising the Units; and
- any other material terms and conditions of the Units.

Subscription Receipts

Subscription Receipts may be offered separately or together with other Securities, as the case may be. The Subscription Receipts may be issued under a subscription receipt agreement.

The applicable Prospectus Supplement will include details of any subscription receipt agreement covering the Subscription Receipts being offered. A copy of any subscription receipt agreement relating to an offering of Subscription Receipts will be filed by the Company with the relevant securities regulatory authorities in Canada after the Company has entered into it. The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. This description may include, without limitation, the following (where applicable):

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered;
- the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities;
- the designation, number and terms of the other Securities that may be exchanged upon conversion of each Subscription Receipt;
- the designation, number and terms of other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- terms applicable to the gross or net proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- certain material Canadian tax consequences of owning the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

PLAN OF DISTRIBUTION

General

The Company may from time to time during the 25-month period that this Prospectus, including any amendments and supplements hereto, remains valid, offer for sale and sell up to an aggregate of \$100,000,000 in Securities hereunder.

The Securities may be sold by us (i) directly pursuant to applicable statutory exemptions, (ii) to or through underwriters or dealers, or (iii) through designated agents. The Prospectus Supplement relating to a particular offering of Securities will identify any underwriter, dealer or agent engaged in connection with the offering and sale of such Securities, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the purchase price of the Securities (or the manner of determination thereof if offered on a non-fixed price basis), the net proceeds to us and any other material terms of the plan of distribution (including sales in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102). Any initial offering price and discounts, concessions or commissions allowed or re-allowed or paid to underwriters, dealers or agents may be changed from time to time. Only underwriters named in the Prospectus Supplement are deemed to be underwriters in connection with our Securities offered by that Prospectus Supplement.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at

prices to be negotiated with purchasers including sales in transactions that are deemed to be “at-the-market” distributions, including sales made directly on the CSE or other existing trading markets for the Securities, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for the Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

Sales of Securities under an “at-the-market distribution”, if any, will be made pursuant to an accompanying Prospectus Supplement. Sales of Securities under any “at-the-market” program will be made in transactions that are “at-the-market distributions” as defined in NI 44-102. The volume and timing of any “at-the-market distributions” will be determined at the Company’s sole discretion.

No underwriter or dealer involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such an underwriter or dealer will over-allot securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the offered Securities or securities of the same class as the Securities distributed under the “at-the-market distribution”, including selling an aggregate number or principal amount of Securities that would result in the underwriter creating an over-allocation position in the Securities.

In connection with the sale of the Securities, underwriters, dealers or agents may receive compensation from the Company including in the form of underwriters’, dealers’ or agents’ fees, commissions or concessions. Underwriters, dealers and agents that participate in the distribution of the Securities may be deemed to be underwriters for the purposes of applicable Canadian securities legislation and any such compensation that they receive from the Company and any profit that they make on the resale of the Securities, may be deemed to be underwriting commissions.

Underwriters, dealers or agents who participate in the distribution of the Securities may be entitled, under agreements to be entered into with the Company to indemnification by the Company against certain liabilities, including liabilities under Canadian securities legislation, or to contribution with respect to payments, which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with, or perform services for, the Company in the ordinary course of business.

In connection with any offering of Securities, subject to applicable laws and other than an “at-the-market distribution”, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the offered Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time.

Unless specified in the applicable Prospectus Supplement, there is no market through which the Subscription Receipts, Warrants and Units may be sold and purchasers may not be able to resell the Subscription Receipts, Warrants and Units purchased under this Prospectus and the Prospectus Supplement. This may affect the pricing of the Subscription Receipts, Warrants and Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts, Warrants and Units and the extent of issuer regulation. See “*Risk Factors*”.

Offerings in the United States

Unless otherwise specified, this Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Securities to, or for the account or benefit of, persons within the United States or U.S. persons. Unless otherwise specified, the Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold to, or for the account or benefit of, persons within the United States or U.S. persons, unless the Securities are registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration requirements is available. Each underwriter, dealer and agent who participates in the distribution will agree not to sell or offer to sell or to solicit any offer to buy any Securities to, or for the account or benefit of, persons within the United States or U.S. persons, except pursuant to a registration statement under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws.

In addition, until 40 days after the commencement of an offering of Securities under any applicable Prospectus Supplement, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of Securities) may violate the registration requirements of the U.S. Securities Act if such offer is made otherwise than in reliance on an exemption from the registration requirements of the U.S. Securities Act.

PRIOR SALES

Information regarding prior sales of Securities will be provided as required in a Prospectus Supplement with respect to the issuance of Securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME

Information regarding trading price and volume of the Securities will be provided as required for all of the Company's issued and outstanding Securities that are listed on any securities exchange, as applicable, in each Prospectus Supplement.

RISK FACTORS

An investment in the Securities involves a high degree of risk and must be considered speculative due to the nature of the Company's business and present stage of development. Before making an investment decision, prospective purchasers of Securities should carefully consider the information described in this Prospectus and the documents incorporated by reference herein, including the applicable Prospectus Supplement. There are certain risks inherent in an investment in the Securities, including the factors described below and under the heading "Risk Factors" in the Annual Information Form and under the heading "Risks and Uncertainties" in the Annual MD&A, and any other risk factors described herein or in a document incorporated by reference herein, which investors should carefully consider before investing. Additional risk factors relating to a specific offering of Securities will be described in the applicable Prospectus Supplement. Some of the factors described herein, in the documents incorporated by reference herein, and/or the applicable Prospectus Supplement are interrelated and, consequently, investors should treat such risk factors as a whole. If any of the risk factors described herein, in the Annual Information Form, in another document incorporated by reference herein or in the applicable Prospectus Supplement occur, it could have a material adverse effect on the business, financial condition and results of operations of the Company. Additional risks and uncertainties of which the Company currently is unaware or that are unknown or that it currently deems to be immaterial could have a material adverse effect on the Company's business, financial condition and results of operation. The Company cannot assure purchasers that it will successfully address any or all of these risks. There is no assurance that any risk management steps taken will avoid future loss due to the occurrence of the risks described herein, in the Annual Information Form, in the other documents incorporated by reference herein or in the applicable Prospectus Supplement or other unforeseen risks.

Implications of the COVID-19 Pandemic

The global outbreak of COVID-19 has resulted in governments worldwide enacting emergency measures to protect against the spread of the virus. These measures, which include, among other things, limitations on travel, self-imposed quarantine periods and social distancing measures, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and

weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any government and/or central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Global pandemics (like the COVID-19 Pandemic) and other public health threats, or a fear thereof, could adversely impact our production operations, sales efforts, lead to labour shortages, and severely impact supply chain logistics including travel and shipping disruptions and shutdowns (including as a result of government regulation and prevention measures) affecting production and delivery of the inputs and materials we need to operate and deliver our products to customers. It is unknown whether and how the Company may be affected if such an occurrence persists for an extended period of time but we anticipate that it would have a material adverse effect on our business, operating results and financial performance. In addition, the Company may also be required to incur additional expenses and/or delays relating to such events which could have a further negative impact on our business, operating results and financial performance.

The risks associated with global COVID-19 measures, and the Company's own protocols, may have a material impact on the Company's ability to grow its business and generate revenue, which in turn could materially impact the Company's financial condition and results from operations. The Company is actively addressing risks to its business from COVID-19 through a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis. For additional information see, "*The Company – Recent Developments – COVID-19 Pandemic*".

Negative Cash Flow from Operations

Innocan has incurred net losses in each period since it commenced operations. For the year ended December 31, 2021, Innocan incurred net losses from operating activities of US\$10,091,000. The Company expects to continue to incur net losses from operations. The Company expects to incur significant expenses due to, among other things, research and development costs, sales and marketing expenses, and other expenses. These efforts and additional expenses may be more costly than the Company expects, and the Company cannot guarantee that it will be able to increase its revenue to offset such expenses. The Company's revenue may decline or its revenue growth may be constrained for a number of reasons, including less than expected demand for the Company's products, increased competition or failure to capitalize on growth opportunities. The Company will need to generate significant additional revenue to achieve and sustain profitability and, even if it achieves profitability, the Company cannot be sure that it will remain profitable for any substantial period of time. The Company's failure to achieve or sustain profitability could negatively impact the value of the Common Shares.

Risks Related to the Offering

An Investment in the Securities is Speculative

An investment in the Securities and the Company's prospects generally, are speculative due to the risky nature of its business and the present state of its development. Investors may lose their entire investment and should carefully consider the risk factors described below and under the heading "*Risk Factors*" in the Annual Information Form.

Discretion in the Use of Proceeds

While detailed information regarding the use of proceeds from the sale of the Securities will be described in the applicable Prospectus Supplement, the Company will have broad discretion over the use of net proceeds from an offering by the Company of its securities. There may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. In such circumstances, the net proceeds will be reallocated at the Company's sole discretion.

Management will have discretion concerning the use of proceeds as described in the applicable Prospectus Supplement as well as the timing of their expenditures. As a result, an investor will be relying on the judgment of management for the application of the proceeds. Management may use the net proceeds described in a Prospectus Supplement 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.

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 business objectives, including with respect to the expansion of its product offerings and entering into strategic partnerships. 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.

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 such securities 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 Company's securities 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. As at the date of this Prospectus, only the Common Shares are listed on a securities exchange and may be purchased in the secondary market.

Risk Factors Related to Dilution

The Company may issue additional Common Shares or securities that are convertible or exchangeable into Common Shares 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 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 any issued and outstanding common share purchase warrants.

Market for Securities

There is currently no market through which the Securities, other than the Common Shares, may be sold. As a consequence, purchasers may not be able to resell the Warrants, Units or Subscription Receipts purchased under this Prospectus and any Prospectus Supplement. This may affect the pricing of the Securities, other than the Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Securities, other than the Common Shares, will develop or, if developed, that any such market, including for the Common Shares, will be sustained. Shareholders of the Company may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading

markets, or that the Company will continue to meet the listing requirements of the CSE or any other public stock exchange.

Profitability

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. The pharmaceutical technology industry requires significant financial resources, and there is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development, research and commercial activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its research and development efforts or in the future reduce its marketing efforts or forego certain business opportunities.

PROMOTERS

Iris Bincovich, Ron Mayron, Eyal Flom, Nir Avram and Yoram Drucker may be considered promoters of the Company based on their roles with Innocan. Other than as described in this Prospectus, no promoter of the Company has received or will receive anything of value, including money, property, contracts, options, or rights of any kind from the Company for acting as a promoter of the Company. Together, the above-listed promoters beneficially own, directly or indirectly, or exercises control or direction over 25,880,250 Common Shares representing approximately 10.41% of the outstanding Common Shares.

Other than as described below, no promoter of the Company is, as at the date of this Prospectus, or has been within 10 years prior to the date of this Prospectus, a director, chief executive officer, or chief financial officer of any person or company, that:

- (a) was subject to an order that was issued while the promoter was acting in such capacity; or
- (b) was subject to an order that was issued after the promoter ceased to act in such capacity and which resulted from an event that occurred while the promoter was acting in such capacity.

Ron Mayron, as part of his duties as Chairman of an Israeli public company, Wize Pharma Ltd. ("**Wize**"), had signed the 2015 year end and 2016 Q1 financial statements of Wize, after they were approved by the Wize board of directors and finance committee of the Wize board of directors (the "**Wize Finance Committee**"). Mr. Mayron was not a member of the Wize Finance Committee. The financial statements required an assessment of the value of certain Wize assets, namely a proposed pharmaceutical product that was in the drug monograph process for FDA approval. Issues arose in the approval process that suggested the product would not be suitable for FDA approval. This was not reflected in the applicable financial reports. The Israel Securities Authority ("**ISA**") asserted that the asset valuation was not sufficiently addressed due to the issues that arose with the FDA approval timelines. This matter was resolved in an administrative arrangement with the ISA. Mr. Mayron paid a fine of NIS 150,000 (approximately US\$42,000) and no other actions or restrictions will be taken against or imposed on him. Mr. Mayron ceased to be an officer and director of Wize in November 2018, unconnected with the subject ISA issue, on his own volition.

No promoter of the Company is, as at the date of this Prospectus, or has been within the 10 years prior to the date of this Prospectus, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No promoter of the Company has, within the 10 years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will include a general summary of certain Canadian federal income tax consequences which may be applicable to a purchaser of Securities offered thereunder. Investors should read the tax discussion in any Prospectus Supplement with respect to a particular offering and consult their own tax advisors with respect to their own particular circumstances.

LEGAL MATTERS

Certain legal matters in connection with the offering of the Securities will be passed upon by Gowling WLG (Canada) LLP on behalf of the Company. As at the date hereof, the designated professionals of Gowling WLG (Canada) LLP, as a group, beneficially own, directly or indirectly, less than one percent of the securities of the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Ziv Haft Chartered Accountants (Israel), A BDO Member Firm are the auditors of the Company and have confirmed that they are independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The registrar and transfer agent for the Common Shares is Odyssey Trust Company with an office at 1230 – 300 5th Avenue SW, Calgary, Alberta T2P 3C4.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, and other than the material contracts set out in the documentation incorporated by reference, the only material contracts the Company is a party to are the following:

- Cooperation agreement entered into between the Company and Tamar Innovest Limited (formerly Solsken Limited) (“**Tamar**”) on April 15, 2019 regarding the development, licensing and manufacture of Tamar-branded products, and the use and marketing of Company intellectual property in pharmaceutical and cosmetics products.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities Legislation Rights

Securities legislation in certain provinces and territories of Canada provides purchasers of the Securities with the right to withdraw from an agreement to purchase the Securities. This right may be exercised within two business days after receipt or deemed receipt of this Prospectus, the accompanying Prospectus Supplement and any amendment relating to the Securities purchased by a purchaser. For a non-fixed price offering, this right may only be exercised within two business days after receipt or deemed receipt of this Prospectus, the accompanying Prospectus Supplement and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation or are not sent or 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 or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

In an offering of Securities, to the extent such securities are convertible, exchangeable or exercisable securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus (as supplemented or amended) is limited, in certain provincial and territorial securities legislation, to the price at which the Securities are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories of Canada, if the purchaser pays additional amounts upon conversion, exchange or exercise, as applicable, of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces and territories of Canada. The

purchaser should refer to any applicable provisions of applicable provincial or territorial securities legislation for the particulars of this right of action for damages or consult with a legal advisor.

Contractual Rights

Original purchasers of Securities under this Prospectus (as supplemented or amended) that are convertible, exchangeable or exercisable securities will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of such Securities. The contractual right of rescission will entitle such original purchasers to receive, in addition to the amount paid on original purchase of any Securities, the amount paid upon conversion, exchange or exercise, upon surrender of the underlying securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that both the conversion, exchange or exercise occurs, and the right of rescission is exercised, within 180 days of the date of the purchase of the Securities under this Prospectus (as supplemented or amended). This contractual right of rescission is in addition to any other right or remedy available to original purchasers under the securities legislation in which the purchaser is resident or otherwise at law.

At-the-Market Distributions

Securities legislation in some provinces and territories of Canada provides purchasers of securities with the right to withdraw from an agreement to purchase securities and with remedies for rescission or, in some jurisdictions, revisions of the price, or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser are not sent or delivered to the purchaser. However, purchasers of securities distributed under an “at-the-market distribution” by the Company do not have the right to withdraw from an agreement to purchase the securities and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the Prospectus, a Prospectus Supplement, and any amendment relating to the securities purchased by such purchaser because the Prospectus, a Prospectus Supplement, and any amendment relating to the securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102.

Securities legislation in some provinces and territories of Canada further provides purchasers with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus, prospectus supplement, and any amendment relating to securities purchased by a purchaser contains a misrepresentation. Those remedies must be exercised by the purchaser within the time limit prescribed by securities legislation. Any remedies under securities legislation that a purchaser of securities distributed under an “at-the-market distribution” by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the Prospectus, a Prospectus Supplement, and any amendment relating to securities purchased by a purchaser contain a misrepresentation will remain unaffected by the non-delivery of the Prospectus or a Prospectus Supplement.

A purchaser should refer to applicable securities legislation for the particulars of these rights and should consult a legal advisor.

CERTIFICATE OF THE COMPANY

Dated: May 15, 2022

This short form base shelf prospectus, together with the documents incorporated by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

(signed) "Iris Bincovich"

Iris Bincovich
Chief Executive Officer

(signed) "Nelson Halpern"

Nelson Halpern
Chief Financial Officer

On behalf of the Board of Directors

(signed) "Yoram Drucker"

Yoram Drucker
Director

(signed) "Ron Mayron"

Ron Mayron
Director

CERTIFICATE OF THE PROMOTERS

Dated: May 15, 2022

This short form base shelf prospectus, together with the documents incorporated by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

(signed) "Iris Bincovich"

Iris Bincovich

(signed) "Ron Mayron"

Ron Mayron

(signed) "Eyal Flom"

Eyal Flom

(signed) "Nir Avram"

Nir Avram

(signed) "Yoram Drucker"

Yoram Drucker