Annual Information Form

For the year ended December 31, 2022

Dated March 30, 2023

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ABOUT THIS ANNUAL INFORMATION FORM

In this annual information form ("**AIF**" or "**Annual Information Form**"), unless the context otherwise requires, the "**Company**" or "**Innocan**" refers to Innocan Pharma Corporation together with its wholly-owned subsidiaries, Innocan Pharma Ltd. ("**Innocan Israel**"), Synony US LLC ("**Synony**"), B.I. Sky Global Ltd. ("**Sky Global**") and Innocan Pharma UK Ltd. ("**Innocan UK**"). All financial information in this Annual Information Form is prepared in Canadian dollars and using International Financial Reporting Standards as issued by the International Accounting Standards Board.

This AIF applies to the business activities and operations of the Company for the year ended December 31, 2022. Unless otherwise indicated, the information in this AIF is given as of December 31, 2022. Except as otherwise indicated in this AIF, references to "Canadian dollars" or "$" are to the currency of Canada.

This AIF contains company names, product names, trade names, trademarks and service marks of the Company and other organizations, all of which are the property of their respective owners. The information contained in this AIF, including news releases and other disclosure items of the Company is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com under the Company's profile. The Common Shares of Innocan are traded on the Canadian Securities Exchange ("**CSE**") under the symbol "INNO" and on the Frankfurt Stock Exchange under the ticker symbol IP4 and in the New York OTC market under the symbol "INNPF". The Company is a reporting issuer in Alberta, British Columbia and Ontario.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains forward-looking statements or information (collectively "**forward-looking statements**") which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking statements are contained principally in the sections titled "*Description of the Business*" and "*Risk Factors*".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues", "plans", "aim", "seek" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. 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.

Forward-looking statements relating to the Company include, among other things, statements relating 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 are based on certain key assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors the Company believes are appropriate and are subject to risks and uncertainties. Although management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, shareholders and prospective purchasers of the Company's securities should not place undue reliance on these forward-looking statements. The above list of forward-looking statements is not exhaustive and whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

Certain of the forward-looking statements contained herein concerning cannabis, the general expectations of the Company related thereto, and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources, as well as from market research and industry analysis and on assumptions based on data and knowledge

of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the current cannabis industry involves risks and uncertainties that are subject to change based on various factors. It is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. **Readers are cautioned that actual future results may differ materially from management's current expectations and the forward-looking statements contained in this AIF are expressly qualified in their entirety by this cautionary statement. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this AIF, please see "*Risk Factors*".**

MARKET AND INDUSTRY DATA

This AIF contains market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this AIF, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

DEFINITIONS

The following is a glossary of certain general terms used in this Annual Information Form, including the summary hereof. Terms and abbreviations used in the financial statements included in, or appended to, this Annual Information Form are defined separately, and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Audit Committee**" is the audit committee of the board of directors of Innocan, currently composed of Joshua Lintern, Yoram Drucker and Peter Bloch;

"**Cannabis Act**" means the *Cannabis Act* (Canada);

"**CDSA**" means the *Controlled Drugs and Substances Act;*

"**Common Shares**" means common shares of Innocan;

"**Licensed Producer**" means a licensed producer, as defined in the *Cannabis Act*;

"**NASDAQ**" means the Nasdaq Stock Market LLC;

"**Share Exchange**" means the share exchange transaction completed pursuant to Share Exchange Agreement, under which the Company acquired the issued and outstanding shares of Innocan Israel;

"**Share Exchange Agreement**" means the share exchange agreement, among the Company, Innocan Israel and certain shareholders of Innocan Israel, effective October 4, 2018; and

"**TSXV**" means the TSX Venture Exchange Inc.

CORPORATE STRUCTURE

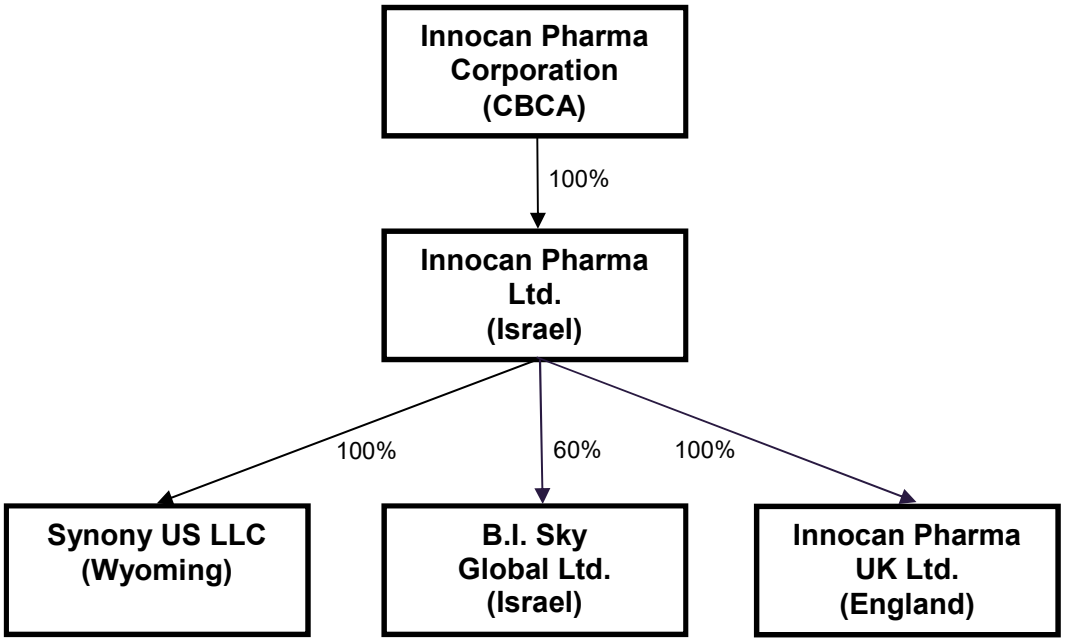
Name, Address and Incorporation

Innocan Pharma Corporation was incorporated on May 31, 2018 under the Canada Business Corporations Act ("**CBCA**"). On September 12, 2019 the articles of the Company were amended to increase the maximum number of directors to nine (9) and to remove the Company's "private issuer" restrictions. The Common Shares of the Company were admitted for trading on the CSE on September 25, 2019 under the ticker symbol INNO and on the Frankfurt Stock Exchange on April 3, 2020 under the ticker symbol IP4 and the OTC Market in the United States of America ("**US**") on April 6, 2021 under the symbol INNPF. The Company is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland.

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

Intercorporate Relationships

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



GENERAL DEVELOPMENT OF THE BUSINESS

The Company, through its wholly-owned subsidiary, Innocan Israel, is a pharmaceutical technology company that focuses on the development of several drug delivery platforms combining cannabidiol ("**CBD**") with other pharmaceutical ingredients as well as the development and sale of CBD-integrated pharmaceuticals. The Company's operations and research and development activities are based in Israel. Innocan's subsidiary Sky Global focuses on the development of beauty microbrands for online platforms such as Amazon, and other e-commerce and online marketplaces.

Year Ended December 31, 2020

On January 13, 2020, the Company announced that test results of its unique CBD loaded liposomal platform technology developed under the Company's previously announced funded research agreement with Yissum, demonstrated high loading of CBD, indicating the potential of a new way of administration by injection. The platform enables the delivery of cannabinoids by injection of hydrogel-cannabinoid-loaded liposomes into the bloodstream or to a specific body part. The controlled release of CBD (or other cannabinoids) from the liposomes may allow continuous exposure of the patient to the cannabinoid and decreases the variations of CBD concentration in the blood caused by food intake or other physiological conditions.

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

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

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

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

On January 28, 2020, the Company announced that it has signed a distribution agreement with Active Therapeutics Ltd. ("**Active Therapeutics**"), pursuant to which Active Therapeutics agreed to distribute Innocan's scientifically CBD based derma cosmetic products in the UK and Ireland (the "**Active Therapeutics Distribution Agreement**").

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

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

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

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

On April 17, 2020, Innocan entered into a consulting services agreement (the “**Green Times Consulting Agreement**”) with Green Times Consulting Ltd. (“**Green Times**”) pursuant to which Green Times will render certain consulting services to the Company for a two (2) month term.

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

On May 21, 2020, the Company announced that Innocan Israel entered into a letter of intent with ADVA Biotechnology Ltd. (the “**ADVA LOI**”).

On May 27, 2020, the Company filed an international patent application for a novel cannabis-based psoriasis treatment. This patent application makes claim of a topical pharmaceutical composition used to treat the symptoms of itching and inflammation associated with psoriasis.

On June 5, 2020, the Company announced the commencement of commercial production of its Derma CBD line in Portugal, with the patent pending Relief & Go CBD Spray to be the first product to be manufactured.

On June 10, 2020, the Company announced the closing of its marketed short form prospectus offering pursuant to which the Company issued 28,423,943 units of the Company at a price of $0.18 per unit for gross proceeds of $5,116,309.74. The offering was led by Mackie Research Capital Corporation, as sole bookrunner, and Canaccord Genuity Corp. as co-lead agents, together with Haywood Securities Inc. and PI Financial Corp. Each Unit is comprised of one Common Share of the Company and one Common Share purchase warrant of the Company. Each warrant is exercisable into one Common Share at a price of $0.25 until June 10, 2023.

On June 17, 2020, the Company announced that it has signed a non-binding letter of intent with its major shareholder Tamar, whereby, subject to the entering into of a formal agreement between the parties, Tamar will distribute naturally sourced CBD, certified as an active pharmaceutical ingredient by the UK Medicines and Healthcare products Regulatory Agency (MHRA) and manufactured by Brains Bioceutical Corporation to Ramot at Tel Aviv University and/or Yissum for use in Innocan's current previously announced research projects.

On July 13, 2020, the Company announced that it has received notice from the FDA that Innocan's over-the-counter Relief & Go CBD spray product has successfully received technical validation and approval to commence marketing in the USA.

On August 6, 2020, the Company announced that its SHIR™ CBD Derma Cosmetic product line, has successfully passed safety assessment in accordance with European Union (“**EU**”) cosmetic regulation No 1223/2009 and received a EU Cosmetic Product Safety Report for marketing in the European Union.

On August 20, 2020, the Company announced that Innocan Israel entered into a distribution agreement with a Swiss CBD provider called Cloud 9 Switzerland LLC to sell the Company's SHIR™ Beauty and Relief & Go product lines in Italy and Switzerland.

On November 11, 2020, the Company announced that Innocan Israel has entered into a distribution agreement with iAmHealth Distribution UG, a CBD products provider in Germany to sell the Company's Shir Beauty and Relief & Go product lines in Germany.

On December 10, 2020, the Company announced the completion of the registration of its trademarks: “Innocan Pharma”, “Relief & Go” and “SHIR” in the EU, UK and Switzerland.

On December 31, 2020, the Company announced that it closed a non-brokered private placement offering of 10,294,800 units of Innocan at a price of $0.23 per unit for aggregate gross proceeds of $2,367,804. Each unit consists of one Common Share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to purchase one Common Share at a price of $0.35 for a period of three years from the date of issuance.

Year Ended December 31, 2021

On March 23, 2021, the Company announced the addition of Dr. Mitchell Kline to its Advisory Committee to serve as a member of Innocan's R&D team.

On April 6, 2021, the Company announced the addition of Richard Serbin to its Advisory Committee.

On April 22, 2021, the Company announced the signing of a commercial distribution agreement with Polyflame Europe SAS (“**Polyflame**”). As part of the multi-year agreement, Polyflame will have an exclusive right to distribute both of Innocan's SHIR and Relief & Go brands in France, subject to relevant regulation in France.

On May 6, 2021, the Company announced that it is currently trading on the OTCQB Venture Market and is eligible for electronic clearing and settlement through The Depository Trust Company in the US. The Company's Common Shares are quoted in the US on the OTCQB Venture Market under the ticker symbol “INNPF”.

On May 26, 2021, Innocan entered into a founder's agreement with Brandzon Co. Ltd. to establish a joint venture by the name of B.I. Sky Global Ltd. that focuses on the development of beauty microbrands for online platforms such as Amazon, and other e-commerce and online marketplaces.

On June 16, 2021, the Company announced that it completed a cosmetic clinical study of SHIR CBD Eye Serum on 22 human volunteers. Roughly 54% of participants in the study demonstrated a decrease of volume of the participants' eye bags of between 52.18% and 90.06%. These effects were also observed 28 days after consecutive application of the investigational product when compared to the baseline. The clinical study was conducted by UPTEC, Science and Technology Park of the University of Porto, Portugal which is an independent lab.

On June 24, 2021, the Company announced that it completed a cosmetic clinical study of its SHIR CBD+ Anti-Aging Sleeping Mask. The study shows that women who tested the product experienced a reduction in the appearance of their lines and wrinkles by up to 28.8% after four weeks. Further, 90.5% of the participants expressed that they would recommend the product to a friend and would like to buy the product.

On July 1, 2021, the Company announced that it signed an exclusive distribution agreement with Health Investment Group S.A. (“**HIG**”) for HIG to distribute Innocan's Shir and Relief & Go brands in Poland.

On July 9, 2021, the Company announced the filing of an international patent application for its topical composition for the treatment of diabetic symptoms. The patent application discloses and makes claims for several compositions for topical administration comprising of cannabinoid for the treatment of diabetic related conditions.

On July 14, 2021, the Company announced the addition of Izhar Shay, Israel's former Minister of Science and Technology, to its Advisory Committee.

On July 28, 2021, the Company announced it filed a patent application for its topical composition for hair loss treatment. The patent application discloses and claims several compositions for topical administration comprising cannabinoid for the treatment and prevention of hair loss.

On August 11, 2021, the Company announced it entered into a manufacturing and distribution agreement with Ayurcann Inc., a major Health Canada Licensed Producer and distributor of CBD products, under which Ayurcann will manufacture Innocan's CBD topicals consisting of its Relief and Go and SHIR™ collection, at Ayurcann's licensed facility and to act as the exclusive Canadian distributor for these products.

On August 18, 2021, the Company announced that, following the early indications of its CLX platform, the Company has issued a notice to Ramot, the Technology Transfer Company of Tel Aviv University declaring the Company's intention to exercise its option to enter into a full Research and License Agreement with Ramot.

On September 3, 2021, the Company announced results of an experimental study of its CBD-loaded liposome technology ("**LPT**") in large animals, which demonstrated a similar pharmacokinetic profile to previous small animal studies. The data obtained suggests that Innocan's LPT platform may be suitable for human therapeutic applications.

On September 24, 2021, the Company announced the filing of an international patent application by Ramot at Tel Aviv University for Innocan's CLX platform. The new patent application covers the ability of a cannabinoid loaded exosome to target specific organs.

On October 4, 2021, the Company announced that a new patent application has been filed for Innocan's CBD delivery system technology, alongside the existing LPT and CLX platforms. The new patent application discloses a unique and novel delivery system allowing the controlled release of CBD into the blood stream with improved pharmacokinetic performance.

On October 13, 2021, Innocan closed its previously announced private placement of Common Shares and warrants to purchase common shares ("**Common Warrants**") to institutional investors for aggregate gross proceeds to the Company of C$8,227,150 (the "**AGP Private Placement**"). Pursuant to the AGP Private Placement, the Company issued 9,679,000 Common Shares and Common Warrants to purchase 9,679,000 Common Shares at a combined purchase price of C$0.85 per Common Share and associated Common Warrant. Each Common Warrant entitles the holder thereof to purchase one Common Share at an exercise price of C$1.10 per share at any time prior to the five-year anniversary of the closing date of the Private Placement. A.G.P./Alliance Global Partners ("**AGP**") acted as the exclusive placement agent for the AGP Private Placement. In the United States, the Common Shares, Common Warrants and the shares issuable upon the exercise of the Common Warrants were offered on a private placement basis pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended, and certain other jurisdictions, in accordance with applicable securities laws. No securities were offered for sale or sold in Canada.

On October 19, 2021, the Company announced the results of a recent study, which demonstrated the presence of CBD in mice brains 41 days after being injected via the LPT platform. In contrast, no CBD

was present in mice brains 22 days following the injection of CBD by other means, not using the LPT platform.

On November 10, 2021, the Company reported further progress in CLX platform research: the researchers at Professor Offen's laboratory at the Tel Aviv University succeeded to characterize the profile of the micro-RNA content in exosomes. The new analysis will allow more accurate characterization of the exosomes intended for treatment combined with CBD. Characterization of the exosomes is another step in the FDA regulatory process.

On November 18, 2021, the Company announced that in its recent study of its LPT platform on dogs, CBD showed prolonged plasma concentrations for at least six weeks after a single administration. The dog received a single administration of 5 mg/kg dose injected subcutaneously. CBD plasma profile of the dog is found in Figure 1. Importantly, the common practice of CBD oral doses is in the range of 1-4 mg/kg daily (given in two doses) with half-life of 4-5 hours. This translates into an administration of 30-120 mg/kg per month as compared to the 5 mg/kg single LPT dose that lasted for at least six weeks. This study highlighted one of the advantages of the LPT platform over oral CBD administration.

Year Ended December 31, 2022

On January 10, 2022, InnoCan Israel signed a second amendment to the Yissum Research and License Agreement (the "**Second Amended Yissum Agreement**") regarding the Company's CBD loaded LPT platform in treating dogs. The research will be performed by Professor Merav Shamir of the Veterinary Neurology & Neurosurgery at Koret School of Veterinary Medicine Hospital – The Hebrew University of Jerusalem, for a period of six months in accordance with a new research program and budget, which will supplement the previous research program.

On January 17, 2022, the Company announced that it had inaugurated its first drug research and development lab at Biohouse Labs at Hadassah Medical Center in Jerusalem to accelerate its LPT development. The development program is focused on improving and optimizing LPT characterization methods and upscaling capabilities. A staff of six people (scientists and scientific assistants) are currently working on the accelerated development of the LPT technology.

On February 7, 2022, the Company announced the addition of Dr. Kenji Kitatani, a media business expert, and former Executive Officer of Sony Corporation, to Innocan's Advisory Committee, as an advisor with respect to the Asian markets.

On March 4, 2022, the Company announced the appointment of Dr. Eyal Kalo as Research and Development Project Manager. In this new role Dr. Kalo will coordinate internal and external research and development projects, assist in the development process and manage the cross functionality of Innocan's projects.

On March 8, 2022, the Company reported a positive result from the use of its CBD LPT on a dog suffering from osteoarthritis of the hip and elbow joint (causing inability of the dog to walk and stand up, as well as intense pain and a low activity rate). CBD LPT injection was provided as a treatment and led to a decrease in pain and improved activity and vitality, as reported by the dog's owner. The CBD was administered to the dog and the Company's LPT remained in the dog's plasma for 28 days.

On March 28, 2022, the Company reported the successful completion of its CBD liposome drug-product physico-chemical characterization. Physico-chemical characterization will form part of the application package to be submitted to the FDA, and it is an important milestone for the Company toward a potential submission of an "Investigational New Drug Application" and "New Drug Application".

On April 29, 2022, the Company announced the publication of a case report in Frontiers in Veterinary Science regarding its compassionate care liposomal-CBD formulation (Innocan's LPT platform). The formulation was administered to a 14-year-old dog suffering from severe cervical pain, hip and elbow osteoarthritis and testicular neoplasia. It was reported that the administration resulted in decreased pain and improved mobility.

On May 16, 2022, the Company filed and received a receipt for a Short Form Base Shelf Prospectus with the securities regulatory authorities in each of the provinces and territories of Canada (the "**Base Shelf Prospectus**"). The Base Shelf Prospectus allows the Company to qualify the distribution of up to $100,000,000 of common shares, warrants, units, and subscription receipts or any combination thereof (collectively, the "**Securities**"), during the 25-month period that the Base Shelf Prospectus remains effective. The specific terms of any offering of Securities under the Base Shelf Prospectus, including the use of proceeds from any offering, will be set forth in a prospectus supplement to the Base Shelf Prospectus, which will be filed with the applicable Canadian securities regulatory authorities in connection with any such offering.

On June 10, 2022, the Company announced successful preliminary results of a small-scale efficacy trial in dogs with refractory (drug-resistant) epilepsy. In this initial phase, the dogs were treated with Innocan's LPT injection, and results demonstrated that the dogs experienced a decreased frequency of epileptic seizures.

On June 24, 2022, the Company announced successful preclinical trials in dogs with osteoarthritis. The trials reported decreased pain in dogs suffering from severe osteoarthritis in most joints, and severe muscle atrophy surrounding the pelvic limbs. Innocan's liposomal CBD was administered in addition to joint supplements, non-steroidal anti-inflammatory drugs, and hydrotherapy.

On July 6, 2022, the Company announced positive results in a preclinical trial involving a dog with refractory (drug-resistant) epilepsy. Paco, a 47 kg male can corso suffering from refractory idiopathic (drug-resistant) epilepsy was treated with Innocan Pharma's LPT injections. The results demonstrated that the frequency and the intensity of the dog's epileptic seizures decreased significantly.

On July 12, 2022, the Company announced that it had appointed Nissim Vasilevski to the role of Analytical Chemist. In this role, Mr. Vasilevski joined the team developing analytical methods to accelerate the Company's LPT product line, with a view to reaching human clinical trials and eventually, a U.S. Food and Drug Administration submission.

On August 11, 2022, the Company announced results that approached 100% bioavailability following subcutaneous injection of its CBD via LPT delivery system in a clinical study conducted on dogs suffering from pain (compared to data following intravenous administration). Typically, oral administration of CBD by humans' results in bioavailability levels of between 6.5-20% of administered dosage.

On August 17, 2022, the Company announced positive partial results in a pilot pain study in dogs using the LPT CBD Liposomal Delivery Platform. Six dogs suffering from osteoarthritis and lameness that were treated with oral analgesics but were still experiencing pain were administered a single subcutaneous injection of liposomal CBD in addition to their routine analgesics. CBD concentrations were observed for six weeks following the CBD injection in the dogs' plasma. Owners reported that the dogs' pain and well-being scores were improved for several weeks after the injection. The results show that the LPT technology has the potential to provide additional analgesia in dogs suffering from pain.

On September 9, 2022, the Company announced positive results in a new preclinical trial involving a dog with refractory (drug resistant) epilepsy. The 22 kg male border collie being was treated with three anti-epileptic drugs but was still suffering from seizures several times a month and was hospitalized approximately once a month. The dog was treated with several injections of Innocan Pharma's LPT within 4-week intervals. During the several months of the trial, the dog did not require hospitalization, nor experience a single seizure for nine-and-one-half weeks.

On September 21, 2022, the Company announced that its PCT title “CANNABIDIOL-CONTAINING COMPOSITIONS AND USES THEREOF” entered the national phase in both the US and EU. This PCT scope involves extracellular vesicals, such as Exosomes, as a cell delivery platform of cannabinoids for diverse neurological and inflammatory disease.

On October 6, 2022, the Company reported an additional milestone with respect to Innocan patent application: PCT application WO2021/240505 that claims cannabinoids-based topical compositions for treatment of psoriasis of the scalp, reached the national phase. Entering the national phase is one of the major milestones in a patent lifecycle. By entering US and EU, Innocan will have the ability to protect its pharmaceutical products in these jurisdictions upon the patent grant.

On October 20 and 21, 2022 the Company participated in the Luxury Meets CBD in New York where Innocan showcased its patent pending topicals and premium CBD Derma cosmetic collections.

On October 25, 2022, the Company announced its participation in a webinar titled "Investor Day: Companies Disrupting The World We Live In”, co-hosted by IR Labs Inc. and the NEO Exchange.

On November 9, 2022, the Company announced the successful implementation of Priority Software’s Priority™ Enterprise Resource Planning (ERP), which includes financial, logistics, and revenue analysis modules. The new system will optimize numerous financial and procurement processes and improve the Company’s efficiency.

On November 18, 2022, the Company announced the addition of Givi Topchishvili, to Innocan’s Advisory Committee, as a business strategy adviser, focused on the commercialization of healthcare innovations. Givi Topchishvili will join the advisory team to support Innocan's goals to expand its distribution and licensing activities in the US.

On December 2, 2022 the Company signed a consulting agreement with Benitz Consulting LLC to assist the Company’s commercialization of IP in the veterinary field. The principal of Benitz Consulting is Dr. Antonio Benitz, ex Novartis Animal Health and Pharmacia Animal Health VP of R&D. Dr. Benitz also served as a senior executive at Merial and director at Merck. The goals of the consulting agreement are for Benitz Consulting to consult on paths of commercialization in the animal health industry; provide Innocan with development plans, regulatory approaches, and study designs for CBD products to be used in animals; manage relationships or participations with CRO’s, third parties, universities or other organizations (including regulatory agencies and potential partners); and present the CBD products to animal pharma companies to create potential cooperation opportunities with such companies.

Recent Developments

On February 14, 2023 the Company approved the issuance of an aggregate of 438,740 options to purchase Common Shares to certain employees and consultants, under the Company's stock option plan for an exercise price of C$0.28.

On February 16, 2023, Innocan closed a non-brokered private placement offering of units of the Company (the “**Units**”) for aggregate gross proceeds of C$495,500 (the “**Offering**”). Pursuant to the Offering, the Company issued 1,982,000 Units at a price of C$0.25 each. Each Unit consists of (i) one (1) common share in the capital of the Company (each a “**Common Share**” and, collectively, the “**Common Shares**”); (ii) one-half of one (1) Class A common share purchase warrant (each whole Class A common share purchase warrant, a “**Class A Warrant**”); and (iii) one-half of one (1) Class B common share purchase warrant (each whole Class B common share purchase warrant, a “**Class B Warrant**”) (collectively, each whole Class A Warrant and each whole Class B Warrant, a “**Warrant**”).

On February 21, 2023, the Company announced clinical success in its Canine (dogs) Compassionate Care Trial, resulting in improving walking abilities and significant decrease in pain in participating canines.

“Lady”, an 11-year-old spayed dachshund-mixed dog was suffering from severe autoimmune mediated polyarthritis that resulted in an almost complete inability to walk, accompanied by severe pain and an overall disability. Lady was treated with joint supplements (Glycoflex), steroids, and hydrotherapy, but was still very lame and incapable of walking more than a few steps. In December 2022, as part of the Company's Compassionate Care Trial, Lady was administered Innocan’s liposomal CBD injection, in addition to all other treatments. Following injection, Lady demonstrated noticeable improvement, walking longer distances and much faster than she had been previously.

On March 12, 2023, the Company announced that the United States Patent and Trademark Office had issued a Notice of Allowance for Innocan’s patent application number 16/968,627 with claims related to the Company’s combined cannabis and magnesium topical pain-relief technology (the “**Patent**”). The Patent discloses and claims breakthrough magnesium and cannabis-based technology that is administered topically. The technology is designed to systemically relieve pain and/or itching, and is administered via spray, roll-on or lotion.

On March 23, 2023, the Company announced the successful results of a controlled efficacy test (the “**Trial**”) regarding its vaginal derma product (the “**Product**”). The results of the Trial demonstrate that Innocan’s Product, which contains cannabinoids, phytoestrogens, hyaluronic acid, and probiotics, effectively reduced the symptoms, and improved overall vaginal health. The 56-day Trial was conducted with a group of female volunteers experiencing symptoms of vaginal dryness, stinging, burning, infection, and pain during urination.

DESCRIPTION OF THE BUSINESS

General

The current business of the Company can be described as four distinct operating segments relating to the incorporation of CBD in the formulation of pharmaceutical products: (i) the research and development of the use of CBD loaded liposomes to provide pain relief and treat epilepsy and other central nervous system disorders and other indications; (ii) 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; 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. These business segments are discussed in more detail below.

I. <u>Research and Development of CBD Loaded Exosomes (CLX)</u>

Background

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

Recent studies have demonstrated that exosomes derived from MSCs can promote regeneration and improve immune reaction processes in damaged tissues. Exosomes contain anti-inflammatory agents that are able to target inflamed organs[1].

The Ramot Research Agreement

On April 17, 2020, Innocan Israel entered into a sponsored research agreement (the "**Ramot Research Agreement**") with Ramot to collaborate with Ramot to develop a novel approach to treat COVID-19 and other CNS indications by using CLX.

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

Prof. Offen's team has already successfully loaded exosomes with molecules. They have also succeeded in treating different tissue injuries in animal models, while significantly reducing inflammation and pathological impairment. To date, there have been several clinical studies using exosomes globally, demonstrating their therapeutic potential at different applications[2].

Animal studies have also demonstrated CBD as effective in reducing lung inflammation[3]. Based on these findings, Innocan believes that its CLX therapy has the potential to treat the COVID-19 virus by combining CBD together with exosomes. The suggested combination may have synergetic effects which may increase the potential efficacy of the proposed treatment.

On December 6, 2021, InnoCan Israel signed a new agreement with Ramot, to extend and replace the previously announced original agreement regarding the Company's CLX platform (the "**Ramot Research and Funding Agreement**").

Under the terms of the original agreement, InnoCan Israel and a team at Tel Aviv University led by Professor Daniel Offen, collaborated to develop a cell therapy product, based on Professor Offen's work in the field. InnoCan Israel agreed to fund the research based on agreed milestones, in the aggregate amount of approximately US$447,000, payment of which was made over a period of thirteen (13) months.

The new agreement expands the research part of the original agreement, introducing a broader research work plan that will be carried out over the next twenty one (21) months, which will expand the potential applications of the technology being developed at Ramot. The Company will fund the cost of the work plan in the aggregate amount of US$1,177,200, payable over four separate instalments.

While under the original agreement Innocan Israel had an option for a license, the new agreement grants InnoCan Israel an exclusive, worldwide, royalty-bearing license to commercialize the research results and the products that will be developed from the technology. The Company also maintains the right under the new agreement to sublicense the license to any third parties.

Exosomes

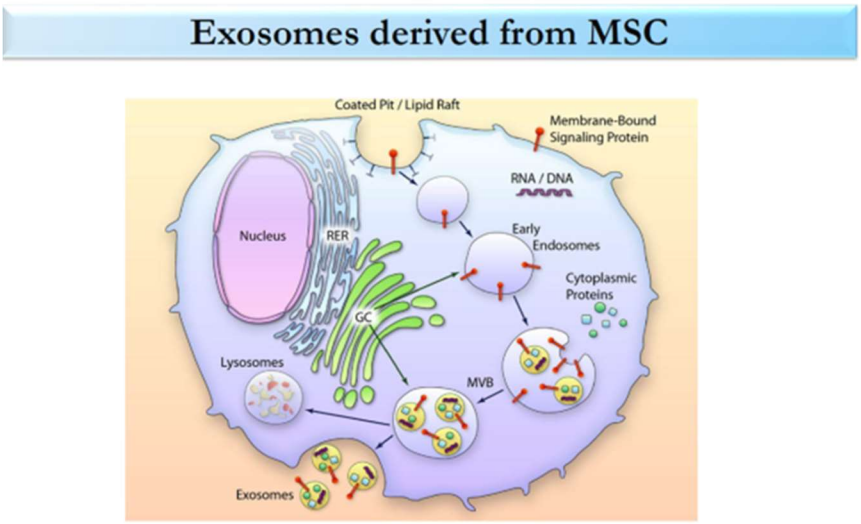
MSCs are reported to show therapeutic effects in inflammation and injury. Hundreds of clinical studies are using these cells and several endowments have already been approved for use by the Food and Drug Administration in the U.S. ("**FDA**"). In the recent years, studies have reported that MSC-derived

[1] https://www.frontiersin.org/articles/10.3389/fphar.2016.00231/full
[2] https://clinicaltrials.gov/ct2/results?cond=exosomes&term=mesenchymal+stem+cells+&cntry=&state=&city=&dist=
[3] https://www.ncbi.nlm.nih.gov/pubmed/25356537

nano patrticals, named “exosomes”, have functions similar to those of MSCs, such as repairing tissue damage, suppressing inflammatory responses and modulating the immune system[4].

Exosomes are endosome-derived small membrane vesicles, approximately 30 to 100 nm in diameter, and are released into extracellular fluids by cells in all living systems. They are generated by many cell types and contain proteins and lipids but also mRNAs and microRNA[5]. Exosomes are well suited for small functional molecule delivery. Increasing evidence indicates that exosomes have a pivotal role in cell-to-cell communication[6].

Recently, it has been shown that the secretion of different factors through exosomes orchestrate the principle mechanisms of action of MSCs after infusion. The use of MSC-derived exosomes may provide considerable advantages over their counterpart live cells, potentially reducing undesirable side effects including infusional toxicities (Mesenchymal stem cell-derived exosomes for clinical use)[7]. Exosomes can be loaded with different molecules. Exosomes can carry and deliver molecules to damaged areas and may have therapeutic effect[8].



In contrast to transplanted MSCs, the MSC-derived exosomes do not proliferate, are less immunogenic and are easier to store and deliver than MSCs[9]. Exosomes have been characterized, their content was identified and studies from Professor Offen's laboratory at Tel Aviv University, Israel, demonstrated that they can migrate and concentrate inside inflamatory lesions and recover damaged tissues[10][11] (see top picture below).

Many studies showed that exosomes can efficiently deliver cargo, such as drugs, to the target cell. Therefore, exosomes can be used to deliver therapeutic cargo for treatment[12].

[4] https://www.frontiersin.org/articles/10.3389/fphar.2016.00231/full
[5] https://thejns.org/view/journals/j-neurosurg/122/4/article-p856.xml#b70-jns14770
[6] https://www.sciencedirect.com/science/article/pii/S0006295211009531
[7] https://www.nature.com/articles/s41409-019-0616-z
[8] https://www.ncbi.nlm.nih.gov/pubmed/31454225
[9] Phinney DG, Pittenger MF. Concise Review: MSC-Derived Exosomes for Cell-Free Therapy. Stem Cells. 2017 Apr; 35(4): 851-858.
[10] Perets N, Betzer O, Shapira R, Brenstein S, Angel A, Sadan T, Ashery U, Popovtzer R, Offen D. Golden Exosomes Selectively Target Brain Pathologies in Neurodegenerative and Neurodevelopmental Disorders. Nano Lett. 2019 Jun 12; 19(6): 3422-3431.
[11] Betzer O, Perets N, Angel A, Motiei M, Sadan T, Yadid G, Offen D, Popovtzer R. In Vivo Neuroimaging of Exosomes Using Gold Nanoparticles. ACS Nano. 2017 Nov 28; 11(11): 10883-10893.
[12] Yeo RW, Lai RC, Zhang B, Tan SS, Yin Y, Teh BJ, Lim SK. Mesenchymal stem cell: an efficient mass producer of exosomes for drug delivery. Adv Drug Deliv Rev 2013 Mar; 65(3): 336-41.

CBD

For several years, CBD derived from the cannabis plant has been the subject of research and medicine because of its value in the treatment of many clinical conditions and its safety profile in humans. Certain studies have demonstrated that CBD exerts a number of beneficial pharmacological effects such as anti-inflammatory, antiemetic, antipsychotic and neuroprotective properties[13]. Moreover, certain studies have demonstrated that CBD treatment decreased airway hyper-responsiveness and reduced inflammation in bronchoalveolar lavage fluid. CBD treatment has also been found to decrease the inflammatory processes in a model of allergic asthma and there was an inverse correlation between CBD levels and lung function in asthmatic patients[14]. Preclinical studies showed that CBD has numerous cardiovascular benefits, including reduced blood pressure and response to stress[15].

CBD has been tested in several animal models and has been shown to protect organs via multiple anti-inflammatory pathways[16]. Recent publications indicate that COVID-19 affects the endothelial cells in several organs, including the lung, heart, kidney and intestine and there is evidence of direct viral infection of the endothelial cells and diffuse endothelial inflammation[17].

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

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

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

3. Professor Offen has developed novel patent-pending technology to load exosomes with different molecules.

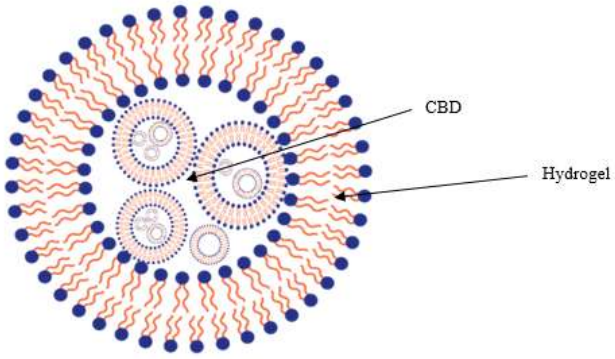
The development of CBD-loaded exosomes will involve several milestones, and is subject to various risk factors and uncertainties, such as loading the chosen cannabinoids such as CBD to MSC-Exosomes and proof of concept in animal models of various diseases as well as reliance on third-party research and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

II. <u>CBD Loaded Liposomes</u>

Innocan Israel has a worldwide exclusive agreement with Yissum Research and Development Company, the commercial arm of Hebrew University of Jerusalem, to develop a unique platform for injectable cannabinoids loaded liposomes into the bloodstream. Liposomes are spherical vesicles

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

composed of one or more layers of lipids that can carry drugs through the human vascular system. Liposomes are one of the most important and most successful delivery systems to date commercialized. There are currently approximately 15 FDA-approved liposomal drugs and many more are known to be in clinical trials. Liposomes are biocompatible and non-toxic and can improve the drug performances: the drug can stay longer in the bloodstream (more availability), the distribution to target organs is improved and the formulation is safer.[18] The controlled release of cannabinoids from the liposomes allows a continuous exposure. The approach of Professor Yechezkel (Chezy) Barenholz (Hebrew University) is to use this platform. Professor Barenholz is the head researcher and supervisor under the Yissum Agreement. Professor Barenholz serves as the Head of the Laboratory of Membrane and Liposome Research at the Department of Biochemistry of the Hebrew University–Hadassah Medical School, Jerusalem, Israel. Professor Barenholz is the founder of several prominent startup companies, including Moebius Medical Ltd. Professor Barenholz has 46 years of experience in research and development. He is the Executive Editor of Progress in Lipid Research. Professor Barenholz is the author of over 350 publications and is a co-inventor of over 30 patent families, two of which underlie Doxil® for the treatment of breast and ovarian cancer (a doxorubicin remote-loaded sterically stabilized ~100 nm liposome for treatment of cancer marketed by Johnson and Johnson). Professor Barenholz has been granted various awards for excellent contributions to the field of liposome science. He is a renowned specialist in biochemistry, biophysics, nanotechnology and cancer. He received B.Sc., M.Sc. (cum laude) and Ph.D. degrees, all in Biochemistry, from the Hebrew University of Jerusalem, Israel. In basic research, Professor Barenholz's laboratory focuses on biochemistry and biophysics of lipids and membranes — on the relationships between membrane lipid composition, structure (e.g., rafts), and function; on lipid mediated signal transduction; and on apoptosis. One of the main biological topics studied is the relevance of the above to aging processes. In applied research, Professor Barenholz's main interests are in amphiphile-based drug carriers, especially liposomes: from basic aspects of design of the drug carriers through animal studies and clinical trials, and finally, FDA-approved drugs. A patent was filed on the technology by Yissum on October 7, 2019.



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

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

The development of LPT will involve several milestones and is subject to various risk factors and uncertainties. See "*Risk Factors"* below and the IPO Prospectus including, *Risk Factors – Effectiveness of CBD in treating certain conditions and the adoption of CBD by the market", "Risk Factors –*

[18] Barenholz Y. 2012. Doxil®–The first FDA-approved nano-drug: Lessons learned. J Control Release 160:117–34

International Regulatory Risks", "Risk Factors – Dependence on third-party research and collaboration", "Risk Factors – Additional Financing", "Risk Factors – Achieving our projected development goals in the announced and expected time frames".

The Company's business strategy for the Yissum Agreement is to sub-license – per specific indication/drug – to various well-established pharmaceutical companies.

The material terms of the Yissum Agreement are to contain terms to pass through to sub-licensees the responsibility for subsequent Yissum payments and for obtaining all required regulatory approvals.

The regulatory pathways of the potential Yissum liposome developed product is anticipated to be one of the following:

- 505b2 (US) – a regulation allowing relatively short approval process (5-7 years), based on the fact that active pharmaceutical ingredients (API) are well known; or

- Full FDA-IND path – that might take 7-10 years, including safety studies and Phase 1/2/3 full studies. This path is more expensive than the 505b2 approach;

In any event, the approved approach will be part of negotiations with any sub-licensee of Innocan.

III. CBD integrated pharmaceuticals and topical treatments (Branded Products)

Innocan's topical treatments will include cannabinoid components alongside existing, FDA proven active ingredients[19] and, in certain patents, a cream, lotion or gel based "smart delivery" system which releases the active ingredients when they are needed. In addition to expected higher potency than most market products with limited to no side effects, these topical treatments may enable Innocan to design these topical drugs to be affordable to consumers through optimal/minimal use of expensive cannabinoid components.[20] This can be compared to topical products of certain of Innocan's competitors' which do not have the benefit of a smart delivery system and therefore contain higher amounts of cannabinoid component or active ingredient to achieve an effective result.

In pain relief markets there are a number of topical pharmaceuticals and medications with varying degrees of effectiveness, and a large portion of the more effective pharmaceuticals include steroids and/or other ingredients with known potential undesirable side effects which are unfavorably viewed in the market. Perhaps the most noticeable trait in this market, especially as it pertains to pain relief, is that while advances are being made, developments of such pharmaceuticals has been slow, in part because scientists do not fully understand the mechanics of how chronic pain works.[21]

The Company has 14 families of patent applications that target various skin conditions, including:

- cannabinoid pain-relieving topical compositions;
- antipruritic treatments;
- hemorrhoid treatment;
- psoriasis treatment;
- vaginal moisturizer and lubricant treatment;
- diabetes symptoms; and
- hair loss prevention treatment.

[19] FDA website https://www.fda.gov/downloads/AboutFDA/CentersOffices/CDER/UCM135691.pdf
[20] https://www.psoriasis.org/about-psoriasis/treatments/topicals/steroids
[21] https://www.webmd.com/special-reports/opioids-pain/20180314/opioid-alternatives

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

(1) *"R&G - Relief & Go" Pain Relief* – this patent pending pain relief line of products combine three mechanisms in one: (a) Menthol & Methyl Salicylate which acts as a topical analgesic; (b) Magnesium which acts as a muscle relaxant and (c) CBD which is used for its anti-inflammatory effects and for pain relief. 1.5 billion people worldwide are affected by pain[22] and 50% of all doctor visits are pain related[23]. Studies indicate that patients prefer topical treatment options over oral medicines.

(2) *"SHIR" sophisticated premium derma-cosmetic line of products* – these products contain a tailored blend of highly concentrated ingredients formulated with CDB.

(3) *"SYNONY" premium cosmetic line of products* – these products contain a tailored blend of highly concentrated ingredients formulated with hemp.

The cosmetic products are manufactured in the U.S, and in Portugal.

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

	United States	**European Union**
Manufacturing and commercial availability*	Available	Available

*Estimates only and will be dependent on the finalization of additional distribution agreements during H2 of 2022 including partnering with a Health Canada Licensed Producer for the purposes of distribution of its products in Canada. See "*Other Business Information – Regulatory Landscape*". As a result of COVID-19, the shipping from the manufacturing site to the various locations (i.e., distributors) could take longer than usual and are uncertain at this time.

Business Objectives and Milestones

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

[22] https://www.painmed.org
[23] Institute of Medicine Report from the Committee on Advancing Pain Research Care and Education: Relieving Pain in America, a Blue Print for Transforming Prevention, Education and Research: The National Academy Press, 2011.

A. Milestones

Milestones	Status	Expenditures incurred to date (USD)	Estimated remaining costs to achieve milestone (USD)	Expected time period	Comments
Project: CLX, CBD Loaded Exosomes					
Literature research	Concluded	-	-	-	-
Exosome production	Undergoing production	81,000	59,000	On-going	-
Exosome characterization	Concluded	Part of the payment to Ramot	N/A	-	-
CBD synthesis for Exosome loading	Ongoing	172,000	28,000	Q3 23 – Q1 24	Including upscaling
Loading the CBD in the Exosome	Ongoing	Part of the payment to Ramot	Part of the payment to Ramot	Q3/23	-
In - Vitro	Ongoing	Part of the payment to Ramot	Part of the payment to Ramot	Q3 23- Q1 24	-
In-Vivo (animal study)	In preparation	Part of the payment to Ramot	Part of the payment to Ramot	Q4 23- Q2 24	Several animal models are being considered
Safety in animals (including Pharmacokinetic, toxicity, bio-distribution)	Waiting for animal model results	-	600,000	Q2 24 – Q4 24	
Ramot Research		819,000	1,281,000		
Total pre-clinical		**1,072,000**	**1,968,000**		
Project: LPT, CBD Loaded Liposomes					
Development of initial matrix of liposomal formulations of CBD	Concluded	Part of the payment to Yissum	Part of the payment to Yissum	-	-
Characterization of the physicochemical properties, drug loading, short-term stability, and release in the presence of serum	Concluded	Part of the payment to Yissum	Part of the payment to Yissum	-	-

Milestones	Status	Expenditures incurred to date (USD)	Estimated remaining costs to achieve milestone (USD)	Expected time period	Comments
Small animal study	Concluded	Part of the payment to Yissum	Part of the payment to Yissum	-	
Animal study of different indications	Ongoing	Part of the payment to Yissum	Part of the payment to Yissum	Q3 24	Includes dogs, rats and mice
Safety in animals (including pharmacokinetic, toxicity, bio-distribution)	Waiting for animal model results	-	500,000	Q3 23- Q1 24	-
Yissum Research		2,985,000	1,068,000 (see comment)		The Company and Yissum entered negotiations for a new research & license agreement, for the next phase of the research. The Company is intending to sign a sub-licensing agreement before reaching Phase II stage.
Total Pre-Clinical (including safety)		**2,985,000**	**1,566,000**		
Veterinary application clinical use study		-	1,200,000	Q2 23- Q3 24	

Project: CBD - OTC & Derma cosmetic (the "Topicals Project")

	Production & registration submission done	1,230,000	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	735,000	365,000	On-Going	

Milestones	Status	Expenditures incurred to date (USD)	Estimated remaining costs to achieve milestone (USD)	Expected time period	Comments
	Efficacy studies	45,000	80,000	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]
LPT	Yissum (Hebrew University of Jerusalem) – current until Q4 23	1,750,000	5,600,000	At least one licensing agreement, clinical stage
CLX	Ramot (Tel Aviv University) – current until Q4 23	900,000	4,400,000	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.

B. Sales, Marketing and Business Development

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

Business Objective	Estimated Cost Related to Business Objectives (CAD)	Time Period
Continuing building brand and reputation awareness	~562,500	2023-2024
Online and offline marketing	~262,500	2023-2024
Distributors marketing support	~262,500	2023-2024
Personnel	~1,050,000	2023-2024
Public relations	~150,000	2023-2024
Business development	~150,000	2023-2024
Total:	**$2,437,500**	

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

Stage / Process	Time	Estimated Start Time	Estimated End Time	Status
Anti-Age study	6 weeks	Q2/20	Q3/20	Completed
Hydration study	14 days	Q2/20	Q2/20	Completed
Warehouse and logistics	6 weeks	Q2/20	Q3/20	Completed
Second production	4 months	Q3/20	Q4/20	Completed
Other products development	12 months	Q4/24	Q4/24	In progress
Negotiation of distribution and marketing agreements	4 – 6 months	Ongoing	Ongoing	In progress

Employees

As of the date of this AIF, Innocan Israel currently has seven full time employees (the Chief Executive Officer, the Chief Operating Officer, the finance manager, the office and logistics manager, the project development manager and the lab technician), four part time employees (including the Chief Technology Officer) and intends to rely on contractors to provide lab and regulatory services. Ms. Iris Bincovich was appointed President and Chief Executive Officer of the Company on May 30, 2019 and the Chief Financial Officer of the Company, Nelson Halpern, serves under a consulting agreement. For more information on the Company's executive officers see "*Directors and Officers*."

Intangible Properties

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

We have eleven (11) patent applications in our patent portfolio and continue to expand our cannabinoid-based therapeutics portfolio of targeted healing products. The following is a summary of these patent applications:

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

submit the patent in the relevant jurisdictions where the subject product will be sold and manufactured (Canada, USA, and Europe). The potential expiry date of the patent, if obtained, will be in 2039. The patent expiration date may be extended according to the laws of the jurisdictions in which it is registered.

- In January 2020, Innocan Israel filed a U.S. provisional patent application entitled “Compositions for Hemorrhoid Treatment” (US patent provisional 62/967,614). The patent application describes a special formula which is cannabinoid-based to treat the pain, swelling and inflammation associated with hemorrhoids. International patent application (“**PCT**”) claiming priority from this application was filed on January 2021. This PCT was published in August 2021 and received the publication number WO2021152575.

- In May 2020, Innocan Israel was assigned a US provisional patent application entitled “Compositions for Treatment of Psoriasis of the Scalp” (US patent provisional 63/029,627). The patent application makes claim of a topical pharmaceutical composition used to treat psoriasis of the scalp. International patent application claiming priority from this application was filed on May 2021. This PCT was published in December 2021 and received the publication number WO2021240505.

- In March 2021, Innocan Israel was assigned a US provisional patent application entitled “biphasic compositions for treatment of indications of the skin” (US patent provisional 63/158,370). The patent application makes claim of a topical pharmaceutical composition free of emulsifier comprises cannabinoid and anesthetic agent.

- In June 2021, Innocan Israel was assigned a US provisional patent application entitled “compositions for treatment of vaginal atrophy” (US patent provisional 63/210,024). The patent application makes claim of a pharmaceutical composition compositions comprising cannabinoids for treatment of conditions including vaginal dryness and vaginal atrophy.

- In July 2021, Innocan Israel was assigned a US provisional patent application entitled “compositions for treatment of diabetic symptoms” (US patent provisional 63/219,500). The patent application makes claim of a pharmaceutical composition compositions comprising cannabinoids for treatment of a patient suffering from a diabetic related condition.

- In July 2021, Innocan Israel was assigned a US provisional patent application entitled “compositions for treatment of hair loss” (US patent provisional 63/226,185). The patent application makes claim of a pharmaceutical composition compositions comprising cannabinoids for hair loss prevention.

- On June 17, 2022, the Company announced that it had filed a new PCT entitled “Compositions for Treatment of Vaginal Atrophy”, claiming priority from a US provisional patent. Vaginal atrophy is a condition associated with loss of moisture, thinning, and inflammation of the vaginal walls, which can be associated with decrease in estrogen levels in women, often associated with menopause. The PCT application disclosed compositions which can be used to alleviate vaginal dryness and vaginal atrophy.

- July 29, 2022, the Company announced that it had filed a new PCT entitled “Compositions for treatment of diabetic symptoms”, claiming priority from an earlier US provisional patent. The company PCT involves a cannabinoid-based composition which can be used to improve circulation and thereby treat ailments associated with diabetes.

- On August 5, 2022 the Company announced that it had filed a new PCT entitled “Compositions for treatment of hair loss”, claiming priority from an earlier US provisional patent. The composition

developed by the company research and development and disclosed in the current PCT can be used to treat and prevent hair loss and is applied topically to the skin or scalp.

- On October 6, 2022, the Company reported an additional milestone with respect to Innocan patent application: PCT application WO2021/240505 that claims Cannabinoids Based Topical Compositions for Treatment of Psoriasis of the Scalp, reached national phase. Entering the national phase is one of the major milestones in a patent lifecycle. By entering US and EU, Innocan will have the possibility to protect its pharmaceutical products in the major business countries in the world upon the patent grant. This milestone represents the continued efforts by Innocan to provide patent protection to its products in alignment with its business goals and according to patent law requirements.

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

- In April 2020, Ramot filed a US provisional application for the development of a CBD delivery platform utilizing exosome technology. The claims in this application are directed to a composition comprised of cell-derived particle encapsulating cannabinoids, for use in treating diseases that can benefit from cannabinoids, and a method of treating diseases with such a composition. PCT application claiming priority from this provisional was filed in April 2021 and published on October 2021 as WO202105459. The application will be targeted toward various jurisdictions including the US, Europe and Canada, as well as other commercially relevant countries. It is expected that other patent applications will be filed by Ramot in alignment with the research and development process. All such patents, patent applications and technologies are owned by Ramot but will be licensed to the Company pursuant to the terms of the Ramot Research Agreement. See "*Description of the Business*" and "*Material Contracts*".

- In October 2019, Yissum filed a U.S. provisional patent application. The claims in this application are directed to a unique cannabinoids loaded liposome platform technology developed under the Company's funded research agreement with Yissum. This patent application and technology is owned by Yissum but is licensed to the Company pursuant to the terms of the Yissum Research and License Agreement. See "*Description of the Business*" and "*Material Contracts*". PCT claiming priority from this provisional was filed in October 2020 and was published as WO2021064730 in April 2021.

- In April 2021, Ramot filed a U.S. provisional application for loading platform of CBD to exosome. The claimed novel platform and technology will be further developed under the Ramot Research Agreement during the coming year with the aim of filing an international patent application claiming priority from the above U.S. application.

- In September 2021, Ramot filed a U.S. provisional application for cannabinoid-lipid conjugates platform that enable loading cannabinoids to exosome. The claimed novel platform and technology will be further developed under the Ramot Research Agreement during the coming year with the aim of filing an international patent application claiming priority from the above U.S. application.

- On May 11, 2022, the Company announced that an international patent application (PCT) titled "Protein-bound Cannabinoid Formulations and Uses Thereof" had recently been published and received the publication number WO 2022/070191, claiming priority from a US provisional application filed in October 2020.

- On May 11, 2022, the Company announced that an international patent application ("PCT") titled "Protein-bound Cannabinoid Formulations and Uses Thereof" had recently been published and received the publication number WO 2022/070191, claiming priority from a US provisional application filed in October 2020

- On September 21, 2022, the Company announced that its PCT title "CANNABIDIOL-CONTAINING COMPOSITIONS AND USES THEREOF" entered the national phase in both the US and EU. This PCT scope involves extracellular vesicles, such as Exosomes, as a cell delivery platform of cannabinoids for diverse neurological and inflammatory disease.

- On October 6, 2022, the Company reported an additional milestone with respect to Innocan patent application: PCT application WO2021/240505 that claims Cannabinoids Based Topical Compositions for Treatment of Psoriasis of the Scalp, reached national phase. Entering the national phase is one of the major milestones in a patent lifecycle. By entering US and EU, Innocan will have the possibility to protect its pharmaceutical products in the major business countries in the world upon the patent grant. This milestone represents the continued efforts by Innocan to provide patent protection to its products in alignment with its business goals and according to patent law requirements.

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

Regulatory Landscape

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

RISK FACTORS

Due to the nature of Innocan's business and the legal and economic climate in which it operates, the Company is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Company may face. Additional risks and uncertainties not presently known to Innocan or that Innocan currently considers immaterial may also impair its business and operations. If any of the following or other risks are realized, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of Innocan shares could decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Risks Related to our Business and Industry

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

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

Disruption of Supply Chain

Conditions or events including, but not limited to, those listed below could disrupt the Company's, and other industry participants', supply chains, interrupt operations, increase operating expenses, and thereby result in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, (including COVID-19, MERS, SARS, H1N1 influenza virus, BSE, avian influenza, or other material outbreaks of disease) could result in a general or acute decline in economic activity; (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road. The extent to which COVID-19 or any other contagious disease impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of this or any other outbreak and the actions to contain those outbreaks or treat its impact, among others.

Lack of Control Over Operations of Supply Partners

The Company's business relies on its supply partners to execute on its business plans and produce certain products. The operators of its partners have significant influence over the results of operations of the partners. Further, the interests of the Company's and the operators of the partners may not always be aligned. As a result, there is a risk to the Company that at any time those third parties may: (a) have business interests or targets that are inconsistent with those of the Company; (b) take action contrary to the Company's policies or objectives; (c) be unable or unwilling to fulfill their obligations under their agreements with the Company; or (d) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations. The Company must also rely, in part, on the accuracy and timeliness of the information it receives from the supply partners, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by its partners to the Company contains material inaccuracies or omissions, the Company's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Commercialization of the CBD Loaded Exosomes Operating Segment

There is no assurance the development of CLX will result in a commercial product or be adopted as a treatment for COVID-19 in one or more markets. There are several risks associated with the development of CLX, including the requisite multiple stages of development. If the Company is not

successful in any of these developmental stages, the expected development timeline could be delayed or the work could be abandoned completely. The production of CLX would also require expedited up-scaling in order to bring to the market. If these scaling up efforts are not successful, the Company's business, operations and financial condition could be materially adversely effected.

Development of New Products

It is likely that the Company, and its competitors, will seek to introduce new products in the future, including additional edible cannabis product formats and cannabis derivatives. In attempting to keep pace with any new market developments, the Company may need to deploy significant amounts of capital in order to successfully develop and generate revenues from new products introduced by the Company. As well, the Company may be required to obtain and maintain additional regulatory approvals from Health Canada and any other applicable regulatory authority, which may take significant amounts of time. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, gaining market acceptance for such products or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition and results of operations.

Limited Operating History and Uncertainty of Future Revenues

The Company has a limited operating history and, accordingly, potential investors will have a limited basis on which to evaluate the Company's ability to achieve its business objectives. The future success of the Company is dependent on management's ability to implement its strategy. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will be able to successfully establish a market for its products. The Company faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operations and develop revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on Key Management

The Company's success depends in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on the Company. The contributions of these individuals to the immediate operations of the Company are likely to be of central importance. In addition, the competition for qualified personnel is intense and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company.

Experience of Management

The Company will be dependent on the skills and experience of its executives and consultants whose contributions to the immediate and future operations of the Company and the implementation of the Company's business plan are of great importance. The loss of services of any key management personnel or consultants may have an adverse effect on the Company's business and prospects. The Company may not be able to retain some or all of its key management personnel and consultants and, even if replaceable, it may be time consuming and costly to recruit qualified replacements.

The Company may not be able to achieve or maintain sufficient working capital to meet future obligations

The Company's ability to satisfy its working capital requirements will depend on a number of factors, some of which are beyond its control. Factors that will influence the Company's ability to achieve or maintain sufficient working capital to meet its future obligations will include general global economic conditions, credit and capital market conditions, medical cannabis industry conditions and results of operations. There is no guarantee that the Company will continue to have positive working capital in the future, or that the working capital generated from operations will be sufficient to cover its expansion plans or the cost of future operations.

Results of future clinical research and the long-term health impacts associated with use of cannabis and cannabis products are unknown

Research in Canada, the US and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated phytocannabinoids (such as CBD and THC) remains in early stages. Although the Company believes that the articles, reports and studies support its beliefs regarding the effects of cannabis, as well as its viability, safety, efficacy, dosing and social acceptance, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Further, the Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity.

Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for cannabis and cannabis products with the potential to lead to a material adverse effect on the Company's business, prospects, financial condition and results of operations. There is no assurance that such adverse publicity reports or other media attention will not arise.

Risks inherent to the medical cannabis industry

The Company operates in a highly regulated and rapidly evolving market. Sometimes new risks emerge and management may not be able to predict all of them, or be able to predict how they may cause actual results to vary from those described in any forward-looking statements. The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways unforeseen by the Company as at the date of this AIF. The Company's operations are subject to a variety of laws, regulations and guidelines relating to the sale of cannabis and cannabis products under the Cannabis Act and similar applicable legislation in other jurisdictions, as well as those under other legislation. While to the knowledge of management, the Company is currently in material compliance with all such laws, any changes to such laws, regulations, guidelines and policies may have a material adverse effect on its business, prospects, financial condition and results of operations. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to sell and distribute cannabis products, or the ability of its affiliates and/or partners to complete their licensing process. Amendments to current laws and regulations governing the distribution, transportation and/or production of cannabis, or more stringent implementation thereof, could cause increases in expenses and costs, which could have a material adverse effect on the

Company's business, prospects, financial condition and results of operations.

Product liability due to the nature of the Company's products

As a distributor of products that make contact with the human body, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with clients and consumers generally, and could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company.

Product recalls including contamination and unintended harmful side effects

Distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If products sold or distributed by the Company are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has procedures in place for testing of products in accordance with applicable law, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. A recall for any of the foregoing reasons could lead to decreased demand for products distributed by the Company and could have a material adverse effect on the business, prospects, financial condition and results of operations of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by applicable regulatory authorities, requiring further management attention and potential legal fees and other expenses.

Product exchanges, returns and warranty claims may adversely affect the business

If the Company is unable to maintain an acceptable degree of quality control over the products it distributes, the Company will incur costs associated with the exchange and return of the products as well as servicing its customers for warranty claims. Any of the foregoing on a significant scale may have a material adverse effect on the business, results of operations and financial condition.

Protection of intellectual property

The Company's success depends in part on its ability to protect its ideas and technology. Even if it moves to protect its technology with trademarks, patents, copyrights or by other means, it is not assured that competitors will not develop similar technology, business methods or that the Company will be able to exercise its legal rights. Actions taken to protect or preserve intellectual property rights may require

significant financial and other resources such that said actions have a meaningful impact on its ability to successfully grow its business.

Inability to offer brands that attract or retain customers

The Company's success is dependent upon, among other things, continually offering desirable and effective cannabis products and the continued growth in the aggregate number of cannabis-related product consumers. Campaigns designed to enhance the brands offered by the Company and attract consumers, subject to restrictions imposed by law, can be expensive and may not result in increased sales. If the Company is unable to attract new consumers, it may not be able to increase its sales.

Changes in laws, regulations and guidelines

The legislative and operational framework of the provinces and territories of Canada pertaining to the distribution of cannabis products varies. The same is true for legislation applicable to medical cannabis in international jurisdictions. This variation among jurisdictions has resulted in additional regulations, creating additional compliance and other costs and/or limitations on the Company's ability to participate in such markets. There is no guarantee that jurisdictional legislation regulating the distribution and sale of cannabis products for medical and therapeutic purposes, as applicable, will be enacted according to all the terms announced by such jurisdictions, or at all, or that any such legislation, if enacted, will create the growth opportunities that the Company currently anticipates. While the impact of any new legislative framework for the regulation of the medical cannabis market, as applicable, is uncertain, any of the foregoing could result in a material adverse effect on the Company's business, prospects, financial condition and results of operations. The asymmetrical regulatory and market environment for medical cannabis in each of the provinces and territories of Canada, or of medical cannabis in jurisdictions outside of Canada, could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

Revenue Generation and Liquidity

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

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

Difficulty to forecast sales and other business metrics

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. If the Company

underestimates the demand for its products, it may not be able to offer products to meet the demand, and this could result in delays in obtaining products from suppliers, the shipment of products, as well as damage to reputation and partner relationships. If the Company overestimates the demand for its products, it could face inventory levels in excess of demand, which could result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would harm the Company's gross margins and brand management efforts.

In addition to inherent risks and difficulties forecasting sales, anticipated costs and yields are also challenging to predict with certainty. If the Company makes capital investments based on flawed sales and costs forecasts, the Company may not achieve its expected, or any, return on invested capital. Failure to realize forecasted sales and costs could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company may become a party to litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares and could use significant resources and demand significant time and attention by management. Even if the Company is involved in litigation and wins, litigation can redirect significant resources.

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

Despite scientific evidence of the effectiveness of cannabis extracts in general, and of cannabinoids, in particular, CBD integrated drugs are still in their infancy, if not in terms of product development, then in terms of market acceptance. Initially, this was due to the negative perception of drug manufacturers and consumers incorrectly perceiving CBD products as marijuana, thereby applying the unfavourable stigma of marijuana to CBD products and questioning their safety, efficacy and quality. However, with the liberalization of CBD and cannabis laws, public perspective is changing, such that the main barriers to a major uptake in sales of CBD integrated drugs in general, and CBD integrated pain and psoriasis drugs, in particular are: (i) the reluctance and slow momentum of the larger players in adopting the "cannabis" drug paradigm; and (ii) the lengthy time to market of new cannabinoid integrated drugs owing to the purveyors of said drugs following the standard FDA new drug application process.[24] There can be no assurance that CBD will be effective in treating any or all of the conditions targeted by the Company's research and product development efforts or that CBD will be widely adopted for treatment of these conditions by the market.

International Regulatory Risks

The Company intends to expand internationally. As a result, it is and will become further subject to the laws and regulations of (as well as international treaties among) the foreign jurisdictions in which it operates or imports or exports products or materials. In addition, the Company may avail itself of proposed legislative changes in certain jurisdictions to expand its product portfolio, which expansion may include business and regulatory compliance risks as yet undetermined. Failure by the Company to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on the Company's business, financial condition and results of operations. In future, there is the possibility that any such international jurisdiction could determine that the Company was not or is not compliant with applicable local regulations. If the Company's historical or current sales or operations were found to be in violation of such international regulations, the Company may be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties,

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

damages, fines, the curtailment or restructuring of the Company's operations or asset seizures and the denial of regulatory applications.

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

Reliance on Third-Party Suppliers, Service Providers and Distributors

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

Success of Quality Control Systems

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

Dependence on third-party research and collaboration

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

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives by way of additional offerings of equity and/or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of

current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

Negative Cash Flow from Operations

During the fiscal year ended December 31, 2022, the Company had negative cash flow from operating activities. Although the Company anticipates it will have positive cash flow from operating activities in future periods, the Company cannot guarantee it will have a cash flow positive status in the future.

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

From time to time, the Company sets goals for, and makes statements regarding, the expectations and timing of the accomplishment of certain objectives that are material to our success, such as the commencement and completion of clinical trials, expected results, anticipated regulatory submission and approval dates, and timing of product launches. The actual timing of these events can vary dramatically due to factors such as delays or failures in clinical trials, the uncertainties inherent in the regulatory approval process, and delays in achieving manufacturing or marketing arrangements sufficient to commercialize products. There can be no assurance that the Company's clinical trials will be successful or will be completed at all, that the Company will make regulatory submissions or receive regulatory approvals as planned, or that the Company will be able to adhere to its current schedule for the launch of CLX therapy, CBD-based treatments or any other future product candidates the Company may develop. If the Company fails to achieve one or more of these milestones as planned, there is a risk that the Company's operations, financial condition and the price of the Company's Common Shares could be materially adversely affected. In the past, following periods of volatility in the market price of public company securities, shareholders have often instituted class action securities litigation against those companies. There is a risk that the Company could be subject to such litigation.

Risks Related to the Company's Common Shares

Potential for Price Volatility

The market price of the Company's Common Shares could be very extremely volatile and could be subject to further significant fluctuations due to changes in sentiment in the market regarding operations or business prospects, among other factors.

Among the factors that could affect the share price are:

a) actual or anticipated fluctuations in our quarterly financial and operating results and operating results that vary from the expectations of management or of securities analysts and investors;

b) failure to meet the expectations of the investment community and changes in investment community;

c) recommendations or estimates of future operating results;

d) announcements of strategic developments, acquisitions, dispositions, financings, product developments and other materials events by the Company or competitors;

e) regulatory and legislative developments;

f) litigation;

g) general market conditions;

h) other domestic and international macroeconomic factors unrelated to the Company's performance; and

i) additions or departures of key personnel.

Sales by shareholders of a substantial number of Common Shares in the public market could adversely affect the market price of Common Shares

A substantial portion of total outstanding Common Shares may be sold into the market. Such sales could cause the market price of Common Shares to drop, even if the business is doing well. Such sales may include sales by officers and directors of the Company. Furthermore, the market price of Common Shares could decline as a result of the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and price that the Company deems appropriate.

The Company does not expect to pay any cash dividends in the foreseeable future

The Company intends to retain future earnings, if any, in order to reinvest in the development and growth of the Company business and, therefore, do not intend to pay cash dividends on Common Shares for the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deems relevant. Accordingly, investors may need to sell their shares to realize a return on their investment, and they may not be able to sell such shares at or above the price paid for them.

DIVIDENDS

The Company has never paid dividends on its Common Shares and has no present intention to pay dividends. Any decision to pay dividends will be made by the Board in its sole direction, and will depend on numerous factors including profitability, fluctuations in working capital, the sustainability of margins, capital expenditures and other conditions existing at such future time.

CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares. As at the close of business on March 30, 2023 a total of 251,788,858 Common Shares were issued and outstanding.

Common Shares

Each Common Share carries the right to one vote at all meetings of shareholders. There are no special rights or restrictions of any nature attached to the Common Shares. Each Common Share participates ratably in any dividend declared by the directors and carries the right to receive a proportionate share of the assets of the Company available for distribution to holders of Common Shares in the event of the liquidation, dissolution or winding-up of the Company.

Stock Option Plan

The Company has adopted a stock option plan (the "**Option Plan**"), which provides eligible directors, officers, employees, advisory board and consultants with the opportunity to acquire an ownership interest in the Company and is the basis for the Company's long-term incentive scheme. The key features of the Option Plan are as follows:

- the maximum number of Common Shares issuable under the Option Plan shall not exceed 15% of the number of Common Shares issued and outstanding as of each award date, inclusive of all Common Shares reserved for issuance pursuant to previously granted Options;

- the Options have a maximum term of five (5) years from the date of issue;

- Options vest as the Board of Directors may determine upon the award of the Options;

- the exercise price of Options granted under the Option Plan will be determined by the Board of Directors, but will not be less that the greater of the closing market price of the Common Shares on the CSE on (i) the trading day prior to the date of grant of the Options; and (ii) the date of grant of the Options; and

- the expiry date of an Option shall be the earlier of the date fixed by the Board of Directors on the award date, and:

    (i) in the event of the death of the option holder while he or she is a director or employee (other than an employee performing investor relations activities), 12 months from the date of death of the option holder, or while he or she is a consultant or an employee performing investor relations activities, 30 days from the date of death of the Option holder;

    (ii) in the event that the option holder holds his or her option as a director and such option holder ceases to be a director of the Company other than by reason of death, 90 days following the date the option holder ceases to be a director (provided however that if the option holder continues to be engaged by the Company as an employee or consultant, the expiry date shall remain unchanged), unless the option holder ceases to be a director as a result of ceasing to meet the qualifications set forth in section 105 of the CBCA or an ordinary resolution is passed by the shareholders of the Company pursuant to section 109 of the CBCA, in which case the expiry date will be the date that the option holder ceases to be a director of the Company;

    (iii) in the event that the option holder holds his or her Options as an employee or consultant of the Company (other than an employee or consultant performing investor relations activities) and such option holder ceases to be an employee or consultant of the Company other than by reason of death, 30 days following the date the option holder ceases to be an employee or consultant, unless the option holder ceases to be such as a result of termination for cause or an order of the Alberta Securities Commission, the CSE or any regulatory body having jurisdiction to so order, in which case the expiry date shall be the date the option holder ceases to be an employee or consultant of the Company; and

    (iv) in the event that the option holder holds his or her Options as an employee or consultant of the Company who provides investor relations activities on behalf of the Company, and such option holder ceases to be an employee or consultant of the Company other than by reason of death, the expiry date shall be the date the option holder ceases to be an employee or consultant of the Company.

The Option Plan may be terminated at any time by resolution of the Board of Directors, but any such termination will not affect or prejudice rights of participants holding Options at that time. If the Option Plan is terminated, outstanding Options will continue to be governed by the provisions of the Option Plan.

Outstanding Options

As of the date of this AIF, there are 24,156,781 Options, each exercisable for one (1) Common Share in the capital of the Company, issued and outstanding as follows:

Date of Grant	Number of Common Shares under Option	Exercise Price per Common Share (CAD)	Expiry Date
September 25, 2019	8,901,041	$0.18	September 25, 2024
April 19, 2020	400,000	$0.16	April 19, 2025
June 11, 2020	1,520,000	$0.16	June 11, 2025
July 2, 2020	625,000	$0.16	July 2, 2025
January 6, 2021	1,274,000	$0.35	January 6, 2026
January 12, 2021	150,000	$0.35	January 12, 2024
January 15, 2021	650,000	$0.35	January 5, 2024
March 15, 2021	1,580,000	$0.41	March 15, 2026
March 22, 2021	500,000	$0.36	March 22, 2024
April 7, 2021	500,000	$0.41	April 6, 2024
April 7, 2021	36,000	$0.41	April 6, 2026
July 12, 2021	300,000	$0.58	July 12, 2024
September 2, 2021	3,900,000	$0.59	September 1, 2026
September 14, 2021	500,000	$0.83	September 13, 2024
November 11, 2021	550,000	$0.74	November 10, 2024
January 31, 2022	300,000	$0.77	January 30, 2025
March 8, 2022	200,000	$0.59	March 7, 2027
March 8, 2022	750,000	$0.59	March 7, 2025
March 14, 2022	250,000	$0.59	March 14, 2025
August 8, 2022	300,000	$0.48	August 8, 2027
November 6, 2022	500,000	$0.30	November 6, 2025
November 6, 2022	36,000	$0.30	November 6, 2027
February 14, 2023	288,740	$0.28	February 14, 2026
February 14, 2023	150,000	$0.28	February 14, 2028

Note:

(1) As a group, all directors of the Company hold an aggregate of 15,175,250 Options.

Outstanding Warrants

As of the date of this AIF, there are 10,079,793 Warrants, each exercisable for one (1) Common Share in the capital of the Company, issued and outstanding as follows:

Date of Issuance	Number of Common Shares under Warrant	Exercise Price per Common Share (CAD)	Expiry Date
June 10, 2020	400,793	$0.25	June 10, 2023
October 13, 2021	9,679,000	$1.10	October 13, 2025
February 16, 2023	991,000	$0.31	February 16, 2025
February 16, 2023	991,000	$0.44	February 16, 2026

MARKET FOR SECURITIES

Trading Price and Volume

Effective September 25, 2019, the Company's Common Shares commenced trading on the CSE under the symbol "INNO", on the OTC in May 2020 under the symbol "INNPF", and on the Frankfurt Stock Exchange on April 3, 2020 under the symbol "IP4". The following table sets forth the reported price ranges and volume of trading for each month since January 2021 on the CSE:

Period	High	Low	Volume
March 1-29, 2023	$0.28	$0.23	274,770
February 2023	$0.31	$0.275	462,802
January 2023	$0.345	$0.235	1,031,667
December 2022	$0.33	$0.195	1,010,654
November 2022	$0.385	$0.26	669,195
October 2022	$0.36	$0.28	629,445
September 2022	$0.45	$0.21	863,312
August 2022	$0.56	$0.44	906,100
July 2022	$0.57	$0.485	675,799
June 2022	$0.60	$0.49	1,440,350
May 2022	$0.60	$0.50	1,081,574
April 2022	$0.65	$0.51	1,074,549
March 2022	$0.68	$0.51	925,295
February 2022	$0.81	$0.53	942,209
January 2022	$0.85	$0.55	2,704,072
December 2021	$0.93	$0.71	1,355,260
November 2021	$1.14	$0.68	2,680,177
October 2021	$1.20	$0.75	8,954,834
September 2021	$1.65	$0.57	14,411,151

Period	High	Low	Volume
August 2021	$0.58	$0.48	3,307,555
July 2021	$0.62	$0.44	4,927,758
June 2021	$0.52	$0.40	1,244,136
May 2021	$0.57	$0.42	2,590,431
April 2021	$0.60	$0.36	6,823,620
March 2021	$0.45	$0.30	4,437,170
February 2021	$0.50	$0.35	5,200,417
January 2021	$0.52	$0.30	10,229,295

Prior Sales

The following table sets forth securities that are not listed or quoted on a marketplace issued by the Company during the year ended December 31, 2021 and current to the date of this AIF:

Date of Issuance	Issuance / Exercise Price Per Security	Number of Securities Issued	Security
October 13, 2021	$1.10	9,679,000	Warrants(1)
February 16, 2023	$0.31	991,000	Warrants(2)
February 16, 2023	$0.44	991,000	Warrants(2)

Notes:

(1) Issued in connection with the private placement of the Company's common shares and warrants to purchase common shares to institutional investors for aggregate gross proceeds to the Company of C$8,227,150 million, under which the Company issued 9,679,000 common shares and common warrants to purchase 9,679,000 common shares at a combined purchase price of C$0.85 per common share and associated common warrant. Each common warrant entitles the holder thereof to purchase one common share at an exercise price of C$1.10 per share at any time prior to the five-year anniversary of the closing date of the private placement.

(2) Issued in connection with the private placement of units. Each Unit consists of: (i) one (1) common share in the capital of the Company; (ii) one-half of one (1) Class A common share purchase warrant (each whole Class A common share purchase warrant, a "Class A Warrant"); and (iii) one-half of one (1) Class B common share purchase warrant (each whole Class B common share purchase warrant, a "Class B Warrant") (collectively each whole Class A Warrant and each whole Class B Warrant, a "Warrant"). Each Class A Warrant will entitle the holder thereof to purchase one Common Share at a price of C$0.31 for a period of two (2) years from the date of issuance. Each Class B Warrant will entitle the holder thereof to purchase one Common Share at a price of C$0.44 for a period of three (3) years from the date of issuance.

DIRECTORS AND OFFICERS

Each of the directors of the Company is elected annually at the annual meeting of shareholders. All directors serve until the next annual meeting of shareholders or until a successor is elected or appointed or until the director is removed at a meeting of shareholders.

The following table sets forth, among other things, the name, province and country of residence, position, period served as a director and/or executive officer and principal occupation during the last five (5) years, for each person who serves as a director and/or executive officer of the Company, as at the date of this AIF.

Name, Residence and Position With the Company	Principal Occupation for the Past Five Years	Director or Executive Officer Since[2]	Number and Percent of Common Shares[3]
Ron Mayron Israel *Director and Executive Chairman*	Independent Businessman and Corporate Director Since June, 2014; prior thereto, VP of Israel and Africa and CEO of Teva Israel Ltd., a wholly owned subsidiary of Teva Pharmaceutical Industries Ltd. (a Public pharmaceutical corporation)	September 25, 2019	5,160,000 2.0%
Iris Bincovich Israel *Director and Chief Executive Officer*	CEO, Innocan Pharma since January, 2018; VP Global Marketing & Sales, Kamedis Ltd, (Private company) Tel Aviv, Israel (October, 2015 to December, 2017); prior thereto, VP Business Development, Starlet Derma Ltd. (Private company) Caesarea, Israel (January, 2014 to September 2015); prior thereto, Business Unit Manager, Pollogen Ltd, (Private company) Tel Aviv, Israel	September 25, 2019	2,859,750 1.1%
Yoram Drucker[1] Israel *Director and Founder & VP Business Development*	Executive VP, Business Development, Innocan Pharma, since October 2017; prior thereto independent businessman and consultant.	September 25, 2019	12,201,000 4.8%
Eyal Flom, LLM, MBA[4] Israel *Director*	Independent lawyer and legal counsel to Innocan Israel	September 25, 2019	1,837,500 0.7%
Ralph C.L Bossino Gibraltar *Director*	CEO and Director of Tamar Technologies Ltd, prior role as director of a private real estate investment and asset management company headquartered in Gibraltar; Independent Barrister At-Law since October 2014; prior thereto, Associate, Hassans International Law Firm, Gibraltar.	September 25, 2019	Nil
Joshua A. Lintern[1][4] Ontario, Canada *Director*	Senior Vice President and Real Estate Lead with Marsh and McLennan; previously Director, Risk and Insurance, Dream Unlimited Corp.	September 25, 2019	Nil
Peter Bloch[1] Ontario, Canada *Director*	Chief Executive Officer of BrescoTec since August, 2018, and Chief Executive Officer of Wembley Advisors Corp since January 2018; prior thereto, Chief Executive Officer and Chairman of Bionik Laboratories Corp.	January 23, 2020	Nil
Nelson Halpern, FCPA, FCA, TEP Alberta, Canada *Chief Financial Officer*	Extensive experience with public and private companies since 1985. Member of the Chartered Professional Accountants of Alberta. Received an "FCA" designation as a Fellow Chartered accountant in 2013 for his contribution to his community and the profession.	February 20, 2019	400,000 0.2%
Nir Avram Israel *Chief Technology Officer*	CTO, Innocan Pharma, since October 2017. Senior pharmaceutics scientist with more than 30 years' experience. Served as VP R&D at Careline and was a member of the pharmaceutical innovation team at Perrigo. He holds several patents on OTC applications.	September 25, 2019	3,822,000 1.5%
Roni Kamhi Israel *Chief Operating Officer*	COO, Innocan Pharma, since August 2022, over 20 years of experience in global retail, eCommerce and technology with a focus on digital, analytics and data. Roni has scaled eCommerce startups from an early stage to nine-figures in revenue.	August 15, 2022	Nil

Notes:

(1) Member of the Audit Committee.

(2) Each director will hold office until the next annual meeting or until the successor of such director is duly elected or appointed, unless such office is earlier vacated in accordance with the by-laws.
(3) The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, by the directors and executive officers, not being within the knowledge of the Company, has been furnished by such directors and executive officers.
(4) Member of the Compensation Committee.

Ownership of Common Shares

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, an aggregate of 26,280,250 Common Shares (approximately 10.6% of the Common Shares, issued and outstanding).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders, Bankruptcies

To the knowledge of the Company, no director or executive officer of the Company or personal holding company of any of them, is, as of the date of this AIF or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(a) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days (an "**order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set out below, to the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or personal holding company of any of them, is, at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person 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.

Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or personal holding company of any of them, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely be considered important to a reasonable investor in making an investment decision.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors, executive officers and shareholders.

Personal Bankruptcies

To the knowledge of the Company, no director, or executive officer of the Company or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company of any of them, has, within the ten years before the date of this AIF, 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 that person.

Conflicts of Interest

The Company's directors and officers are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any conflicts of interest which they may have. If a conflict of interest arises, a director or officer must disclose his or her interest and a director must not attend any part of a meeting of directors during which the matter is discussed and must not vote on any resolution approving such matter.

To the knowledge of the Company, and other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest between the Company, a subsidiary of the Company, and any director or officer of the Company or of a subsidiary of the Company, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

AUDIT COMMITTEE AND RELATED INFORMATION

The following information is provided in accordance with Form 52-110F1 under the Canadian Securities Administrators' National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

Audit Committee Charter

The Audit Committee Charter (the "**Charter**") is attached as Schedule "A" to this AIF. The Charter was updated effective May 26, 2021.

Composition of the Audit Committee

As of December 31, 2022, the Audit Committee was composed of the following directors: Joshua Lintern, Yoram Drucker and Peter Bloch. The Audit Committee is currently composed of the same directors. Each director on the Audit Committee is considered "financially literate" and each of Mr. Lintern and Mr. Bloch are "independent" (as such terms are defined in NI 52-110).

Relevant Education and Experience

Each member of the Audit Committee is financially literate, i.e., has the ability to read and understand financial statements. Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Charter. The following is a description of the education and experience of each member of the Audit Committee that is, in addition to such member's general business experience, relevant to the performance of his or her responsibilities as a member of the Audit Committee.

Joshua Lintern

Mr. Lintern has served as Senior Vice President and Real Estate Industry Lead with Marsh and McLennan since October 2019, Prior to that, Mr. Lintern served as Director, Risk and Insurance, of Dream Unlimited Corp. since 2014. In addition, Mr. Lintern acts as an independent advisor to several private start-ups focused on real estate and technology. Mr. Lintern holds a BSc (Hons) in Environmental Sciences from the University of Guelph and obtained his Certified Risk Manager status from the University of Toronto (Continuing Studies) in 2013.

Yoram Drucker

Mr. Drucker has extensive experience serving as a CEO, Chief Operating Officer ("**COO**"), and board member at many diversified private and public companies. He was a co-founder of Pluristem (PSTI) – NASDAQ. Mr. Drucker assisted negotiations with first and second round funding and established the business plan. Mr. Drucker was also founder, COO, and CEO of BrainStorm Cell Therapeutics Inc. (BCLI) – NASDAQ from 2004 to 2007. In 2011, Mr. Drucker co-founded and served as CEO of Cell Source Ltd. Mr. Drucker further served on the board of Cell Source Ltd., as well as its audit committee. Further, Mr. Drucker also served on the board of Cell Source Inc. (CLCS) – OTC which is the 100% holder of Cell Source Ltd. Mr. Drucker generally has extensive experience dealing with different aspects of building a start-up company, including establishing start-up concepts, business plan preparation and financing. He is experienced in reading and understanding financial statements and disclosure of financial matters with respect to public companies. For a summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee, see "Directors and Executive Officers".

Peter Bloch

Mr. Bloch is a Chartered Accountant with an extensive record of entrepreneurial and executive successes. He has held senior management positions with Sanofi-Aventis Canada, Intellivax International Inc., Gennum Corporation and Tribute Pharmaceuticals. Mr. Bloch is currently the CEO of Bresotec Inc., a Medical device company developing and commercializing easy to use and accurate technologies for the diagnosis and treatment of sleep apnea and related health conditions through acoustic analysis. Mr. Bloch was previously CEO and Chairman of Bionik Laboratories, a publicly listed company and was a member of the Dean's Advisory Council at the Ted Rogers School of Management, Ryerson University.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any exemption from NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation by its external auditors. The Audit Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member reports to the Audit Committee at the next scheduled meeting such pre-approval and the member complies with such other procedures as may be established by the Audit Committee from time to time.

External Auditor Service Fees

Financial Period Ending	Audit Fees (US$)[1]	Audit Related Fees (US$)[2]	Tax Fees (US$)[3]	All Other Fees (US$)[4]
December 31, 2022	87,000	-	16,000	-
December 31, 2021	84,000	-	12,000	-
December 31, 2020	76,000	-	15,000	-
December 31, 2019	64,000	-	5,200	22,000
December 31, 2018	64,000	-	8,500	-

Notes:

(1) "Audit Fees" includes fees for the performance of the annual audit and for accounting consultations on matters reflected in the financial statements.
(2) "Audit-Related Fees" includes fees for assurance and related services that are related to the performance of the review of the financial statements including fees for the AIF and "earn-in" audit work and are not reported under (1).
(3) "Tax Fees" includes fees for tax compliance, tax planning and tax advice.
(4) "All Other Fees" includes fees for valuation services and investigative services.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no outstanding material legal proceedings to which the Company is a party or was a party to during the financial year ended December 31, 2022 or that any of its properties is subject or was subject to, during the financial year ended December 31, 2022, and no proceedings are known to be contemplated against the Company or any of its property.

There have been no penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2022 and there have been no other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision. The Company has not entered into any settlement agreement before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2022.

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company, any other insider of the Company or any associate or affiliate of any of such individuals or companies has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares of the Company is Odyssey Trust Company, at its principal office in Calgary, Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts the Company is a party to are the following:

- the Ramot Research Agreement;
- the Ramot Research and Funding Agreement;
- the Yissum Research and License Agreement;
- the Active Therapeutics Distribution Agreement;
- the Second Amended Yissum Agreement;
- a Warrant Indenture between the Company and Odyssey Trust Company as the Warrant Agent dated as of June 10, 2020;
- an Escrow Agreement between the Company and Odyssey Trust Company as the Escrow Agent and certain securityholders of the Company dated as of September 12, 2019;
- the form of Securities Purchase Agreement ("**SPA**") between the Company and the Purchasers (as defined in the SPA); and
- The Founders Agreement regarding B.I. Sky Global Ltd.

INTERESTS OF EXPERTS

The annual consolidated financial statements for the year ended December 31, 2020 were audited by Ziv Haft, CPA (Isr.), a BDO member firm, with offices at Amot BDO House 48 Menachem Begin Road, Tel Aviv 661800. The auditors, appointed by the shareholders, examined the consolidated financial statements in accordance with International Financial Reporting Standards. Ziv Haft confirmed that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com and on its website at www.innocanpharma.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular for its previous annual and special meeting of shareholders held on June 29, 2021. For information relating to compensation and corporate governance related matters, please see "Statement of Executive Compensation" and "Statement of Corporate Governance Practices", respectively, in such circular.

Additional financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

I. ROLE AND OBJECTIVE

A. The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Innocan Pharma Corporation (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:

(a) To assist directors of the Corporation (the "**Directors**") on meeting their responsibilities in respect of the review, approval, preparation and disclosure of the financial statements of the Corporation and related documentation;

(b) To provide a communication link between independent Directors and external auditors;

(c) To enhance the external auditor's independence;

(d) To increase the credibility and objectivity of financial reports; and

(e) To strengthen the role of the outside Directors by facilitating in depth discussions between Directors on the Committee, management and external auditors.

II. MEMBERSHIP OF COMMITTEE

A. The Committee shall be comprised of at least three (3) Directors, at least two of whom must be "independent" (as such term is used in National Instrument 52-110 — *Audit Committees* "**NI 52-110**") unless the Board shall have determined that the exemption contained in NI 52-110 is available and has determined to rely thereon.

B. The Board shall appoint the Chair of the Committee, who shall be an independent Director.

C. All of the members of the Committee shall be "financially literate" (as such term is defined in NI 52-110 and by the Canadian Securities Exchange or other applicable regulatory authority) unless the Board shall determine that an exemption under NI 52-110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of NI 52-110.

III. MANDATE AND RESPONSIBILITIES OF COMMITTEE

A. The Committee shall provide oversight on the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.

B. The Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

(a) identify, monitor and mitigate business risks;

(b) ensure compliance with legal, ethical and regulatory requirements;

(c) review the Corporation's risk management controls and policies;

(d) obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management and the external auditor;

(e) review management steps to implement and maintain appropriate internal control procedures including a review of policies;

(f) review adequacy of security of information, information systems and recovery plans;

(g) monitor compliance with statutory and regulatory obligations;

(h) review the appointment of the Chief Financial Officer; and

(i) review the adequacy of accounting and finance resources.

C. The primary responsibility of the Committee is to review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include, but not be limited to:

(a) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;

(b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

(c) ascertaining compliance with covenants under loan agreements;

(d) reviewing accounting treatment of unusual or non-recurring transactions;

(e) reviewing disclosure requirements for commitments and contingencies;

(f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

(g) reviewing unresolved differences between management and the external auditors; and

(h) obtaining explanations of significant variances with comparative reporting periods.

D. The Committee is to review the financial statements, prospectuses, MD&A, annual information forms and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information.

E. With respect to the appointment of external auditors by the Board, the Committee shall:

(a) review and recommend to the Board, for shareholder approval, engagement of the external auditor including, as part of such review and recommendation, an evaluation of the external auditors qualifications, independence and performance;

(b) review and recommend to the Board the annual external audit plan, including but not limited to the following:

(i) engagement letter;

(ii) objectives and scope of the external audit work;

(iii) procedures for quarterly review of financial statements;

(iv) materiality limit;

(v) areas of audit risk;

(vi) staffing;

(vii) timetable; and

(viii) proposed fees;

(c) on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;

(d) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and

(e) review and pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.

F. Review and advise the Board with respect to the planning, conduct and reporting of the annual audit, including but not limited to:

(a) any difficulties encountered, or restrictions imposed by management during the annual audit;

(b) any significant accounting or financial reporting issue including the resolution of any disagreement between management and the external auditors;

(c) the auditor's evaluation of the Corporation's system of internal controls, procedures and documentation;

(d) the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weakness; and

(e) assess the performance and consider the annual appointment of external auditors for recommendation to the Board.

G. The Committee shall review risk management policies and procedures of the Corporation (e.g. hedging, litigation and insurance).

H. The Committee shall review and receive assurances on the independence of the external auditor.

I. The Committee shall review the non-audit services to be provided by the external auditor's firm and consider the impact on the independence of the external audit.

J. The Committee shall establish a procedure for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and

(b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

K. The Committee shall review and be apprised of any intent of the Corporation regarding the hiring of partners and employees who work on the Corporation's account and former partners and employees of the present and former external auditors of the Corporation.

L. The Committee shall have the authority to communicate directly with the internal auditors of the Corporation (if any) and the external auditors of the Corporation.

M. The Committee shall have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.

N. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling their responsibilities at the expense of the Corporation without any further approval of the Board.

O. The Committee shall review material litigation and its impact on financial reporting.

IV. MEETINGS AND ADMINISTRATIVE MATTERS

A. At all meetings of the Committee every motion shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.

B. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.

C. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Board.

D. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.

E. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate. At each of these meetings, the Committee will have an "in-camera" session with the external auditors.

F. The Corporation's auditors shall be advised of the names of the Committee members and, when appropriate, will receive notice of and be invited to attend meetings of the Committee and to be heard at those meetings on matters relating to the auditor's duties.

G. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

H. The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.

I. Minutes of the Committee will be recorded and maintained and circulated to Directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.

J. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.

K. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following their appointment as a member of the Committee each member shall hold office until the Committee is reconstituted.

L. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.

V. STANDARDS OF LIABILITY

Nothing contained in this Mandate and Terms of Reference is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the

Committee. The purposes and responsibilities outlined in this Mandate and Terms of Reference are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

VI. REVIEW OF MANDATE AND TERMS OF REFERENCE

The Committee shall review and assess this Mandate and Terms of Reference annually and otherwise as it deems appropriate and recommend changes to the Board.